RECENT LEGISLATION AFFECTING PATENTS.

The American Bar Association, a year or more ago, appointed a special committee to draft and report amendments to the United States Statutes relating to patents, for the purpose of correcting certain recognized defects. The work of this committee resulted in the introduction in the last Congress of a bill known as H. R. Bill 3014. This bill in essentially the form prepared by the Bar Association committee was enacted by Congress and was approved March 3^d, 1897.

The first of the amendments limits the time within which an invention which has been patented or has been described in a printed publication, may be made the subject of an application for a patent in the United States. Before discussing this amendment in detail, it will be useful to review certain peculiar developments of patent practice which have resulted from the efforts of patent lawyers to secure for their clients broad and controlling patent protection, subsequently to the full development of an industry. Three methods were devised of availing of the provisions of the patent laws, in a manner which could scarcely have been contemplated when the laws were framed. They may be appropriately termed the re-issue method, the divisional application method, and the early publication and foreign patent method. The first of these has been effectually regulated by decisions of the courts; the second is partially regulated by recent court decisions and is further restricted in effect by the new act; the third is the subject of the first amendment above referred to.

The re-issue method, which was at one time extensively practiced, consisted in re-issuing patents with claims much broader in scope than those originally contained in the patents. The task of properly patenting an invention frequently calls for as great an exercise of ingenuity on the part of the patent lawyer, as was required on the part of the inventor in devising the invention which is to be made the subject of the patent. While it may not be difficult to describe and claim the average invention in such manner that the specific device is fairly well protected, it is impossible to foresee all the various ways which others may devise to circumvent the patent, when practical use has

demonstrated the value of the invention. It is the aim of the patent lawyer to secure for his client all possible avenues by which the same or equivalent results may be obtained. Frequently, however, patents are found to be inadequate to secure the protection which the inventor is manifestly entitled to; moreover, in the prosecution of applications for patents, mistakes and errors are often made of a character which in justice to the inventor should admit of correction. Section 4916 of the Revised Statutes was designed to provide for such emergencies by the re-issue of a patent, if the specification was defective or insufficient or if the patentee had claimed as his own more than his own invention, and "the error arose through accident or mistake and without fraudulent or deceptive intention."

Exactly what constituted error or mistake in the sense used in the law was not clear, and the Patent Office became very liberal in allowing re-issues, so much so that upon the surrender of an unexpired patent it was possible to re-mould the entire specification, broaden the claims and receive from the Patent Office a re-issued patent, far more comprehensive than the original, and this process might take place at any time before the expiration of the seventeen years term of the original patent.

For many years this provision of the laws was taken advantage of to re-issue patents under the following circumstances: A valuable industry having been developed, the records upon being searched might disclose some obscure patent which, in the light of the present development, would afford foundation for a claim of sufficient scope to broadly cover the industry to which, however, it may itself have practically contributed nothing. Such a patent would then be re-issued with claims commensurate with the developed art, provided it appeared that this patent contained earliest disclosure of the invention. The requisite "error" was found in the fact that the original claim was not sufficiently broad and comprehensive. Manifestly, however, it was not the intent of the law that a patentee should permit an announcement to stand for years that he claimed a particular limited invention, and, after others had embarked in an enterprise, free from infringement of the patent, that the claim of that patent should be so re-constructed as to bring the new enterprise within its scope. Nevertheless, the Patent Office was in the habit of thus re-issuing patents with enlarged claims, until the decision of the Supreme Court in *Miller v. Brass Co.*, in 1881, emphatically declared that a re-issue patent should not contain claims of enlarged

scope, unless there were clear evidence of the error and steps were taken within a reasonable time to correct it. This decision effectually closed the door to the subordination of vested interests by re-issue of old patents. The practical effect of this decision upon the Patent Office practice is forcibly shown by the fact that in 1880 the number of re-issues was 506, whereas in 1882, the year after the decision, there were but 271, and the number has steadily decreased until during the year 1896 there were but 54 patents re-issued.

The practice of thus covering subsequent developments by re-issue having been terminated, the divisional application method of obtaining in a measure the same result was brought into use. An application, after it is filed, may be divided and a patent issued upon the divisional application, the original application being kept alive in the Patent Office for years, and eventually issued with claims worked out with care in the light of subsequent developments in the art. In many instances this practice is perfectly harmonious with the law, but frequently the practical effect has been to prolong the effective protection afforded, by as many years as intervene between the issue of the two patents.

As illustrating the extent to which the division of applications may be carried, an instance was found, not long since, where, from an application, filed seven years before, as many as sixteen divisions had been drawn and issued as patents, the original application still remaining in the Patent Office. While there is no proper objection to be made to the division of applications for the purpose of claiming clearly separable inventions in separate patents, the practice of claiming the same invention or different functions of the same device in separate patents is clearly objectionable. The decision of the Supreme Court in *Miller v. Eagle Company*, which was ably discussed in the April number of the *YALE LAW JOURNAL*, has served to, in a measure, regulate this practice. It was there held that a second patent may not be had for an invention inseparably involved in the first patent.

There remained, however, the third method of securing controlling patents, after the development of an art, provided public use had not existed more than two years. This consisted in acquiring the United States rights to some unexpired foreign patent, or to an invention described in some printed publication, and founding thereon a United States patent with broad controlling claims. If based upon a foreign patent, the term of the

United States patent would be limited by the term of the prior foreign patent, but if based upon a mere published description, no such limitation was imposed, even though the publication had existed many years. It is manifestly inequitable, that an obscure published description or a forgotten foreign patent, which itself made no impression upon the art, but which, when viewed in the light of later developments, might be found to contain the essence or germ of a subsequently-developed invention of practical importance, should be dragged from the archives and permitted to check or control the industry which has developed and existed for years in entire ignorance thereof. To prevent this, however, it was necessary that the laws themselves should be revised, and the amendments relating to Sections 4886 and 4920 of the Revised Statutes accomplish this. These amendments provide that no patent for an invention shall be granted, if the invention has been patented or described in any printed publication for more than two years prior to the application for a patent therefor. Two years public use of an invention in this country, prior to the application for a patent, has always been a bar to the grant of a United States patent, but no limit was formerly placed upon the time that it might have been described in a printed publication or in some other patent. The amendments seek to render two years existence of knowledge of the invention, through publication or patent, equally effective with two years public use in this respect. This, while allowing a proper period for the true inventor to apply for his patent, practically prevents a continuation of the practice of resuscitating and revamping forgotten or ignored descriptions of inventions, years after they have been published or patented elsewhere.

The law as amended will also prevent a second claimant from appearing in the United States Patent Office two years after a United States patent has issued upon an invention and, by interference proceedings, contesting the patentee's right thereto. With reference to these amendments the House Committee on Patents, in reporting the bill, made the following statements setting forth some of the reasons why the amendments should be adopted:

"As the law now stands, an invention may be published and patented abroad, and years after be patented to the foreign inventor in this country. The same reasons that compel the applicant for a patent under the present law to apply within two years after the invention has gone into public use in this country

make it reasonable that he should apply for his patent within two years after it has been patented or published abroad."

Section 4920 of the Revised Statutes, which relates to the defenses which may be proved in an action for infringement, is amended, by the second section of the act, to include the two years publication or patenting, prior to the application for patent, as a defense which may be proved in such actions, when the action is based upon a patent applied for after January 1, 1898, the date when the amendments are to take effect.

The third section of the act deals with Section 4887 of the Revised Statutes. This section has been a most fruitful source of litigation. It relates to the limitation of the term of a United States patent by the term of a prior foreign patent. The last two or three years of the term of a patent often cover the most valuable period of its life, hence no means were left untried to distinguish individual cases from the prior decisions of the courts. The Supreme Court, by their decision in the well-known Bate Refrigerator case, gave a final interpretation to this statute. The endeavor, in framing the law, was to permit foreigners to patent their inventions in this country, but to guard against their United States patents outliving the corresponding foreign patents. Americans, however, patent a great many of their inventions abroad, particularly such inventions as they consider of special value. It was difficult to so arrange matters that neither the United States patent should be shortened by a prior foreign patent, nor the foreign patent rendered void by a prior publication of the United States patent in the foreign countries. The practice had therefore arisen of filing the foreign patents in the various countries upon the same day that the United States patent issued, so that all the patents should bear the same date. This required a prearranged concert of action on the part of the solicitors in the several countries and involved many difficulties. The inconvenience was in measure overcome by the provisions of the International Convention Act, permitting a certain latitude in applying for patents in various countries, but this was not quite adequate. The amendment now adopted provides that the life of the United States patent shall not be affected by a prior foreign patent "unless the application for said foreign patent was filed more than seven months, prior to the filing of the application in this country, in which case no patent shall be granted in this country." By this amendment the date of *filing* of the United States patent and not its date of issue, determines its relation to a foreign patent, and

hence it is free from all the difficulties which surrounded the old law. Mr. Draper, the chairman of the House Committee on Patents, in presenting the bill, made the following explanatory remarks regarding this amendment:

"This Section as amended would not apply to any American patent that has been granted prior to the passage of this Act or to any applications now pending in this country for a patent, or to any patent granted on any pending applications."

Reference has been made to the practice of holding back applications in the Patent Office, and of issuing divisional applications, while the original application was retained in the Patent office for many years. This was rendered easy of accomplishment because two years were allowed between successive actions in the Patent Office. Section 4894 of the Revised Statutes, relating to the prosecution of applications in the Patent Office, is by the new act amended to require the applicant to prosecute his application within one year after any action by the Patent Office, the aim being to compel reasonable diligence in completing the application for final action, and thus render it much more difficult to purposely delay an application in the Patent Office.

Section 4898 relating to assignments of patents is amended by providing that a proper assignment, bearing a certificate of acknowledgment under the hand and official seal of a notary or other proper officer, shall be *prima facie* evidence of the execution of such assignment. This is a useful provision, for while formerly it was customary to accept Patent Office certified copies of assignments as such evidence, recent decisions have held that such certified copies are not competent. The need of an amendment of this character has long been recognized, for it has not been customary for the Patent Office to require proof that an assignment, presented to it for record, had been executed by the party purporting to have executed it; therefore, it was possible that a fraudulent assignment might be recorded, and, under the old practice, a certified copy thereof might, by oversight, be received as *prima facie* evidence of a valid transfer of title. Under the law as amended, the better practice will be to have the execution of all assignments of patents and applications for patents properly acknowledged before a notary or other proper officer.

Section 4921 of the Revised Statutes, relating to the powers of courts to grant injunctions and estimate damages, is amended so that, in an infringement suit, there shall be no recovery of profits or damages for infringement committed more than six

years before the filing of the bill of complaint or the issuing of the writ. This amendment places actions in equity upon a parity with actions at law in this respect. The patent committee in their report to the House, remarked that "under the decisions of the Supreme Court the State statutes of limitation apply to actions for infringement of patents upon the law side of the court. It seems to your committee desirable that there should be a uniform statute of limitation." The provisions of this amendment will apply to existing causes of action, when the Act goes into effect in January, 1898.

One other amendment is contained in the act, it relates to the method of procedure in cases where any head of a department of the Government shall request the Commissioner of Patents to expedite the consideration of any particular application for a patent. This amendment was not proposed by the Bar Association, but originated after the bill had been reported by the patent committee and it has no special bearing upon the general patent practice.

The final section of the act provides that the amendments shall take effect January 1, 1898, and that the amendments to the sections relating to the two years prior publication or patenting, the interdependence of United States and foreign patents and the prosecution of applications in the Patent Office, shall not apply to patents granted upon applications filed prior to January, 1898.

Contemporaneously with the Act above referred to, Congress passed a bill defining the jurisdiction of the United States Circuit Courts in cases brought for the infringement of letters patent. Heretofore, when it has been desired to sue a manufacturer of an infringing device, it has been necessary to bring the suit at the home of the manufacturer. To do this often involves serious inconvenience and hence suits are frequently brought against users of infringing devices, rather than against the manufacturer, particularly in cases where the home of the manufacturer is remote from the residence of the owner of the patent. Usually the effect of such a suit against a user, is to bring the manufacturer actively into the defense, although not a party thereto. The act has special bearing upon manufacturing corporations, as will appear from the following extract from the remarks made by Senator Platt of Connecticut in advocating the bill before the Senate:

"Corporations in these days that are using patented inventions go into various States and obtain charters or acts of incor-

poration and then do business in other States. Now, to sue for an infringement of patent it is necessary that suit be brought in the State where the act of incorporation is obtained. In some of the States there is no provision for service upon anyone, and the corporations thus have an opportunity to infringe upon patents and almost escape any responsibility for it by reason of the difficulty of finding them in order to sue them, for it is very inconvenient to travel across the continent to sue them when they are infringing in a business established near the plaintiff or the owner of a patent."

The new act provides that a suit may be brought in a district of which the defendant is not an inhabitant, but in which the defendant has committed acts of infringement and has a regular and established place of business, and service may be made upon an agent of the defendant conducting the business in that district.

This change in the laws is useful in making it possible to reach the manufacturer of infringing devices in any circuit in which he may have sold infringing devices; it also relieves the complainant from resorting to the sometimes unpleasant course of suing a mere user.

The patent bar is to be congratulated upon the fact that the legislation effected by these two acts has been brought about, and that neither act militates against the true interests of the inventor or of the general public, but will have the result of furthering the real object of all proper patent legislation, which is to promote the progress of science and useful arts by securing for limited times to inventors the exclusive right to their respective discoveries.

Charles A. Terry.