PATENT LAW

The late Mr. Thomas Reed had a partiality for patent cases, although he did not undertake to venture too far into their intricacies. After listening on one occasion to a long argument from his leading associate in a case of this description, he said: "That was interesting, very interesting. Do you know there were times when I thought I actually understood what he was saying?" The thought thus characteristically expressed is indicative of a feeling very generally entertained by the profession. To the general practitioner patent law usually presents itself as a mystery into which it would be hopeless for the uninitiated to attempt to penetrate; yet this feeling is based upon a misconception which it were well to remove, for it is particularly desirable, because of the importance of the subject, that the ranks of those who practice in patent cases should be recruited from the profession at large. It is sufficiently manifest that no one can be fully competent to properly conduct such causes unless he is, first of all, a good lawyer. Yet such is supposed to be the difficulty of mastering the subject-matter in cases of that kind, that it is commonly thought that the essential condition of success in that branch of the profession is expert knowledge of the physical arts and sciences, even though accompanied by a very slender knowledge of legal principles; that it is enough, in short, if one is a professional in science, though only an amateur in law. Hence it is that the term "patent lawyer" in the mind of most of the profession is apt to carry with it a suggestion of depreciation, so far as relates to the rank the practitioner is entitled to claim in the legal brotherhood. But all this is far from the truth. The application of our statutory law to the subject of new and useful inventions is no more novel, intricate or difficult than the application of our common or statutory law to many of the subjects of legal investigation which may arise in the ordinary practice of every active lawyer. Questions relating to inventions, for example, are not, as a general rule, more difficult than those which frequently arise under the revenue laws as to the classification of imports, or in cases, either in tort or on contract, where the cause of action arises out of the operation or failure to operate of the electrical devices which are now so widely employed in mechanical operations of every kind, or ques-

tions which involve disputed facts in the broad field of chemistry. There is, therefore, no reason why the general practitioner should shrink from the branch of the law relating to patents, and those, as a rule, who have achieved marked success in that branch have not been mere specialists. The earlier series of our federal reports record among the counsel who argued the patent causes of those days the names of Daniel Webster, Rufus Choate, William H. Seward, Reverdy Johnson, James T. Brady, William Curtis Noyes, Caleb Cushing, Benjamin R. Curtis, who continued to practice in such causes down to the end of his life, and others who were among the leaders of the American Bar. True, the tendency to specialization in many directions has greatly increased during the past fifty years in our own as in other professions—and that is, doubtless, a necessity. But it has its disadvantages as well as its advantages. There is danger that constant attention to one class of particulars may obstruct that comprehensive view of fundamental principles that should always be preserved in dealing with legal questions. In the field of patent law the tendency has been towards over-specialization, and this is to be avoided because, as already suggested, in view of the vast importance of questions relating to the ownership of inventions under modern conditions and controlled by enormous capital, questions which are arising with increasing frequency, it is of corresponding importance that to their solution should be brought broad knowledge and wide experience on the part of both Bench and Bar. This is particularly true for the reason that patent law is part of the law of monopolies, a subject that at the present time, is the field of such widely diverging views and violent discussion. And it is interesting to remember, in view of this fact, that our patent laws, based, as they are, upon the legal system we derived from England, had their origin in a revolt against monopolies. The power to grant exclusive privileges in trade and otherwise, as a prerogative of the Crown and exercised as a means of favoritism, gave rise, as is well known, to such abuses that the Parliament of James First, already feeling the first stirrings of the spirit that, twenty-five years later, flamed out into the great rebellion, swept that power away with the single exception of monopolies granted for new and useful discoveries, and upon that exception expressed in the Act 21, James I, is based the patent law, both of England and this country. It is significant to note that this excepion was made because, while monopolies which were merely for the private benefit of the grantees were held to be odious and were abolished, monopolies to inventors were preserved because, at that early day, it was perceived that the making of inventions was a thing to be fostered

and encouraged because it was of benefit to the public. And this idea is confirmed by the first reported patent case, *Edgeberry and Stephens,* in 2nd Salkeld's reports, which was heard before Justices Holt and Pollexfen, who held that under the proper construction of the act, a patent might be granted not only to the first inventor, but to the first introducer of an invention from abroad, which remains the law of England to the present day.[1] This is noticeable, because in the construction of our own statutes so far as their general policy is involved, it is sometimes not kept clearly in mind that their primary object is not to secure the private emolument of inventors, but to promote a public benefit. Inventors are incidentally public benefactors, but are not, as a class, philanthropists. They are generally very far from it. They labor, like the rest of their fellow citizens, for their own interest, and so far as that is concerned, there is no reason why they, more than others, should be rewarded for time spent or sacrifices made in aiming at a fortune. But, it being of the highest importance that the public should have the benefit of their inventions, in order to secure that benefit, the inventor, or in England, the mere introducer of a new and useful invention, is given an absolute monopoly for a limited time in its manufacture, use and sale, in order that it may be free to the public forever after. As the point is stated in a late decision of the Circuit Court of Appeals for the Seventh Circuit: "The public policy declared" (by our patent statutes) "is this: Inventive minds may fail to produce many useful things that they would produce if stimulated by the promise of a substantial reward; what is produced is the property of the inventor; he and his heirs and assigns may hold it as a secret till the end of time; the public would be largely benefited by obtaining conveyances of these new properties; so the people, through their representatives, say to the inventor: 'Deed us your property, possession to be yielded at the end of seventeen years, and in the meantime, we will protect you absolutely in the right to exclude every one from making, using or vending the thing patented, without your permission.'"[2]

---

1. "A grant of a monopoly may be to the first inventor by the 21 *Jac.* 1; and if the invention be new in England, a patent may be granted, though the thing was practiced beyond sea before; for the statute speaks of new manufactures within this realm; so that if they be new here, it is within the statute; for the act intended to encourage new devices useful to the kingdom, and whether learned by travel or by study, it is the same thing." 2 Salk. 447.

2. *Rubber Tire Wheel Co. v. Milwaukee Rubber Works Co.,* 154 Fed. Rep. 358, 361.

It may be remarked as to this statement, that while the inventor has an undoubted right to keep his invention secret, and may protect himself against those who would wrongfully divulge it, his right of property in an invention which, from its nature, cannot be furnished to the public and kept secret at the same time, such as most improvements in machinery, is one that the law, without the statute, is inadequate to protect. Inventions which can be kept secret belong almost exclusively to the class which depend upon secret processes of manufacture. The inventor who invents an improvement in looms, for example, consisting of some new combination in parts of its mechanism, which once seen can be repeated by any other loom manufacturer, would find it scarcely possible to keep it secret or to find any profit in doing so. Yet the invention might effect a valuable economy in weaving and be of public benefit and belongs to an immense class of inventions to which the protection of the patent laws extend. The broad ground of public policy in such cases justifies the granting of the patent monopoly in order to enable the inventor to make a profit out of that which would, if unprotected by the patent, yield him practically nothing; because, in that way, the public secures the benefit of inventions that, otherwise, in all probability, would not be made at all.

This power to grant monopolies for useful inventions was exercised by the colonial assemblies as a recognized principle of English law falling within the domain of the home rule which they claimed and exercised before their separation from the mother country. Massachusetts and Connecticut, for example, granted patents prior to 1775, and New York, in 1787, granted to John Fitch a patent for his steamboat. But our present patent system, under the power given by the Constitution to Congress to grant to inventors for a limited time the exclusive right to their discoveries, was first embodied in the general Act of 1836, prescribing the conditions, proceedings and terms upon which patents for inventions may be granted, which, though revised, amended and altered in certain particulars, remains essentially the same to the present time and may be justly regarded as one of the chief causes of our growth in wealth and power. Indeed, it has been quoted as the remark of some distinguished statesman, that, in view of all its consequences, the passage of the Patent Act of 1836 was the most important event in the history of our country between the adoption of the Constitution and the Civil War. This legislation, it will be observed, was merely the adaptation to the peculiar circumstances and genius of our own people of a principle familiar for centuries to the law of the English-speaking people. It has been construed by our Federal Courts in a

series of decisions, forming a body of law, little known to the profession at large, but which, in their reasoning, their even-handed justice between the rights of the inventor upon one hand and that of the public upon the other, and their lucid discussion of principles, form a contribution to our jurisprudence that has done not less than the laws themselves to promote the public welfare and advance the material progress of the nation.

But while this highly desirable result has been attained, the practice and procedure in patent causes are probably more costly and dilatory than in any other branch of the law, and there seems to be no adequate remedy, except through an increase of the Federal judiciary. The retention in the Federal Courts of so many features of the old Chancery practice bears heavily upon infringement suits. Under the equity rules the evidence in such cases is almost invariably taken orally before an examiner who has no power to rule upon objections and whose functions are little more than those of a mere scribe. Indeed, his presence is usually dispensed with except when called upon to administer the oath to witnesses or decide upon the length of adjournments. Not infrequently the expert witness is left for days by himself to dictate his direct examination to the typewriter. In addition to this, a practice has grown up which seems to be peculiar to this class of equity causes. The equity rules also prescribe that the examiner "may, upon all examinations, state any special matters to the Court as he shall think fit," which has, as a matter of practice in patent cases, been interpreted to mean that he shall take down any statement which the counsel shall think fit, with the result that whole pages of the record are constantly taken up by the controversies of counsel, each calling the attention of the Court to the delinquencies of his adversary, all of which is both unnecessary and futile. Objections to evidence are theoretically reserved to the hearing, but the attempt to separate that which is immaterial or incompetent in a long-printed record and motions to strike out are usually not worth making. The consequence of all this is that the time consumed in taking testimony in patent causes and the expense of doing so, have become crying evils. Months and even years are occupied in this way. In a memorial to the Supreme Court presented on behalf of the New York Bar Association with a view of obtaining some modification of the present method of taking testimony in equity cases in the Federal Courts, it appeared that the cost of the record in nine such cases in the Second Circuit alone, all of which, with a single exception, were infringement suits, ran from $2,900 to $28,900, and the records contained from 1,449 to 14,478 pages, the average cost being $9,100 per case and the average num-

ber of pages, 4,553. It will be seen from this that the average cost of taking the evidence is about $2.00 a page. This includes examiner's fees, extra copies and printing, excluding expert and counsel fees. The examples cited contained long records, but records of over a thousand pages are common and few fall below, at least, several hundred. The result is that either to bring or to defend an infringement suit involves an expense that is often prohibitory and the cause of a failure of justice. The owner of a patent has to see his invention become public property, because he cannot afford to prosecute infringers and a manufacturer advised that he has a good defense to a charge of infringement has to submit to an unfounded demand because he cannot afford to contest it.

The most efficient remedy for this evil would be the adoption of the State Court practice of taking the evidence in equity cases in open Court, in the same manner as in actions on the law side of the Court, or, at all events, in the adoption of this practice in patent suits in equity. But this remedy is impracticable with the present number of federal judges. If all patent causes were tried in open Court there would be few others heard at the Equity Terms in the Circuits where any considerable number of those suits are brought. For even if all immaterial and incompetent evidence were ruled out, the issues in patent causes are such that their hearing must, as a general thing, necessarily consume a long time. It is only, however, by the establishment of a division of the Court for the hearing of patent cases only, where witnesses can be examined in the presence of the judge, that it seems possible to obtain adequate relief and open the doors of justice in controversies over inventions to those of moderate means as well as to the wealthy. But to do this requires an increase in the judicial force, and many causes make it most difficult to secure such an increase from Congress. It can only be hoped that its necessity will finally be sufficiently widely appreciated to bring it about.

There is, however, a still greater necessity for supplying a most serious defect in our present system for determining patent causes. This defect arises from the absence in that system of a single court of final appeal. Prior to the creation of our Circuit Courts of Appeals, an appeal lay as matter of right in all patent causes to the Supreme Court of the United States. The result was that a degree of uniformity was attained in the construction and application of our patent laws that has not since been possible. The rules of decision established by the court of final resort were binding upon the Federal Courts throughout the Union; but now there is no such regulating power. Our Circuit Courts of Appeals in their decisions are

bound together by comity only, not by authority, and this is not only the occasion of direct conflicts of decision between them, but, even where a direct conflict does not appear, the rules of construction relating to patents are applied in a sensibly different manner in different localities. The Circuit Courts of Appeals in that as in other matters and as is inevitable in all Courts, respond in a measure to the prevailing tone of public opinion in the community over which their jurisdiction extends. Patents are liable to be more strictly construed in some parts of our country than in others. The claims of the owner of the patent, therefore, may be, and doubtless often are, rejected in one Court, where, upon the same record, they would have been allowed in another. Where there is a direct conflict of decision a petition to bring the case before the Supreme Court by *certiorari* is generally allowed, but, as such cases have no preference upon the calendar of that Court, the confusion caused by contrary decisions must necessarily last for the considerable period which must elapse before there can be a final determination of the controversy. The inconveniences of such a system are manifest. The complainant having a patent to enforce naturally seeks a jurisdiction where the Courts are most experienced in such cases and where he thinks the conditions are most favorable for his success. As the statute, however, provides that no patent suit can be brought except in the district where the defendant resides or has a regular and established place of business, resort is constantly had to the plan of suing a customer of the real party in interest, which forces the latter to assume the defence of a suit out of his home district and under all the disadvantages which the statute was intended to relieve. The results of a direct conflict of decision are still more serious where the same invention is held to be within the monopoly of the patent in one circuit and free to the public in another. This may be illustrated by a single example.

In a suit brought for the infringement of the Grant patent for a rubber-tired wheel, a decision was rendered by the United States Circuit Court for the Eastern District of New York in December, 1898, sustaining the patent.[3] This decision was followed by other courts, among others by the United States Circuit Court for the Northern District of Ohio in the case of the *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, which decision on appeal, after elaborate argument and consideration, was reversed by the United States Circuit of Appeals for the Sixth Circuit and the patent held

3. 91 Fed. 978.

invalid,[4] and a petition to the Supreme Court for *certiorari* was denied.[5] This was in 1902. In a subsequent suit the Circuit Court of Appeals for the Second Circuit in January, 1907, have held the patent valid.[6]

The consequence, therefore, is that the Goodyear Tire & Rubber Co., the defendant in the Ohio case and an Ohio manufacturing corporation, is free to make and sell the tires throughout the United States, and, under the doctrine of the late case of *Kessler v. Eldred,*[7] its goods are also free in its customer's hands, so that the anomaly is presented of a patent that is good in one part of the country and invalid in another, which must go far toward rendering it worthless, and that after a litigation of fully ten years.

The remedy for this state of things and one that has been sought for many years, is the establishment of a National Court of Patent Appeals having the jurisdiction in such cases which was formerly exercised by the Supreme Court before the act constituting the present Courts of Appeals went into effect. The growth of the business of our highest Court has made it impossible for it to exercise that jurisdiction, as it formerly did, in all cases, but the necessity for the exercise of such a jurisdiction in all cases still exists. The monopoly of a patent extends throughout the whole country. It is defined by the federal statutes and regulated by the Federal Courts. The rights and privileges that belong to it affect alike the citizens of every State, and the appropriate tribunal to act as the final arbiter of all controversies to which it gives rise, and the only tribunal adequate for that duty, is a single national court. In no other way than by the establishment of such a court can counsel who are called upon to give opinions as to the validity and scope of patents which are intended to be made the basis for the investment of capital, have the benefit of a series of uniform and authoritative decisions to guide them, or the manufacturer or dealer, who seeks advice as to a charge of infringement, feels that if he consults competent counsel, he can rely upon the advice received, with reasonable certainty. A plan for such a Court, to hold its sittings in Washington, has been formulated and for a long time advocated before Congress by the American Bar Association, to which a direct appeal shall lie, as a matter of right, from the decisions of the Circuit Courts, while its

4. 116 Fed. 363.

5. 123 Fed. 85.

6. 151 Fed. 237.

7. *Sup. Ct. Adv. Sheets,* No. 14, June, 1907, p. 611.

own decisions are reviewable by the Supreme Court in such cases as that Court may order to be brought before it.

It is difficult, however, to arouse interest in such a plan or to bring about an appreciation of its desirability. Comparatively few have been litigants in patent suits or personally felt the ill effects of the present system. Fewer yet have given the subject sufficient attention to understand that it is only by the wisest and most uniform administration of our patent laws, such as will be best secured by a single national Court, that they can be saved from the growth to a dangerous extent of hostility against them. A hostility born of ignorance, and not surprising in a time of almost passionate hatred and fear of all monopolies, that, naturally, does not discriminate between a monopoly in restraint of trade that is condemned alike by law and public opinion, and a monopoly the very essence of which is restraint of trade but which is, nevertheless, upheld by the law and advocated for the public benefit. This hostility shows itself at almost every session of Congress in the introduction of amendments to the statute, which, if adopted, would lead the way to the destruction of the whole patent system. The general belief in the necessity of fostering and protecting inventions has always thus far proved strong enough to prevent dangerous innovations and it is the duty of every thoughtful citizen to consider and keep that necessity in mind. When we regard the effect of inventions upon production, and thereby upon the conflict between employed and employing labor, upon the sources of wealth, upon the means of transportation and the machinery of modern warfare, and consider the increased competition between the civilized nations, brought about by the vast increase in facilities of communication that have drawn the whole world together, we shall see that a prime factor in determining the place we shall hold in the struggle for supremacy must be the inventive genius of our people. The Japanese have not been noted for their creative powers, but their mere facility in learning and adopting the inventions of Western civilization enabled them to step in a few years from what was regarded as not above the level of a semi-civilized Oriental community to a place among the great powers of the earth. It is only through the laws relating to inventions that in our own case this motive force in our progress, and indispensable source of our strength and prosperity can be maintained, and to uphold and improve them, where improvement is needed, should be a cherished maxim of our national policy.

Edmund Wetmore.