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COMPILED LEGISLATIVE HISTORY OF 35 U.S.C. § 284: THE PATENT COMPENSATION STATUTE

VINCENT P. TASSINARI*

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I. INTRODUCTION

Federal courts routinely engage in statutory interpretation to derive Congress' legal meaning of term in a statute. In all statutory interpretation cases, an issued opinion includes supporting evidence that is external to the text of the statute itself. This is true even in those opinions employing textualism or the plain meaning approach.

A common statutory interpretation approach is to use previously issued judicial opinions as evidence of Congress' legal meaning of statutory term. The problem with this type of legislative factual evidence is that courts fail to establish the relevancy of this evidence by determining the extent to which a majority of Congress expressly disapproved or approved of this type of evidence. Moreover, if a majority of Congress has never expressly disapprove or approve of this type of evidence, then such evidence could not contain any matter that properly is to be regarded as legislative, whether in character or effect. Accordingly, this case law evidence cannot even shed light on what a majority or even a small portion of Congress gave as the meaning of a term in a statute.

Another common statutory interpretation approach is to elevate a linguistic dictionary definition to a legal definition and apply this legal definition to determine Congress' legal meaning of term in a statute. The problem with this approach is that elevating a linguistic dictionary definition to a legal definition is an act of making law. Such conduct by the judiciary violates Congress' Constitutional power to make all laws under U.S. Const. art. I, § 8, cl. 18. Moreover, the court rarely considers the publication date of the dictionary definition with respect to the enactment date of the statute. Further, the court never considers who in fact wrote that dictionary definition. Prisoners as well non-U.S. citizens contribute to dictionary definitions published in the United States. In this sense, a judge or Justice elevating a linguistic dictionary definition to a legal definition allows prisoners or those foreign to the United States to influence our legislative process.

There are many other statutory interpretation approaches employed by the courts. However, none of these judicial branch approaches in theory or practice vest in Congress the power to make all laws as commanded by U.S. Const. art. I, § 8, cl. 18. I have previously proposed that Congress enact the rules of the Statutory Term Analysis (STA) Method into the Federal Rules of Evidence so as to vest in practice the power to make all laws in one Congress. These proposals are contained in *The Statutory Term Analysis (STA) Method*[1] and *Patent Compensation Under 35 U.S.C. § 284*[2].

This present article is a companion article to *Patent Compensation Under 35 U.S.C. § 284*. Contained herein is a compilation of the relevant and timely evidence to the statutory terms in 35 U.S.C. § 284. By employing the Rules of the STA Method, a court will be able to derive the legal meaning of each of the terms in 35 U.S.C. § 284 without having to resort to evidence that is outside of this compilation.

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1. The Statutory Term Analysis (STA) Method, 1998 DET. C.L. REV. 997 (1998); *see also* http://www.dcl.edu/lawrev/98-4/tassinari.htm.

2. Patent Compensation Under 35 U.S.C. § 284, 5 J. INTELL. PROP. L. 59 (U. Ga. 1997); *see also* http://www.lawsch.uga.edu/~jipl/vol5/tassinari.html.

II. CONGRESSIONAL RECORD PAGE CITATION

The bill that ultimately enacted 35 U.S.C. § 284 (2000) into law was the 1946 bill: Congressional Record (79) H.R. 5311. This bill, (79) H.R. 5311, was derived from (79) H.R. 5231, which itself was derived from (79) H.R. 4143. To verify the accuracy of this present legislative history compilation, below are the legislative history entries for 35 U.S.C. § 284 and their corresponding page citation in the Congressional Record.

		Page
1.	Thursday, Sep. 20, 1945 H.R. 4143[3] introduced to House, to Committee on Patents	8879
2.	Thursday, Jan. 24, 1946 H.R. 5231 introduced to House, to Committee on Patents	373
3.	Tuesday, Jan. 29, 1946 Committee Hearing on H.R. 5231	N/A
4.	Thursday, Jan. 31, 1946 H.R. 5311 introduced to House, to Committee on Patents	691
5.	Tuesday, Feb 19, 1946 Reported back, to House Calendar (H. Rept. 1587)	1482
6.	Thursday, Feb. 28, 1946 House permission to file supplemental report on H.R. 5311	1789
7.	Thursday, Feb. 28, 1946 Supplemental report (H. Rept. 1587, pt. 2)	1791
8.	Monday, Mar. 4, 1946: H.R. 5311 Passed House, with discussion	1857
9.	Tuesday, Mar. 5, 1946: H.R. 5311 referred to Senate Committee on Patents	1905
10.	Friday, Jun. 14, 1946: Reported back with amendments (S. Rep. 1503)	6886
11.	Wednesday, Jul. 17, 1946: H.R. 5311 temporarily passed over	9174
12.	Wednesday, Jul. 17, 1946: Amended and passed Senate with discussion	9187
13.	Wednesday, Jul. 24, 1946: House concurs in Senate amendments, with discussion	9881
14.	Friday, Jul. 26, 1946: H.R. 5311 signed by House Speaker & Senate President pro tempore	10139
15.	Friday, Jul. 26, 1946: H.R. 5311 examined by House Committee on Enrolled Bills	10230
16.	Friday, Jul. 26, 1946: H.R. 5311 presented to the President	10230, 31
17.	Thursday, Aug. 1, 1946: Approved [Chapter 726, Public Law No. 587]	10649

3. Text of H.R. 4143 obtained from National Archives. Printed copy of H.R. 4143 (79th Cong. (1946)); Folder for H.R. 4143 in Papers Accompanying Specific Bills and Resolutions - Committee on Patents (HR 79A-D27); Records of the U.S. House of Representatives, Record Group 233; National Archives, Washington, DC 20408. As of July 27, 2000, *see* http://www.nara.gov/nara/legislative/house_guide/hgch14b.html.

III. LEGISLATIVE HISTORY: 35 U.S.C. § 284

From September 20, 1945 through August 1, 1946, Congress engaged in producing legislative factual evidence to give scope to the subject matter of the statutory terms as set out in 35 U.S.C. § 284. Since this law has not substantively been altered by Congress, this 1945-1946 legislative factual evidence is relevant and timely to patent compensation issues that arise under 35 U.S.C. § 284 as of this writing (July 2000). The terms compensation, due compensation, and damages are bolded where these terms are relevant in deriving the meaning of compensation under 35 U.S.C. § 284 as used in my law review article: *Patent Compensation Under 35 U.S.C. § 284*[4].

A. September 20, 1945, Friday: (79) H.R. 4143 Introduced

[#8879#] CONGRESSIONAL RECORD - HOUSE
PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

BY MR. HENRY: H. R. 4143. A bill to amend Revised Statutes 4921 (U. S. C. A., title 35, patents, sec. 70) providing that damages be ascertained on the basis of **compensation** for infringement, as in actions for infringement in the United States Court of Claims; to the Committee on Patents.

1. Text of (79) H.R. 4143

[H.R. 4143, 79th Cong., 1d sess.]

IN THE HOUSE OF REPRESENTATIVES
September 20, 1945
Mr. Henry Introduced the following bill; which was referred to the Committee on Patents

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A BILL
To amend Revised Statutes, 4921 (U.S.C.A., Title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for

4. Patent Compensation Under 35 U.S.C. § 284, 5 J. INTELL. PROP. L. 59 (U. Ga. 1997).

infringement, as in actions for infringement in the United States Court of Claims.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Revised Statutes, 4921, of the United States Code Annotated, title 35, Patents, section 70, be amended as follows:

Substitute for the provision beginning, line 1, "The several Courts", and ending line 36, "existing causes of action", the following: "The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover general damages which shall be **due compensation** for making, using, or selling the invention, not less than a reasonable royalty therefor, together with interest from the time the infringement began.

"The court is hereby authorized to receive expert or opinion evidence upon which to determine in conjunction with any other evidence in the record, **due compensation** for making, using, or selling the invention, and such expert or opinion evidence is hereby declared to be competent and admissible subject to the general rules of evidence applicable thereto.

"The courts shall assess said damages, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed damages as is given to increase the damages found in an action at law, but recovery shall not be had for any infringement committed more than six years prior to the filing of the complaint in the action."

B. January 24, 1946, Thursday: (79) H.R. 5231 Introduced

[#373#] CONGRESSIONAL RECORD - HOUSE
PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

BY MR. HENRY: H. R. 5231. A bill to amend Revised Statutes 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement, as in action for infringement in the United States Court of Claims; to the Committee on Patents.

1. January 29, 1946, Tuesday: House Hearing on (79) H.R. 5231

[##i##] RECOVERY IN PATENT INFRINGEMENT SUITS

Hearing Before The Committee On Patents
House of Representatives
Seventy-Ninth Congress
Second Session
on
H.R. 5231

A Bill to Amend Revised Statutes, 4921 (U.S.C.A., Title 35, Patents, Sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement, as in actions for infringement in the United States Court of Claims

(Subsequently amended, reintroduced, and reported as H.R. 5311)

January 29, 1946

Printed for the use of the Committee on Patents
*
United States Government Printing Office
82788 Washington : 1946

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---

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[##1##] RECOVERY IN PATENT INFRINGEMENT SUITS

Tuesday, January 29, 1946

House of Representatives,
Committee on Patents,
Washington, D.C.

The Committee convened at 10:30 a.m., pursuant to notice, in room 416 in the Old House Office Building, the Honorable Frank W. Boykin (chairman) presiding.

Present: Congressman Boykin, Lanham, Fallon, Bailey, Henry, Schwabe, Campbell[5], Bennet[6], and Clippinger.

(The bills referred to are as follows:)

[H.R. 5231, 79th Cong., 2d sess.]

A BILL To amend Revised Statutes, 4921 (U.S.C.A., Title 35, Patents, Sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement[, as in actions for infringement in the United States Court of Claims]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That [section] 4921 of the Revised Statutes of the United States (35 U.S.C.A. 70) is hereby amended to read as follows:

"The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any [such] case for an infringement the complainant shall be entitled to recover general damages which shall be **due compensation** for making, using, or selling the invention, not less than a reasonable royalty therefor, together with his costs and [expenses] and interest from the time the infringement [began].

"The court is hereby authorized to receive expert or opinion evidence upon which to determine in conjunction with any other evidence in the record, **due compensation** for making, using, or selling the invention, and such expert or opinion evidence is hereby declared to be competent and admissible subject to the general rules of evidence applicable thereto.

---

5. Incorrectly listed as Campell.
6. Incorrectly listed as Bennett.

"The courts shall assess said damages, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed damages, in its discretion, as is given to increase the damages found by verdicts in actions in the nature of actions of trespass upon the case; but recovery shall not be had for any infringement committed more than six years prior to the filing of the complaint in the action. And it shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents, setting forth in order so far as known the names and addresses of the litigants, names of the inventors, and the designating number or numbers of the patent or patents upon which the action, suit, or proceeding has been brought, and in the event any other patent or patents be subsequently included in the action, suit, or proceeding by amendment, answer, cross bill, or other pleading, the clerk shall give like notice thereof to the Commissioner of Patents, and within one month after the decision is rendered or a decree issued the clerk of the court shall give notice thereof to the Commissioner of Patents, and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to endorse the same upon the file wrapper of the said patent or patents, and to incorporate the [##2##] same as a part of the contents of said file or file wrapper; and for each notice required to be furnished to the Commissioner of Patents in compliance herewith a fee of 50 cents shall be taxed by the clerk as costs of suit."

[H.R. 5311, 79th Cong., 2d sess.]

A BILL To amend Revised Statutes, 4921 (U.S.C.A., Title 35, Patents, Sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement ><

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4921 of the Revised Statutes of the United States (35 U.S.C.A. 70) is hereby amended to read as follows:

"The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any >< case for an infringement the complainant shall be entitled to recover general damages which shall be **due compensation** for making, using, or selling the invention, not less than a

reasonable royalty therefor, together with his costs and >reasonable attorney's fees to be fixed by the court< and interest from the time the infringement >occurred[7]<.

"The court is hereby authorized to receive expert or opinion evidence upon which to determine in conjunction with any other evidence in the record, **due compensation** for making, using, or selling the invention, and such expert or opinion evidence is hereby declared to be competent and admissible subject to the general rules of evidence applicable thereto.

"The court shall assess said damages, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed damages, in its discretion, as is given to increase the damages found by verdicts in actions in the nature of actions of trespass upon the case; but recovery shall not be had for any infringement committed more than six years prior to the filing of the complaint in the action. And it shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents, setting forth in order so far as known the names and addresses of the litigants, names of the inventors, and the designating number or numbers of the patent or patents upon which the action, suit, or proceeding has been brought, and in the event any other patent or patents be subsequently included in the action, suit, or proceeding by amendment, answer, cross bill, or other pleading, the clerk shall give like notice thereof to the Commissioner of Patents, and within one month after the decision is rendered or a decree issued the clerk of the court shall give notice thereof to the Commissioner of Patents, and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to endorse the same upon the file wrapper of the said patent or patents, and to incorporate the same as a part of the contents of said file or file wrapper; and for each notice required to be furnished to the Commissioner of Patents in compliance herewith a fee of 50 cents shall be taxed by the clerk as costs of suit."

>This Act shall take effect upon approval and shall apply to pending causes of action in which the taking of the testimony has not been concluded[8].<

---

7. Mr. Stedman's recommendation that the word "began" be replaced with the word "accrue" was unanimously rejected by the committee. (Hearing Pg. 20-21.) Nonetheless, the word "began" in (79) H.R. 5231 was changed to the word "occurred" in (79) H.R. 5311 without committee authority.

8. The committee's motion to add the sentence "This bill shall take effect upon approval and shall apply to existing causes of action" did not contain the phrase ". . . in which the taking of the testimony has not been concluded." (Hearing Pg. 17.).

THE CHAIRMAN. The committee will come to order.
Congressman Henry, you may proceed.

STATEMENT BY HON. ROBERT K. HENRY, A MEMBER OF CONGRESS FROM THE STATE OF WISCONSIN

CONGRESSMAN HENRY. Mr. Chairman, this being a rather technical subject, I thought that perhaps one of the best ways to lay the picture before you is to read a letter that was addressed to Mr. Howson from Mr. Fish, dated January 4, 1929, which rather completely outlines the problem:

> Mr. Huxley writes me that you on behalf of the American Bar Association are considering whether or not the recovery of the profits in patent cases should [##3##] be eliminated and the successful patent owner be restricted to the recovery of damages which may or may not be increased in the discretion of the court.
>
> For a long time I have been satisfied that the law should be changed in this regard.
>
> As you know, in the old days patent cases were always tried at law before juries and the patent owner could only recover damages.
>
> In view of the simplicity of the situation in those days this procedure was adequate; but it soon became evident that after all an injunction was the thing which the patent owner needed in order to secure adequate protection.
>
> He could get this injunction only in courts of equity which had no power to award damages.
>
> At first it was the established rule that there should be no injunction in a court of equity unless the patent had previously been sustained at law which meant a duplication of trials.
>
> As conditions developed courts of equity proceeded to try cases first brought in the courts of equity and, to render the duplication of trials unnecessary, adopted the fiction that the infringer was a wrongful trustee and should be held to account for the profits he had made as such wrongful trustee, thus giving the patentee pecuniary redress in the equity court. The right to recover profits as well as damages in an equity case was finally fixed by statute.
>
> This situation worked well enough under the simple conditions characterizing the administration of the patent law in the old days.
>
> Now however it is a complete and absolute failure.
>
> When the practice was established patents were almost always on simple things which were made and sold, and it was possible in such cases to determine the profits wrongfully made by the infringer.
>
> Now, however, by far the greater number of patents that are in litigation are on special and often relatively insignificant parts of complex structures to which the patented feature is so related that it is absolutely

impossible to apportion the profits due to the invention, those being the only profits to which the patentee is entitled.

The result is that there is a complete failure of justice in almost every case in which supposed profits are recovered or recoverable.

Absolutely artificial and unsound rules have been invented to solve the impossible problem of how to apportion profits.

The Supreme Court in the *Westinghouse-Wagner*[9] case made confusion worse confounded. The Court there dealt with a transformer which was permeated with the invention so that the structure as a whole could be considered as the thing upon which profits had been made by the infringer. The Court, having in mind the peculiar facts of the case, held that while the burden was on the plaintiff to apportion profits, if he did all that he could do to solve the problem and was utterly unable to apportion the profits, the burden shifted to the defendant, who was the wrong-doer, and if he was unable to apportion the profits due to the infringement, then the Court said the entire profits on the article were to be awarded.

The conclusion of the Court is utterly inapplicable to the majority of the important patent cases which, as I have said, relate for the most part to special and subsidiary features in a complicated structure.

In the *Dowagiac* case, the Supreme Court, undoubtedly recognizing that it had not cleared up the situation by the decision in the *Westinghouse-Wagner* case, introduced a thought that the Court might well determine what was a fair and reasonable **compensation** to the patentee, on general evidence. This, however, is a matter of damages rather than of profits.

Where, as in many cases, specific damages cannot be proved definitely, the patentee seeks a recovery of profits and at the present time, under the *Westinghouse-Wagner* doctrine, gets in very many cases enormously more than that to which he is really entitled.

The only solution of the difficulty is to eliminate the recovery of profits which as been allowed purely because of a series of historical accidents.

The only sound principle is to have the plaintiff recover the damages he can prove. This principle should be covered with the grant of power to the Court to increase the damages on the principle laid down in the *Dowagiac*[10] case if those proven by the plaintiff seem to the Court inadequate.

The situation seems to me absolutely hopeless and I do not think that anything could be accomplished by way of the needed reform. [##4##] If you conclude to take the matter up, I should be very glad to help you in any way in my power.

THE CHAIRMAN. That is a very interesting letter.

CONGRESSMAN HENRY. The R. S. 4921, under which the Federal courts are vested with power to grant injunctions to restrain infringements,

---

9. Westinghouse Electric & Mfg. Co. v. Wagner Electric & Mfg. Co., , 225 U.S. 604 (1912).

10. Dowagiac Mfg. Co. v. Minnesota Moline Plow Co., 235 U.S. 641 (1915).

provides that the profits made from infringements may be recovered; in addition to damages arising from the infringement.

When the court enters a decree finding infringement, the practice is to make reference to a master to take an accounting for the profits derived from the infringement.

The inquiry that then ensues grows into a very intricate prolonged and expensive investigation, in which are included:

(a) New issues of infringements on new devices not before the Court for consideration and an accounting thereon, in addition to the accounting of the devices considered by the Court.
(b) The apportionment of profits on infringing devices sold in conjunction with noninfringing devices.
(c) The apportionment of sales prices of devices sold as a whole and including infringing devices as a part thereof.

Testimony to show a reasonable royalty as a basis for granting damages does not become admissible until a showing is made that profits cannot be ascertained.

Actual damages can only be recovered upon a showing being made that the plaintiff suffered actual loss.

The present bill eliminates an accounting for profits, and makes evidence at once admissible to show reasonable royalty as a basis for general damages.

MR. LANHAM. Mr. Henry, you introduced on January 24 (1946) the bill (79) H. R. 5231[11], which is a correction of the inaccuracy in the bill (79) H. R. 4143 (introduced September 20, 1945, Pg. 8879), and I assume we will consider H. R. 5231?

CONGRESSMAN HENRY. That is right.

MR. LANHAM. In addition to these friends and distinguished gentlemen from the Patent Office, the Commissioner of Patents, and the Assistant Commissioner, whose advice and suggestions we wish to have on this measure, I am advised that Mr. George Folk, the patent adviser to the National Association of Manufacturers, wishes to testify.

Off the record.

(Discussion off the record.)

MR. LANHAM. Back on the record.

We will hear first from Mr. Henry, the Assistant Commissioner of Patents.

11. Incorrectly listed as 5321.

STATEMENT OF CONDER C. HENRY, ASSISTANT COMMISSIONER OF PATENTS

MR. C. HENRY. I am an Assistant Commissioner of Patents, and will be until day after tomorrow, when I retire from Government service.

In view of the fact I am leaving the Patent Office and of the further fact that what I am about to say has not been cleared with the Bureau of the Budget, or even with the Department with which I am now connected, and also in view of the fact that the Commissioner [##5##] of Patents is here and will speak for the Patent Office, I prefer that what I am about to say be considered as my personal views and as a member of the bar.

MR. LANHAM. May I inquire, Mr. Henry, how long [have you] been Assistant Commissioner of Patents, and how long [have you] been connected with the Patent Office?

MR. C. HENRY. I have been connected with the Patent Office for over 34 years, and I have been an Assistant Commissioner of Patents since February 1941.

MR. LANHAM. Mr. Henry has been invaluable to us in the consideration of many measures that have come before us, and I think that should be incorporated in the record.

MR. C. HENRY. Gentlemen, the law is not an exact science. It represents an evolutionary process, but one of its essential characteristics should be that it be made capable of application in such manner as to lead to an approximation of exact justice between parties litigant. For example, a judge should, in my judgment, have a rule of law which can be applied and then he should apply it impartially and free from any preconceived political, social, or economic theories that he may entertain. If he does not do that he is not a judge but a partisan in a high place.

Some of our courts today have departed a long way in their decisions relating to patents from that principle.

As I view this bill, it is designed to provide the courts with a rule of law which is capable of application in infringement suits in a manner in which the present law is not susceptible. It also is a step in the evolutionary process in the development of law, in the determination of damages in infringement suits.

If we go back to the beginning of our patent system, the act of 1793,[12] section 5, provided:

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12. The first Patent Act was Patent Act of 1790, ch. 7, Sec. 4, 1 Stat. 109, 111 (April 10, 1790) (infringer statutorily liable for 'such damages as assessed by a jury' and was required to forfeit 'the thing(s) made' by the infringing practice to the claimant.).

> That if any person shall make, devise, and use or sell a thing so invented, the exclusive right of which has been secured to any person by patent, without the consent of the patentee * * * the person so offending shall forfeit and pay to the patentee a sum that shall be at least equal to three times the price for which the patentee had usually sold or licensed to other persons the use of said invention.

That was the first act on the subject. In those days, the patented articles were simple, and if a patentee did not manufacture the patented invention himself, he usually licensed others to do so, and in the case of willful or innocent[13] infringement, he could recover, according to that act, three times the price for which he usually granted a license.

You will note that, unlike the present law, there was no recovery for profits and there was no injunction.

The next step in the history of the development of the law on this subject was the act of 1836, section 14. That act provided that -

> Whenever in an action for damages for making, using, or selling the thing -

patented -

> a verdict shall be rendered for the plaintiff, it be in the power of the court to render judgment for any sum above the amount found by the verdict as the actual damages sustained by the plaintiff, not exceeding three times the amount thereof.
>
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[##6##] Here, again, there was no provision for an injunction, and there was a recovery for three times the amount of actual damages, or at least the possibility of making such a recovery.

The next step in the development of the law of this subject was the act of 1870, section 55, which provided that -

> All actions, suits, or controversies arising under the patent laws shall be originally cognizable as well in equity in the law by the circuit courts of the United States or any district court, or by the Supreme Court of the District of Columbia -

and -

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13. Modernly, until the infringer receives an affirmative communication of a specific charge of infringement by a specific accused unmarked product or device, the infringer is not liable for 35 U.S.C. § 284 monetary damages. Amsted Indus. Inc. v. Buckeye Steel Castings Co., 24 F.3d 178, 187 (Fed. Cir. 1994) (interpreting 35 U.S.C.§ 287's 'actual notice of infringement' alternative.) A more appropriate phrase for an 'innocent infringement' is 'nonwillful infringement.'

> the court shall have power upon a bill in equity filed by any party aggrieved to grant injunctions according to the course and principles of courts of equity to prevent the violation of any rights secured by patent on such terms as the court may deem reasonable -

MR. LANHAM. That was the first introduction of equitable principle ?
MR. C. HENRY. It was.[14] To continue:

> And upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover in addition to the profits to be accounted for by the defendant the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction and the court shall have the same power to increase the same in its discretion that are given by this act to increase the damages by verdicts in actions upon the case.

As Mr. Lanham just said, this was the first act which provided for the jurisdiction of equity courts of patent infringement suits and empowered such courts to grant injunctions and to assess profits or to fix profits.

The act which this bill - 5231[15] - would amend, is section 4921 of the Revised Statutes as originally enacted. That section is substantially the same as section 55 of the act of 1870. Present section 4921 of the Revised Statutes differs from the prior act in that two subjects have been added. The first is the provision which begins with the words "if on" in the report of the act as it appears in the United States Code. title 35. Patents. at page 3170. in the fifth line. and that addition provides that "the court may, on evidence, receive opinion or expert testimony and use that in adjudging and directing the payment by the defendant to the complainant of a reasonable sum as profits or general damages."

I call that provision to the attention of the committee to emphasize the fact that the law as it now is authorizes the court to assess general damages.

The other addition to the present act begins about the middle of the same page of the code to which I referred, and begins with the words "and it shall be the duty." The reason for that addition was to require the clerks of the courts to notify the Patent Office when suits for infringement are filed and of every order and decree made in any infringement suit. I want to say that the clerks of the court comply with that requirement and when those

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14. Prior to 1819, the Patent Acts of 1790, 1793 and 1800 permitted recovery of both damages (as assessed by a jury) and the actual machine made. This recovery was required to be brought in a court of law ("an action on the case"). The Act of Feb. 15, 1819, ch. 19, 3 Stat. 481-82 conferred jurisdiction on the circuit courts "in equity as at law" whereby, under equitable principles, the equitable court could disgorge the infringer of the infringer's unjust enrichments (illicit gains and profits) and award them to the claimant.

15. Incorrectly listed as 5321.

notices are received by the Office, they are filed in the file wrappers of the cases to which they pertain so that any person examining the record of any patent that has been granted can determine at once whether it has been involved in litigation.

[##7##] Now, how has this present act been administered and what has been its effect on party litigants?

The relief that a patent owner needs against an infringer to protect his rights in his patent and to compensate him for past infringement is an injunction to prevent future invasion of his right and damages for past infringement. This the law now accords him in addition to the profits made by the infringer which are attributable to the unauthorized use and sale of the infringed invention. It is just at this point, that is, the determination of profits and damages and the manner of providing the same before masters, that difficulties and injustices arise in the adjudication of claims for patent infringements.

Frequently a suit for patent infringement involves the infringement of only an improvement in a complex machine, and it is impossible to apportion profits due to the improvement. In such circumstances the proceedings before masters, which are conducted in accordance with highly technical rules and are always expensive, are often protracted for decades and in many cases result in a complete failure of justice.

I fully agree with Judge Evan A. Evans, senior judge of the Seventh Circuit Court of Appeals, in his speech before the Patent Law Association in Pittsburgh, in 1944, when he said, that the rule holding an infringer liable as a wrongful trustee for the patent owner -

> is not workable or practicable and is used by [the] plaintiffs and their counsel to beat and bludgeon a competitor until he, or it, be exterminated. It is not the damages that are sought, but the extermination of a competitor.[16]

By making it unnecessary to have proceedings before masters and eliminating the element of profits except as an element of general damages in patent infringement suits and empowering equity courts to assess general damages, the measure represents proposed legislation which in my judgment is long overdue.

I would like to refer to the history of two cases which have arisen under the act as it now stands, and to which Congressman Henry referred.

The first case is *Westinghouse v. Wagner*, reported in 225 U.S. 604, decided June 7, 1912. Westinghouse had a patent on a transformer and Wagner infringed. The sole question was the amount of damages to be

16. Georgia-Pacific Corp. v. United States Plywood Corp., 243 F. Supp. 500, 547 (S.D.N.Y. 1965) (quoting from this hearing).

recovered. The transformers sold by Wagner embodied not only the improvements covered by the patent but also some made by Wagner. The lower court awarded damages of $1 notwithstanding the fact that the master had found that Wagner's profits were $132,000. The reason for this holding was that plaintiff had failed to separate the profits attributable to the improvements added by Defendant Wagner. The burden is on the plaintiff in such a case to present evidence on which a proper apportionment of the profits may be made.

The Supreme Court, however, said:

> The rule as to the burden of proof has, however, been so applied that this statutory right has been often nullified by those infringers who had ingenuity enough to smother the patent with improvements belonging to themselves or to third persons. In such cases, the greater the wrong, the greater the immunity; the greater the number of improvements the greater the difficulty of separating the profits. And if that difficulty could only be converted into an impossibility the [##8##] defendant retained all of the gains because the injured patentee could not separate what the guilty infringer had made impossible of separation.
>
> Manifestly, such consequences demonstrate that either the rule or its application is wrong. The rule is sound, for it announces the general proposition that the plaintiff must prove its case and carry the burden imposed by law upon every person seeking to recover money or property from another. But the principle must not be pressed so far as to override others equally important in the administration of justice.

In this case the plaintiff had submitted evidence as to defendant's profits and had demonstrated its right to the whole fund of profits because defendant had inexplicably commingled and confused the parts composing it. In such a case it becomes the duty of defendant to distinguish his own share in the profits or lose it. He is the wrongdoer and if by his own actions he makes it impossible to apportion the profits he must lose his share[17] in them.

That case simply means this: The Court says that where the infringement is of an improvement in a somewhat complex device, the burden of proof is on the plaintiff to prove the profits made by the infringer which are attributable to the improvement; but if he could not do it, the burden then shifted to the defendant, and if the defendant could not do it,

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17. The idea that an infringer was justly entitled to any of the gross income flowed from the now discredited idea that the patented claim was viewed as having two sets of elements: the non-patented elements belonging to the public from which flowed just enrichments and the remaining elements as the "inventive" portion from which flowed unjust enrichments.

then the complainant is entitled to all of the profits attributed to the device which was sold.[18]

Manifestly, that rule of law is unjust, because today mechanisms and processes are so complex that most patents that we grant are on improvements on something that existed before. I am sure witnesses who will follow me will cite many cases in addition to the one I have just cited, where you could not say how much profits the defendant made out of using an improvement on a complex machine. No one should be able, in my judgment, to capture the profits made on the manufacture of an entire automobile or locomotive, for example, merely because he patented an improvement on either.

The Supreme Court recognized that such principle was unsound in the case *Dowagiac Manufacturing Company v. Minnesota Moline Plow Company*, which is reported at 235 U.S. 641, and was decided January 15, 1915.[19]

Dowagiac had a patent covering certain improvements in grain drills. The patent was held by the lower court to be valid and infringed by Minnesota. An injunction was granted and nominal damages awarded after hearing by a master.

The Supreme Court found as follows:

(1) The infringement was not wanton or willful.
(2) The patent was not for a whole new drill but was limited to certain spring pressure means operatively connected with the part of the drill which opens the furrows, guides the seed into them, and then closes the furrows. The drill embodied other complex mechanisms not covered by the patent.
(3) The commercial value of the drills was not entirely attributable to the claimed invention but was due, in substantial degree, to unpatented parts and features.

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18. As of January 29, 1946, the date of Mr. C. Henry's testimony, the 2d, 5th, and 6th circuit as well as the Western District of Washington had distinguished *Westinghouse*. *See* Electrical Eng 'rs Equip. Co. v. Champion Switch Co., 49 F.2d 359, 360 (W.D.N.Y. 1931); Permutit Co. v. Refinite Co., 27 F.2d 695, 697 (2d Cir. 1928); Amusement Corp. of Am. v. Mattson, 138 F.2d 693, 696 (5th Cir. 1943); Underwood Typewriter Co. v. Fox Typewriter Co., 220 F. 880, 885 (6th Cir. 1915); Carson v. American Smelting & Ref. Co., 25 F.2d 116, 121 (W.D.Wash. 1928); *see also* Georgia-Pacific Corp. v. United States Plywood Corp., 243 F. Supp. 500, 523 (S.D.N.Y. 1965); ; Graham v. Jeoffroy Mfg. Inc., 253 F.2d 72, 75 (5th Cir. 1958); Union Carbide Corp. v. Graver Tank & Mfg. Co., 282 F.2d 653, 665 (7th Cir. 1960); Bangor and Aroostook R.R. Co. v. Brotherhood of Locomotive Firemen and Enginemen, 442 F.2d 812, 820 (D.C.Cir. 1971).

19. As of January 29, 1946, the date of Mr. C. Henry's testimony, the 2d Circuit had dismissed the idea that *Dowagiac* stood for Mr. C. Henry's asserted testimony. *See* Stromberg Motor Devices Co. v. Zenith-Detroit Corp., 73 F.2d 62, 64 (2d Cir. 1934); Stromberg Motor Devices Co. v. Zenith-Detroit Corp., 60 F.2d 1074, 1076 (2d Cir. 1932); Metallic Rubber Tire Co. v. Hartford Rubber Works Co., 275 F. 315, 323 (2d Cir. 1921); *see also* Livesay Window Co. v. Livesay Indus. Inc., 251 F.2d 469, 471 (5th Cir. 1958); Electric Pipe Line Inc. v. Fluid Sys., 146 F. Supp. 262, 263 (D.Conn. 1956).

(4) In such a case the burden was on the plaintiff to show what portion of defendant's profits was attributable to the use of the improvements covered by the patent, and plaintiff's evidence did not justify assessment of substantial damages.
(5) That where damages cannot readily be ascertained, a reasonable royalty may be awarded.

[##9##] At this point, gentlemen, I desire to say, and I desire to say it with all the force at my command, if this committee recommends, which I do not believe it will, and Congress adopts any bill that provides for the payment of only a reasonable royalty for an infringement of a patent, whether the infringement is innocent or willful, it would amount to nothing more than a compulsory licensing system. This bill does not do that. For that reason I am in favor of the bill and recommend that it be passed.

This bill retains the power of the courts to grant injunctions, and that is what an inventor needs to prevent future infringement. It retains that provision of the present law.

It also provides for the recovery of general damages "which shall be **due compensation** for making, using, or selling the invention not less than a reasonable royalty therefor."

What are damages? Damages in a legal sense means that **compensation** which the law will award for an injury done. Damages in an infringement suit can be proved [...] in an action of tort. This bill, however, does more than that. It provides that the court can increase the damages in its discretion in the same manner as it is given to increase the damages found by verdicts in actions in the nature of actions of trespass upon the case. This, though, is not a new provision, since it is in the present law.

So, it is not only provable damages the court can award, because the court has the authority to increase the proven damages. Sometimes in actions of tort that is called exemplary damages. If the infringement complained of is wanton or in reckless disregard of complaint's rights, under this bill he may be allowed punitive damages for the infringement, added to the actual damages sustained, sufficient to punish the respondent and to deter others from committing like offenses of infringement.

I feel confident that the courts would adopt that salutary rule in awarding damages and exemplary damages.

MR. LANHAM. I wonder if in the great majority of cases it is not true that infringement is willful?

MR. C. HENRY. I do not think anyone could answer that question. I would say this: There may be an honest difference of opinion as to whether a man has the right to infringe. Too many patents are declared invalid, in my judgment. But the mere fact that somebody alleges there is an infringement of his patent does not necessarily mean that the trespasser is willfully and

wrongfully infringing. There may be an extravagant claim on the part of the patent owner as to what the patent actually covers.
MR. LANHAM. If he were infringing and if he were an innocent infringer, he would be protected by the assessment of not more than reasonable royalties; is that correct?
MR. C. HENRY. No sir. General damages, not less than reasonable royalties, and an injunction.

I think that the rule that I have outlined and which I hope the courts will follow, would be only in those cases where there is no question about the validity of the patent and there is willful infringement with the deliberate attempt of capturing the market which has been established under the patent. I think the court would [##10##] be fully justified in assessing exemplary damages in a case of that kind.
MR. LANHAM. And the innocent infringer would be duly protected.
MR. C. HENRY. I doubt if any court would adopt that rule in case there is any serious doubt about the validity of the patent or of the right to infringe.
MR. CAMPBELL. If we pass this, then it should act as a deterrent to willful violation ?
MR. C. HENRY. It provides for nothing more than the law does now in the respects mentioned. The injunction feature and the right to impose exemplary damages in the law today. The only thing that this bill essentially does is to provide for general damages and to omit mention of the right and the duty of the court to fix profits in cases where profits cannot be fixed. It would enable a patent owner to go into court and not say anything about profits.
THE CHAIRMAN. You mean under this bill?
MR. C. HENRY. Yes, sir. It gives the court the right to hear proof and fix his general damages right then and there, not less than a reasonable royalty. It would greatly simplify procedure in that respect. However, I am not one who believes that this bill would prevent proceedings before masters where profits are claimed as an element of general damages.
THE CHAIRMAN. It is a terrible thing for a man to go to all of that expense to make a man pay him only general damages, not less than a reasonable royalty. He ought to have his royalty and all kinds of damages.
MR. C. HENRY. I agree with the Chairman, and I think this bill would greatly simplify procedure. It would at least enable the patent owner to have his case tried by a court without having an accounting[20] before a master.

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20. Per the Act of 1870, the Claimant was required to sue in a court of equity ("bill in equity") to obtain an injunction. Where the Claimant sued in a court of equity, the court (or a master) was required to assess profits to be accounted ("the court shall assess the same or cause the same to be assessed"). Thus, in a court of equity prior to 1946, it was mandatory (not permissive) that a patent owner sue for an accounting. Act of July 8, 1870, ch. 230, § 55, 16 Stat. 206-207.

There are two suggestions I would like to make in regard to amendments of the bill and I will have finished.

(1) On page 1, line 3, the word "section" is misspelled.

(2) On page 2, line 6, it is provided there that the court may award **due compensation** together with his costs and expenses. I think the word "expenses" leaves the field too wide open, and that it should be "reasonable attorneys fees to be fixed by the court."

THE CHAIRMAN. What do you think of that, Congressman Henry?

CONGRESSMAN HENRY. That is all right.

THE CHAIRMAN. How are you going to do that?

MR. C. HENRY. Just cancel the word "expenses" and insert the suggested amendment. That finishes my testimony unless there are further questions.

THE CHAIRMAN. That is very good and I agree with you. Mr. George Folk?

STATEMENT OF GEORGE E. FOLK, PATENT ADVISOR TO THE NATIONAL ASSOCIATION OF MANUFACTURERS

MR. FOLK. My name is George E. Folk. Since my retirement from the active practice of law I have during the last 7 years been patent advisor to the National Association of Manufacturers.

[##11##] During that period the committee on patents of that association has been very active in studying methods of reforming the patent system to overcome certain of the recognized defects in the system. One of the things they have recognized is the fact that the patent litigation is unduly expensive and one of the principal reasons for that is the delay and cost of accounting proceedings.

While the committee has taken no formal action on this bill, I have been asked by the chairman of the committee, Mr. Dearborn, to appear as favoring the bill, at least in principle. I am quite sure that a bill along this line is a move in the right direction and will ultimately meet the approval of the National Association of Manufacturers.

I have listened to Mr. Henry's statement and Congressman Henry's statement, and I find there is very little that I can add to what they have said. They have stated the problem, stated it clearly, and I think we all realize that something should be done.

MR. LANHAM. From the standpoint of verbiage and phraseology, have you any suggestion to make?

MR. FOLK. Mr. Henry has already made the suggestion as to expenses. I was confused about general damages and **due compensation**. I have not given the bill sufficient study to see exactly what that means. What we are after, of course, is that in a case of this kind the plaintiff shall recover full and adequate **compensation** for the unlawful manufacture, use, and sale of

inventions. If that is clear, and made clear, that is what we want, and nothing more. Otherwise, it seems to me that the bill takes care of the situation fairly, and I am satisfied it will meet the approval of the National Association of Manufacturers.

If you wish, possibly we may have some statement to make in addition to this after it is given more careful study. My attention was called to this bill only last Saturday[21] and I have not had time to give it very careful attention.

MR. C. HENRY. May I interpose a remark, Mr. Chairman?

THE CHAIRMAN. Yes.

MR. C. HENRY. Apropos of Mr. Folk's remark about **compensation**, I anticipated that that question would come up, and for that reason I tried to read into the record awhile ago a statement of what damages really are. Damages, in a legal sense, means **compensation** which the law will award for an injury done. Whoever wrote the bill did it cleverly, because it pins right down to the point that the **compensation** shall be, for what? For making, using, or selling the invention. The author of the bill made the words "damages" and "**compensation**" almost synonymous - that the damages will be the **compensation** for infringing the rights inherent in the patent itself. That is what the bill is concerned with, in my judgment.

MR. LANHAM. How could that be stated more clearly than it is on page 2 beginning with line 3 -

> shall be entitled to recover general damages which shall be **due compensation** for making, using, or selling the invention.

I do not see how it could be made any clearer.

MR. FOLK. What I was concerned with was to be sure it was full and adequate **compensation** and not merely a reasonable royalty. I do not think it means that.

[##12##] MR. LANHAM. I hope you will submit a brief to the committee on the subject.

MR. FOLK. I am exceedingly busy for various reasons. I will see what I can do.

MR. LANHAM. Off the record.

(Discussion off the record.)

THE CHAIRMAN. Back on the record.

Our next witness is Mr. Edwin B. H. Tower, Jr. Mr. Tower?

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21. Since the hearing was the following Tuesday, Mr. Folk was only given one business day to prepare!

STATEMENT OF EDWIN B. H. TOWER, JR., REPRESENTING THE LEGISLATIVE COMMITTEE OF THE MILWAUKEE PATENT BAR ASSOCIATION

MR. TOWER. I am a member of the bar and have given considerable study to the subject of accounting and have been in various accounting cases.

I represent the legislative committee of the Milwaukee Patent Bar Association at this hearing.

I am thoroughly in favor of the bill because I think it is a step in the right direction towards' simplifying the proceedings in obtaining just **compensation** to the patentee for infringement. The great evil that has grown up around the patent system in accounting is the apportionment of damages and the apportionment of profits that comes from the devices of a complex nature.

An automobile, we will say, has a clutch on it. The clutch is simply the invention on which the recovery is to be had, but still there is an attempt to obtain a recovery upon the entire machine. Now, to do that, you have to find some basis of apportioning the sales price. An automobile is sold at a lump price and the price has to be apportioned down to find out the selling price of the clutch before you can get out what would be the profit of the clutch. So those proceedings take a very long time and run into great expense.

Then, another thing: After the case goes to the master for an accounting, it is entirely out of the control of the court. In other words, the court lets the master take control of the case and the master has to go on and find out what is infringement and what is not. Of course, motions can be made to the court, but the court usually lets the master go ahead and take accountings upon any devices that may be developed after injunction has been granted and the master has the burden of determining long after the decision is rendered what would be an infringement of the patent as it was originally construed by the court.

In view of those difficulties that arise after the case gets to the master, I am thoroughly in favor of this Bill, as I think it will give a proceeding under which the Court will be more incline to keep control of the accounting, and will give the court of appeals authority to have more direction over the district court in taking the accounting. In other words, the court of appeals can lay down rules for the district court to follow in taking the accounting. As it is, the appellant court and the district court are not bound by the law which says that the patentee shall have the right to an accounting for the profits made by the infringement.

CONGRESSMAN HENRY. Could I ask a question?

THE CHAIRMAN. Yes.

[##13##] CONGRESSMAN HENRY. Mr. Tower, will you describe to us how long some of these cases have been known to continue?
MR. TOWER. I think everyone here probably knows that many of these run from 10 to 20 years, [...] and others I have known have gone on for 20 years. Some now are running that have been running 20 years and all the people that started in the accounting are dead.
MR. LANHAM. In point of time, to what extent would that be obviated by the enactment of this bill?
MR. TOWER. I think, in the first place, it would be conducive to immediate settlement in the case, because you could go right in and show what would be a reasonable royalty. That starts you on the basis for a settlement. Then, if there are special damages to which you are entitled you can go in and show the special circumstances attending the case which would entitle you to an increase on some basis. Then, finally comes the exemplary damages.
MR. LANHAM. But there would be a quick determination?
MR. TOWER. Yes. It would be a step in that direction and would probably lead to further amendments which would further shorten the accounting. Under the present system you cannot shorten it. In the end, the extent usually exceeds the amount of the recovery.
THE CHAIRMAN. Commissioner Ooms, we would like to hear from you.

STATEMENT OF CASPER W. OOMS, PATENT COMMISSIONER

MR. OOMS. My name is Casper W. Ooms. I am Commissioner of Patents. Since 1927 I have been occupied practically all of the time with problems of patent litigation; first, for 2 1/2 years as law clerk to the senior judge of the United States Circuit Court of Appeals for the Seventh Circuit which includes the States of Wisconsin, Illinois, and Indiana where there is the most patent litigation in the country, except for the circuit including the State of New York.

From 1930 on I have been occupied as a patent attorney in the trial of patent cases.

What I would like to provide this committee with before it reports is a list of probably a dozen or twenty patent cases showing how long some of them have taken. I was unable to compile that because of the pressure of other things, and I do not have all the records accessible here. But I can point this morning to one which I was engaged when I first began to practice more than 10 years ago, the case of *Activated Sludge v. The Sanitary District of the City of Chicago*[22], which the New York Times of this morning reports

22. Activated Sludge's litigation pursuits began the Eastern District for the Northern District of Illinois in September, 1924 (33 F.2d 452 (7th Cir. 1929)), spanned the states of Illinois, Wisconsin,

has just resulted in an award of $951,000. That suit was filed in 1924. If an appeal is taken the case can run an additional 2 or 3 years.[23]

There are other cases with which I am familiar which have varying periods of life and I will just name a few of them at the moment: *Zenith Carburetor Co. v. Stromberg Motor Devices Co.*[24], which, when I was with the circuit of appeals around 1930, was still running. It arose out of carburetors made for the first airplanes in the First World War; the case of *Fairbanks, Morse & Co. v. American Valve & Meter Co.*[25], which went many years. Many of these cases not only go through a protracted accounting, [##16##] but if there is any error in the application of the principle, many frequently, upon review in the court of appeals, go back to the district court for a new trial upon the principles announced in the appeal. The result has been that because of some obscurity in the applicable principles, which this statute will largely eliminate, and because of the emphasis in the statute as it is now written upon the availability of profits as a measure of damages, we have had these protracted accountings.

I would like to insert the clipping from The New York Times at this place in the record.

I think it is one of the sorest spots in the enforcement of the law in the United States. It should be rectified and this bill will do a great deal toward eliminating, I think, one of the most notorious cases of the denial of justice because of the delay of justice.

MR. LANHAM. Do you have any amendment to the recommendation in the verbiage or phraseology?

MR. OOMS. I have none, but I will give the bill further study and if I have any I will submit them.

MR. LANHAM. You are in accord with the suggestion which has been recommendation with reference to the word "expenses"?

MR. OOMS. Yes, sir; I am. The allowance of expenses in litigation I do not think is found anywhere.

If I may provide a statement later to be provided for the record, I shall do so.

Texas and New York and ended 22 years later (331 U.S. 866 (May 19, 1947)), generating 20 published opinions.

23. Appeal was taken 4 times after the date of this hearing (01/29/1946). The appeals ended one and a half years later (331 U.S. 866 (May 19, 1947)) and either affirmed the lower court's opinion without comment or denied rehearing.

24. Incorrectly listed as Zenith v. Stromberg Carburetor. Zenith Carburetor was first filed in 1915. Stromberg Motor Devices Co. v. Zenith Carburetor Co., 220 F. 154 (N.D.Ill. 1915). The last opinion was published 6 years later in 1921. Zenith Carburetor Co. v. Stromberg Motor Devices Co., 270 F. 421 (7th Cir. 1921).

25. Fairbanks was filed prior to 1917. Zenith Carburetor Co. v. Stromberg Motor Devices Co., 249 F. 234 (7th Cir. 1917). The last opinion was published 11 years later on December 2, 1929. (Fairbanks, Morse & Co. v. American Valve & Meter Co., 280 U.S. 604 (1929).

MR. LANHAM. I move favorable report of the bill with the typographical amendment, spelling properly the word "section" and the amendment on page 2 which Mr. Henry recommends.
MR. SCHWABE. I second the motion.
THE CHAIRMAN. You have heard the motion and the second. All in favor say "Aye"; opposed, "No".

(The motion was unanimously carried.)

MR. LANHAM. May I suggest that a reasonable time be afforded for those who may wish to supplement the record with statements and that upon the printing of the hearings and the report of the bill that it be placed on the unanimous consent calendar?
THE CHAIRMAN. Without objection, so ordered.

STATEMENT OF CHESTER L. DAVIS, CHAIRMAN OF THE COMMITTEE ON LEGISLATION FOR THE PATENT SECTION OF AMERICAN BAR ASSOCIATION

MR. DAVIS. My name is Chester L. Davis, chairman of the committee on legislation for the patent section of the American Bar Association.

The American Bar Association, as a body, has not had an opportunity to pass on the particular bill before the committee this morning, but we have in the past taken action on similar type of legislation. I was very pleased to see Congressman Henry start the hearing this morning by reading a letter from Mr. Fish to Mr. Howson, two very capable members of the Patent Bar as of the time the letter was written, and both very active in the American Bar Association.

[##15##] I find that in 1930, presumably as a result of Mr. Fish's action and his letter to Mr. Howson, the American Bar Association did approve legislation, the effect of which is substantially the same, in my opinion, as that set out by the present bill.

My notes indicate, however, that they did this by suggesting the addition of a short paragraph to the section of the Code to which we had been giving our attention. I will read the language of that paragraph which was approved by the American Bar Association in 1930.

> To amend section 4921 R. S., U. S. C., title 35, section 70, by addition of the following words: "If in any case arising under this section the court shall find that the damages or profits or both as approved are either inadequate or excessive as **compensation** to the complainant on account of the infringement, the court may in its discretion decree the payment of such sums as the court shall find to be just according to the circumstances of the case, such sum to constitute **compensation** and not a penalty."

MR. LANHAM. Do you not think this bill is that, in effect?

MR. DAVIS. In my opinion, the language of the paragraph and the language of the bill are both seeking the same result. I cannot speak for the association that we approve.
MR. LANHAM. The paragraph you read was approved by the American Bar Association?
MR. DAVIS. Yes. In the absence of making a further study, I am inclined to believe it was what was in the mind of Mr. Fish at the time he wrote Mr. Howson.

STATEMENT OF W.F. WEIGESTER, REPRESENTING THE AMERICAN PATENT LAW ASSOCIATION

MR. WEIGESTER. The American Patent Law Association would like to have the opportunity to file a statement.

STATEMENT OF JOHN STEDMAN, REPRESENTING THE DEPARTMENT OF JUSTICE

MR. STEDMAN. We have prepared a report on the bill which has not yet come out the Bureau of Budget.
THE CHAIRMAN. We have been trying to get it.
MR. STEDMAN. We have been trying, too.

In the report we support the bill generally with three or four modifications. One modification, in light of the discussion this morning, may be open to some discussion. That is the suggestion that the recovery of damages be based upon reasonable royalties. The other suggestions you will probably find are noncontroversial.

I did not come up prepared to speak on the bill in view of the fact that our report has not cleared the bureau of Budget, but I wish to call your attention to the fact that that report will be along.
MR. LANHAM. In your individual judgment, Mr. Stedman, with the amendment that has been placed in this bill, do you not think that it meets the suggestions and recommendations that have been made through the Department of Justice?
MR. STEDMAN. Not entirely

Would you care for me to state briefly what changes we have in mind?
MR. LANHAM. Yes, I think it would be well.
[##16##] MR. STEDMAN. The specific suggestions that we have for changes in phraseology are as follows:

To strike from the title of the bill the words "as in actions for infringement in the United States Court of Claims". The reason for this suggestion is that the Court of Claims uses different phraseology in stating

what shall be the amount of recovery. There are certain exceptions to recovery in the Court of Claims, and it would seem that this language in the title of the bill is unnecessary and might have some unfortunate effects. It might affect recovery in the Court of Claims which, I take it, this bill is not intended to do, or conversely, affect recovery in the district court.

MR. LANHAM. It seems to me that there is some basis for that contention.

What is the judgment of the Patent Office on that?

MR. OOMS. I do not know what that title came from. There is quite a difference in the procedures applicable respectively in the Court of Claims and the district courts. I do think that unless there is something in the Federal law respecting the titles of legislation that requires that clause in there it should be eliminated.

MR. LANHAM. Mr. Chairman, I move that we strike out "as in actions for infringement in the United States Court of Claims."

MR. SCHWABE. I second the motion.

THE CHAIRMAN. Gentlemen, you have heard the motion and the second. All in favor of striking say "aye"; opposed, "no."

(The motion was unanimously carried.)

MR. STEDMAN. If it is not obvious from what I have already said, I wish to emphasize that my statements here have not been cleared with the Bureau of the Budget, and I have no knowledge as to their relationship to the program of the President.

Secondly, in line 5 on page 2 - that would be line 2 of page 2 of the new bill - we recommend striking the work "such." The reason for this is that if the word "such" is left in there the section may be subject to the construction that there can be no recovery for damages unless there is also an injunction.

MR. SCHWABE. I think it strengthens the bill to eliminate that word. I so move.

MR. LANHAM. What is the reaction of the Patent Office?

MR. OOMS. I think it would be an improvement.

MR. LANHAM. I second Mr. Schwabe's motion.

THE CHAIRMAN. All in favor say "aye"; opposed, "no."

(The motion was unanimously carried.)

MR. STEDMAN. Thirdly, the bill contains no reference to its effect upon existing causes of action. As I recall, in earlier amendments to R. S. 4921 there were provisions to the effect that they should apply to existing causes of action. I recommend adding at line 22, following the word "action," "and this provision shall apply to existing causes of action." That is the same language that was used in earlier amendments to 4921, and I recommend its inclusion here.

MR. OOMS. Introducing the addition at the point just suggested might not be read as applying to both paragraphs.

MR. STEDMAN. I believe you are right. It probably should go at the end of the bill. I just received a copy of the new bill this morning. I was speaking with reference to H.R. 4143[26].

[##17##] MR. LANHAM. What verbiage do you suggest at the end of the bill?

MR. STEDMAN. "This bill shall take effect upon approval and shall apply to existing causes of action."

MR. LANHAM. Is there any reason why it should not apply to existing causes of actions? Some of those I assume have been tied up in court from almost time immemorial.

MR. STEDMAN. If it is clear that it would, the language would be unnecessary. As I say, in an earlier amendment to this statute a good many years ago that provision was in.

MR. LANHAM. I am just wondering if there would be any injustice in pending cases that have been in the courts, we will say, for a number of years, if the procedure under which they have operated was obviated suddenly and this new provision made. I am not sufficiently familiar with the practice to be able to tell that.

MR. OOMS. As a trial attorney, it would not require any amendment of pleadings. The pleadings are down to skeleton form now and would certainly embrace the remedies provided for in this statute.

MR. LANHAM. What objection would there be from the standpoint of the litigants, if this provision were added?

MR. OOMS. None. You will be in the process of passing this bill for at least a couple of months, and anybody just about to go into accounting can very quickly fall into this. This would be a very good time to make it applicable as there is little patent litigation in the accounting stage at this time.

MR. LANHAM. There is no objection?

MR. OOMS. I think it would be desirable. It would eliminate a great deal of argument.

MR. LANHAM. I move its adoption.

MR. SCHWABE. I second the motion.

THE CHAIRMAN. All in favor say "Aye"; opposed, "No."

(The motion was unanimously carried.)

MR. STEDMAN. My final suggestion, which I gather from the testimony this morning may be open to some discussion, would be to strike the word "general" in line 4, page 2, and substitute the words "reasonable royalties as"; leave the word "damages" in and strike "which shall be **due compensation**".

MR. C. HENRY. I oppose that suggestion.

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26. Incorrectly listed as R.S. 4143.

MR. SCHWABE. It would take the teeth out of it.
MR. STEDMAN. Would you be interested in my reasons?
THE CHAIRMAN. Yes.
MR. STEDMAN. In essence my view on the provision is this: The provision as it now stands, which reads "general damages which shall be **due compensation** for making, using, or selling the invention, not less than a reasonable royalty therefor" subjects the statute or the bill to the very objections which we are, in part, trying to get away from, namely, uncertainty as to what shall be the measure of damages. I think that in putting recovery on the basis of a reasonable royalty, the bill would achieve a fair compromise between the infringer and the owner of the patent and provide a measure which would not be subject to all sorts of varying court interpretations.
MR. LANHAM. Would not that provision foment infringement? It seems to me that you would have a great deal more infringement if you limited to a provision of that kind.
[##18##] MR. STEDMAN. I agree that you want to get away from infringement. On that score, it seems to me there are several things to be said. First, a license is still definitely desirable because the licensee has protection against an injunction; the infringer has not. he is not likely to infringe if he is faced with the danger if an injunction.

Secondly, as far as he knows, the reasonable royalty which may be determined may be more, rather than less, than the amount that he would be able to obtain a license for.

Third, he is faced with the threat of exemplary or punitive damages in the case of willful infringement which certainly is, or should be, a deterrent.

Fourth, the measure of damages based on a reasonable royalties, is one which the courts have [...] tended increasingly to apply -
MR. C. HENRY (interposing). I do not agree with that.
MR. STEDMAN. In other words, it has worked in the past.
MR. LANHAM. On that basis, would it not be an invitation to infringe if the infringer thought he could do it to his profit?
MR. STEDMAN. It seems to me that the threat of punitive damages and the threat of injunction is a good answer to that.
MR. LANHAM. An injunction would stop him.
MR. STEDMAN. Yes. If he had a situation where he has investments tied up, a situation of that sort -
THE CHAIRMAN (interposing). He has no business investing if it is somebody else's goods.
MR. STEDMAN. He does not know for sure that he is infringing.

THE CHAIRMAN. Let us give him the mischief and put him in jail and hang him like they used to do for stealing horses. I do not agree with you at all. You are trying to help a crook. We want to help the honest man.
MR. LANHAM. We have done pretty well about Mr. Stedman. We have accepted three of his four amendments.
MR. STEDMAN. First of all, it must be borne in mind, when you speak of crooks in the field, that they will be adequately taken care of by the punitive damages provisions. The individual who is involved here is more likely to be a perfectly innocent infringer.
THE CHAIRMAN. The court will be easy with him if he is innocent.
MR. LANHAM. The payment of the royalties would not be a great punishment. We have got to assume that the court would administer this law in accordance with its intent. We do not want to punish an innocent infringer beyond what we should.
MR. C. HENRY. Mr. Stedman's argument is based, as I understand it, on the ease of fixing reasonable royalties. Let us take an analogous case. John Doe, riding along in his automobile with his family, has a wreck through no fault of his own. He is injured for life and can no longer work. Maybe one of his children is killed and his wife is made an invalid. It would be very easy for a court to say that the only damages that man could recover are damages to his automobile, if that were the law, and any garage mechanic could supply sufficient evidence to assess the damages. But in the case I have supposed the driver of the car is ruined for life. He can no longer work and he has been put to enormous expense. He is entitled to general damages - for his own and his wife's injuries; the loss of his child, damages to his [##19##] automobile, expected future earnings, and for things of that kind. So it is with patents under which a little fellow is manufacturing. If you have compulsory licensing under this reasonable royalty theory he may be ruined as a manufacturer because of his inability to compete with well [en]trenched industries. I do not agree with Mr. Stedman at all.
THE CHAIRMAN. Neither do I.
MR. STEDMAN. I think the analogy to compulsory licensing is a very questionable one.
MR. C. HENRY. I do not think so.
THE CHAIRMAN. You mean the Department of Justice recommends such a thing?
MR. STEDMAN. I expect it will.
THE CHAIRMAN. We have already voted on this and it suits us.
MR. LANHAM. That defines it:

> General damages which shall be **due compensation** for making, using, or selling the invention, not less than a reasonable royalty therefor.

MR. STEDMAN. What elements other than a reasonable royalty are contemplated?
THE CHAIRMAN. The trouble and time, and everything else in the world.
What do you think about it, Mr. Ooms?
MR. OOMS. I would recommend the bill as Congressman Henry has written it.
THE CHAIRMAN. That is right.
MR. DAVIS. I would like to say that the American Bar Association specifically in 1932 had under consideration the language "reasonable royalty" as suggested by Mr. Stedman in exactly the same manner. The association as a body very emphatically refused to adopt that language as amendment to the statute, and they felt at the time that it was tantamount to compulsory licensing.
MR. SCHWABE. That is the language Mr. Stedman is using?
THE CHAIRMAN. Yes.
MR. SCHWABE. I want to say that there is all the difference in the world between compulsory licensing and this bill. As long as you have in a bill provisions for exemplary damages and injunctions, it is very difficult for me to see how it can be said, merely because it speaks in terms of reasonable royalties that it has any semblance to a compulsory licensing bill.
MR. C. HENRY. The difference is tweedledee and tweedledum. You suggested amendments to the bill which would provide that only reasonable royalties could be collected, even in cases of wanton infringement, regardless of any other damages the patent owner might sustain. How would such an arrangement work out in cases of trespass to realty? Suppose we had a law that only a reasonable rental could be collected for any such trespass wouldn't that amount to compulsory leasing of realty? Is it unreasonable to suppose that a person intending to trespass upon and occupy the realty would first offer to purchase a lease and, upon refusal, proceed to trespass and occupy anyway knowing full well that he wouldn't be out of pocket any more than if his offer had been accepted in the first place? The right to injunction in cases of patent infringement does not alter the situation because the granting of an injunction is not mandatory.
[##20##] MR. STEDMAN. In essence, the reasonable royalty approach is more consistent with the general doctrine of damages in other cases.
MR. LANHAM. But it is inconsistent with our general patent law.
MR. STEDMAN. Finally, I want to point out that as a practical matter, it is my understanding that insofar as courts do base recovery on damages rather than profits, in general the recovery is on a reasonable royalty basis. In other words, I doubt very much whether the suggestion I am making is one that will change very substantially the approach which the courts take. What it will do is to remove from infringement cases complicated matters of evidence which the courts eventually treat as irrelevant anyway.

MR. C. HENRY. Gentlemen, before we close I would like to make the suggestion that this committee reject every compulsory license proposal regardless of how it is hidden or in whatever disguised form it may be submitted to this committee. It has been rejected by every Congress that has considered the matter for the past 20 years, often after voluminous testimony.
THE CHAIRMAN. I would not expect it from the Department of Justice in a disguise.
MR. STEDMAN. Again, I reiterate that this definitely is not an attempt to introduce compulsory licensing, in disguise or otherwise.
THE CHAIRMAN. What is your job over at the Department of Justice?
MR. STEDMAN. Claims Division.
THE CHAIRMAN. How long have you practiced law?
MR. STEDMAN. Since 1934.
THE CHAIRMAN. Where did you practice?
MR. STEDMAN. Madison, Wis., and Minneapolis; most of the time teaching at the University of Wisconsin.

I have one more suggestion here that I would like to make. Would you like this complete language? If you prefer, you can get this language out of the report which I assume will come up.
MR. LANHAM. Make the suggestion.
THE CHAIRMAN. Excuse me. Who is the head of this Division?
MR. STEDMAN. Mr. John Sonnett.
THE CHAIRMAN. Does he agree with all of these things you are saying?
MR. STEDMAN. I believe so.
THE CHAIRMAN. You do not know?
MR. STEDMAN. He has approved the recommendation.

Returning to the proposed modification in line 4, on page 2, strike the word "general" and insert the words "reasonable royalties as"; then strike the words "which shall be **due compensation**"; then in line 5, strike the words "not less than a reasonable royalty therefor"; then in line 7, after the word "interest" insert "at such rate as the court may determine"; leaving in the words "from the time"; strike the words "the infringement began", and insert the words "such damages accrue."

On that last point, may I point out that, as I read the bill, it is subject to the interpretation that if one committed infringement, say, for a period of 5 years, the court would take the total amount representing the damages for infringement and allow interest from the date when the infringement first began, notwithstanding that this was an accrual over a period of years.
[##21##] MR. LANHAM. Would not a court of equity determine that anyway?
THE CHAIRMAN. Yes.

MR. STEDMAN. The language I am suggesting would make it clear that interest would be recovered on the basis of damages as they accrued rather than on the entire sum right from the beginning.
MR. CAMPBELL. I move that we reject the amendments.
THE CHAIRMAN. Do we have a second ?
MR. SCHWABE. I second the motion.
THE CHAIRMAN. All in favor of rejecting everything Mr. Stedman has said with reference to the last amendments, indicate by saying "Aye"; opposed, "No."

(The motion was unanimously carried.)

(Whereupon, at 12:15 p.m., the committee adjourned.)

X

C. January 31 1946, Thursday: (79) H.R. 5311 Introduced

[#691#] CONGRESSIONAL RECORD - HOUSE
PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

BY MR. HENRY: H. R. 5311. A Bill to amend Revised Statutes 4921 (U.S.C.A., title 35, patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement; to the Committee on Patents.

D. February 19, 1946, Tuesday: .

[#1482#] CONGRESSIONAL RECORD - HOUSE REPORT
OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BOYKIN: Committee on Patents, H. R. 5311. A bill to amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement; without amendment (Rept. No. 1587). Referred to the House Calendar.

1. February 19, 1946, Tuesday: House Report No. 1587.

HOUSE OF REPRESENTATIVES
79TH CONGRESS, 2d Session, Report No. 1587

AMENDING REVISED STATUTES, 4921 (U.S.C.A., TITLE 35, PATENTS, SEC. 70), PROVIDING THAT DAMAGES BE ASCERTAINED ON THE BASIS OF **COMPENSATION** FOR INFRINGEMENT

FEBRUARY 19, 1946. - Referred to the House Calendar and ordered to be printed

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MR. BOYKIN, from the Committee on Patents, submitted the following

REPORT

(To accompany H.R. 5311)

The Committee on Patents, to whom was referred the bill (H.R. 5311) to amend the Revised Statutes of the United States (35 U.S.C.A. 70), having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The bill H.R. 5311 is a committee substitute for H.R. 5231. Hearings were held on the later bill on January 29, 1946. A number of persons appeared before the committee and testified - among them being representatives of the Patent Office, the Department of Justice, the American Manufacturers Association, the American Bar Association, and the Milwaukee Patent Law Association. In addition, other persons submitted written letters and statements. The substitute measure, H.R. 5311, incorporates many of the amendments proposed at the hearings.

The object of the bill is to make the basis of recovery in patent-infringement suits general damages, that is, any damages the complainant can prove, not less than a reasonable royalty, together with interest from the time infringement occurred, rather than profits and[27] damages.

The relief that a patent owner needs against an infringer to protect his right in his patent and to compensate him for past infringement is an

27. This conjunction "and" would indicate that the Committee on Patents intended that profits and damages are now to fall under the rubric of "general damages."

injunction to prevent future invasion of his right and general damages as **due compensation** for infringing either or any of the rights secured to the patent owner by his patent. Instead of general damages, section 4921 of the Revised Statutes now authorizes a complainant in whose favor a verdict has been rendered in an infringement suit to recover "in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby." The evil attendant upon "the law's delay" and the difficulty of adducing convincing proof of necessary facts is peculiarly exemplified in patent-infringement suits where profits are claimed.

Frequently a suit for patent infringement involves the infringement of only an improvement in a complex machine, and it is impossible to apportion profits due to the improvement. In such circumstances, the proceedings before masters, which are conducted in accordance with highly technical rules and are always expensive, are often protracted for decades and in many cases result in complete failure of justice.

Although the bill would not preclude the recovery of profits as an element of general damages, yet by making it unnecessary to have proceedings before masters and empowering equity courts to assess general damages irrespective of profits, the measure represents proposed legislation which in the judgment of the committee is long overdue.

E. February 28, 1946, Thursday: Supplemental Report No. 1587, Part 2 Filed and Printed

[#1789#] CONGRESSIONAL RECORD - HOUSE
COMMITTEE ON PATENTS

MR. HENRY. Mr. Speaker, I ask unanimous consent that the Committee on Patents be permitted to file a supplemental report on the bill H.R. 5311, in order to comply with the Ramseyer rule.
THE SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

[#1791#] CONGRESSIONAL RECORD - HOUSE REPORT
OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. BOYKIN: Committee on Patents submits a supplemental report on H. R. 5311, a bill to amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of

compensation for infringement (Rept. No. 1587, pt. 2). Ordered to be printed.

1. **February 28, 1946, Thursday: House Supplemental Report No. 1587, Part 2.**

HOUSE OF REPRESENTATIVES
79TH CONGRESS, 2d Session, Report No. 1587, Part 2

AMENDING REVISED STATUTES, 4921 (U.S.C.A., TITLE 35, PATENTS, SEC. 70),
PROVIDING THAT DAMAGES BE ASCERTAINED ON THE BASIS OF **COMPENSATION** FOR INFRINGEMENT

FEBRUARY 28, 1946. - Referred to the House Calendar and ordered to be printed

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MR. BOYKIN, from the Committee on Patents, submitted the following

SUPPLEMENTAL REPORT

(To accompany H.R. 5311)

Since the filing of Report No. 1587 on February 19, 1946, to accompany H.R. 5311, it has been noted that such report does not show changes in existing law made by the bill.

Therefore, in compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, section 4921 of the Revised Statutes (U.S.C.A., title 35, sec. 70)[28], to which the bill relates, is set forth below on the left, with subsection as proposed to be amended by the bill in a parallel column on the right.[29]

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28. The 1946 Act amended the 1922 Revised Statute 4921. Between 1870 and 1946, section 4921 was amended by Act of March 3, 1897, ch. 391, § 6, 29 Stat. 694 adding a six years' limitation on actions under section 4921, and by Act of Feb. 18, ch. 58, § 8, 42 Stat. 392 allowing expert evidence as to damages and requiring notice of litigation to Commissioner of Patents for record by endorsement on file wrapper of patents involved.

29. Proposed text removal is indicated between brackets "[]" and proposed text addition is indicated between symbols "> <".

February 28, 1946, Thursday:
House Supplemental Report No. 1587, Part 2.

Patents	1922 Statute	1946 Proposed Amendments
Power of Courts.	Section 4921, R.S. (U.S.C., title 35, sec. 70.) The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover [, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and t]he court shall assess [the same] or cause the same to be assessed under its direction.	The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover >general damages which shall be **due compensation** for making, using, or selling the invention, not less than a reasonable royalty therefor, together with his costs and reasonable attorney's fees to be fixed by the court and interest from the time the infringement occurred.<
Recovery in infringement cases		
Attorney's fees.		
Expert evidence in determining **compensation**.	[If on the proofs it shall appear that the complainant has suffered damage from the infringement or that the defendant has realized profits therefrom to which the complainant is justly entitled, but that such damages or profits are not susceptible of calculation and determination with reasonable certainty, t]he court [may, on evidence tending to establish the same, in its discretion,] receive opinion or expert [testimony,] which is hereby declared to be competent and admissible, subject to the general rules of evidence applicable [to this character of testimony; and upon such evidence and all other evidence in the record the court may adjudge and decree the payment by the defendant to the complainant of a reasonable sum as profits or general damages for the infringement.]	>T<he court >is hereby authorized to< receive opinion or expert >evidence upon which to determine in conjunction with any other evidence in the record, **due compensation** for making, using, or selling the invention, and such expert or opinion evidence< is hereby declared to be competent and admissible, subject to the general rules of evidence applicable >thereto<.
Assessment of damages.	[And the court] shall have the same power to increase [such] damages, in its discretion, as is found by verdicts in actions in the nature of actions of trespass upon the case; but [in any suit or action brought for the infringement of any patent there shall be no recovery of profits or damages] for any infringement committed more than six years [before] the filing of the [bill of] complaint [or the issuing of the writ] in [such suit or] action[, and this provision shall apply to existing causes of action].	>T<he court shall assess >said damages,< or cause the same to be assessed>,< under its direction >and< shall have the same power to increase >the assessed< damages, in its discretion, as is found by verdicts in actions in the nature of actions of trespass upon the case; but >recovery shall not be had< for any infringement committed more than six years >prior to< the filing of the complaint in >the< action.
Recovery for infringement.		
Notice to Commissioner	And it shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents, and within one month after the decision is rendered or a decree issued, the clerk of the court shall give notice thereof to the Commissioner of Patents, and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to endorse the same upon the file wrapper of the said patent or patents and to incorporate the same as a part of the contents of said file or file wrapper; and for each notice required to be furnished to the Commissioner of Patents in compliance herewith a fee of 50 cents shall be taxed by the clerk as costs of suit.	And it shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents, and within one month after the decision is rendered or a decree issued, the clerk of the court shall give notice thereof to the Commissioner of Patents, and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to endorse the same upon the file wrapper of the said patent or patents and to incorporate the same as a part of the contents of said file or file wrapper; and for each notice required to be furnished to the Commissioner of Patents in compliance herewith a fee of 50 cents shall be taxed by the clerk as costs of suit.
Endorsement		
Tax		

F. March 4, 1946, Monday: (79) H.R. 5311 Passed House

[#1857#] CONGRESSIONAL RECORD - HOUSE
PATENT INFRINGEMENT SUITS

The Clerk called the bill (H. R. 5311) to amend the Revised Statutes of the United States (35 U.S.C.A. 70)

THE SPEAKER. Is there objection to the present consideration of this bill?
MR. COLE of New York. Reserving the right to object. Mr. Speaker, while the report accompanying this bill complies with the technical provisions of the rules of the House, the explanations showing the changes in existing law are not very clear. In order that the House may be fully advised as to the effect of the bill, I ask that some informed Member explain it.
MR. LANHAM. May I say to the gentleman that a supplementary report complying with the Ramseyer rule has been filed with reference to this bill in accordance with the permission granted in the House last week.
MR. COLE of New York. It is true that the supplemental report does set forth in one column [...] the law as it will be after the enactment of this bill, but comparison of the two is rather difficult. I thought that perhaps it might simplify things if some member of the committee could explain it.
MR. LANHAM. I was advised by the clerk of the committee that there has been a conference with the legislative counsel with reference to that, and I had understood that it met with the approval of the legislative counsel.

This bill simply provides for proper damages with reference to infringement, and allows the court, in case the infringement of the patent is innocent, merely to assess royalties and restrain further infringement, to provide what the damages shall be. The measure of such damages is clearly set out. It will be **due compensation** for making, using, or selling the invented article, not less than a reasonable royalty therefor. If the gentleman has examined the report, he will have noted that the object of the bill is to make the basis of recovery in patent-infringement suits general damages; that is, any damages a complainant can prove, not less than a reasonable royalty, together with interest from the time the infringement occurred, rather than damages based upon profits. Of course, in a case of innocent infringement, it is presumed that the court would assess no more than reasonable royalty for such time as the patent was infringed by the innocent user. The committee, I may say, reported this bill unanimously after rather adequate hearings. The gentleman from Oklahoma [MR. SCHWABE] is equally familiar with the matter. I regret that the gentleman from Wisconsin, [MR. HENRY], who introduced this bill, is unavoidably out of the city today and, therefore, cannot be present to explain the bill further.

MR. COLE of New York. I would like to be sure. Do I understand correctly that the effect of this bill is to make a reasonable royalty for an infringement the measure of minimum damages to any holder of a patent whose patent has been infringed?
MR. LANHAM. That is the purpose of the bill as brought out before the committee.
MR. COLE of New York. And to that extent it would simplify the case of an aggrieved party in proving damages?
MR. LANHAM. It would.
MR. CRAVENS. Mr. Speaker, will the gentleman yield?
MR. COLE of New York. I yield.
MR. CRAVENS. Would not that mean the enforced compulsory licensing of patents if the invention is limited to merely collecting royalty?
MR. LANHAM. The inventor is not limited merely to collecting the royalty. I would say that in the case of an innocent infringer who had infringed without notice and without knowledge that it would be unreasonable to collect from him more than the reasonable royalty.
MR. CRAVENS. I agree on that.
MR. LANHAM. But if there has been a willful infringement, then the damages as set out in the bill can be collected.
MR. CRAVENS. And such damages could still be recovered under the existing law in the case of willful infringement.
MR. COLE. Mr. Speaker, I withdraw my reservation of objection.
THE SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4921 of the Revised Statutes of the United States (35 U.S.C.A. 70) is hereby amended to read as follows:

> "The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any case for an infringement the complainant shall be entitled to recover general damages which shall be **due compensation** for making, using, or selling the invention, not less than a reasonable royalty therefor, together with his costs and reasonable attorney's fees to be fixed by the court and interest from the time the infringement occurred.
>
> "The court is hereby authorized to receive expert or opinion evidence upon which to determine in conjunction with any other evidence in the record, **due compensation** for making, using, or selling the invention, and such expert or opinion evidence is hereby declared to be competent and admissible subject to the general rules of evidence applicable thereto.

"The court shall assess said damages, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed damages, in its discretion, as is given to increase the damages found by verdicts in actions in the nature of actions of trespass upon the case; but recovery shall not be had for any infringement committed more than 6 years prior to the filing of the complaint in the action. And it shall be the duty of the clerks of such courts within 1 month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents, setting forth in order so far as known the names and addresses of the litigants, names of the inventors, and the designating number or numbers of the patent or patents upon which the action, suit, or proceeding has been brought, and in the event any other patent or patents be subsequently included in the action, suit, or proceeding by amendment, answer, cross bill, or other pleading, the clerk shall give like notice thereof to the Commissioner of Patents, and within 1 month after the decision is rendered or a decree issued the clerk of the court shall give notice thereof to the Commissioner of Patents, and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to endorse the same upon the file wrapper of the said patent or patents, and to incorporate the same as a part of the contents of said file or file wrapper; and for each notice required to be furnished to the Commissioner of Patents in compliance herewith a fee of 50 cents shall be taxed by the clerk as costs of suit."

This Act shall take effect upon approval and shall apply to pending causes of action in which the taking of the testimony has not been concluded.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

G. March 5, 1946, Tuesday: (79) H.R. 5311 Referred to Senate Committee on Patents

[#1905#] CONGRESSIONAL RECORD - SENATE
HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H. R. 5311. An act to amend Revised Statutes, 4921 (U. S. C. A., title 35, Patents, sec. 70) providing that damages be ascertained on the basis of **compensation** for infringement; to the Committee on Patents.

H. June 14, 1946, : (79) H.R. 5311 Reported by Senate with Amendments

[#6886#] CONGRESSIONAL RECORD - SENATE
REPORTS OF COMMITTEES

The following reports of committees were submitted:

BY MR. LUCAS (for MR. PEPPER), from the Committee on Patents:

H. R. 5311. A bill to amend Revised Statutes, 4921 (U. S. C. A., title 35, patents, sec. 70) providing that damages be ascertained on the basis of **compensation** for infringement; with amendments (Rept. No. 1503).

1. June 14, 1946, : Senate Report No. 1503.

[##1##] SENATE
79TH CONGRESS, 2d Session, Report No. 1503[30]
Calendar No. 1529

AMENDING REVISED STATUTES 4921 (U.S.C.A., TITLE 35, PATENTS, SEC. 70),
PROVIDING THAT DAMAGES BE ASCERTAINED ON THE BASIS OF **COMPENSATION** FOR INFRINGEMENT

JUNE 14 (legislative day, March 5), 1946 - Ordered to be printed

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MR. PEPPER, from the Committee on Patents submitted the following

REPORT

(To accompany H.R. 5311)

The Committee on Patents, to whom was referred the bill (H.R. 5311) to amend the Revised Statutes of the United States (35 U.S.C.A. 70), having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are as follows:

30. Portions of this Senate Report are reproduced at U.S. Code Cong. Serv. 1946, at 1386-87.

Page 2, line 1, strike out "decree" and insert in lieu "judgment".

Page 2, cancel lines 5, 6, and 7, and insert:

> royalty therefor, together with such costs, and interests, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case.

Page 3, line 9, strike out "decree" and insert in lieu "judgment".

Page 3, line 15, after "wrapper" change the semicolon to a period, and cancel the remainder of the sentence.

Page 3, line 21, after "concluded" change the period to a colon, and add:

> *Provided, however*, That pending causes of action in which the taking of testimony has been concluded are to be governed by the statute in force at the time of approval of this Act as if such statute had not been amended.

The first and third amendments are made to render the term used consistent with the Rules of Civil Procedure.

The fourth amendment is made merely to remove from the existing statute a minor detail relating to a court fee which has been held, in the case of S. & S. Corrugated Paper Machinery Company, Inc. v. George W. Swift, Jr., Inc. (62 Federal Supplement 355)[31], to have been repealed by implication by subsequent acts of Congress. See the Flat Fee Act of 1944 (U.S. Code, title 28, sec. 549 et seq.)

S. Repts., 79-2, vol. 3 – 66.

[##2##] The House Committee on Patents held hearings and made the following report, which is adopted as the report of the Senate Committee on Patents:

> The bill H.R. 5311 is a committee substitute for H.R. 5231. Hearings were held on the later bill on January 29, 1946. A number of persons appeared before the committee and testified - among them being representatives of the Patent Office, the Department of Justice, the American Manufacturers Association, the American Bar Association, and the Milwaukee Patent Law Association. In addition, other persons submitted written letters and statements. The substitute measure, H.R. 5311, incorporates many of the amendments proposed at the hearings.

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31. S. & S. Corrugated Paper Machry. Co. v. George W. Swift, Jr., Inc., 62 F. Supp. 355, 357 (D.N.J. 1945)("The Flat Fee Bill of 1944, supra, by consolidating fees and costs in cases before the District Court, took a forward step in relieving litigants of multiple payments of costs and reduced accounting processes of the clerk of the court. The policy it represents is an affirmation that the legislation of 1925 was designed to limit all costs of litigation by the clerk to those specified therein or specifically excepted by it."), *aff'd*, 176 F.2d 358 (3d Cir. 1949).

> The object of the bill is to make the basis of recovery in patent-infringement suits general damages, that is, any damages the complainant can prove, not less than a reasonable royalty, together with interest from the time infringement occurred, rather than profits and damages.
>
> The relief that a patent owner needs against an infringer to protect his right in his patent and to compensate him for past infringement is an injunction to prevent future invasion of his right and general damages as **due compensation** for infringing either or any of the rights secured to the patent owner by his patent. Instead of general damages, section 4921 of the Revised Statutes now authorizes a complainant in whose favor a verdict has been rendered in an infringement suit to recover "in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby." The evil attendant upon "the law's delay" and the difficulty of adducing convincing proof of necessary facts is peculiarly exemplified in patent-infringement suits where profits are claimed.
>
> Frequently a suit for patent infringement involves the infringement of only an improvement in a complex machine, and it is impossible to apportion profits due to the improvement. In such circumstances the proceedings before masters, which are conducted in accordance with highly technical rules and are always expensive, are often protracted for decades and in many cases result in complete failure of justice.
>
> Although the bill would not preclude the recovery of profits as an element of general damages, yet by making it unnecessary to have proceedings before masters and empowering equity courts to assess general damages irrespective of profits, the measure represents proposed legislation which in the judgment of the committee is long overdue.

By the second amendment the provision relating to attorney's fees is made discretionary with the court. It is not contemplated that the recovery of attorney's fees will become an ordinary thing in patent suits, but the discretion given the court in this respect, in addition to the present discretion to award triple damages, will discourage infringement of a patent by anyone thinking[32] that all he would be required to pay if he loses the suit would be a royalty. The provision[33] is also made general[34] so as to enable the court to prevent a gross injustice to an alleged infringer.[35]

The amendment at the end of the bill permits the pending causes mentioned to proceed under the old law.

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32. This 'thinking' level of intent is absent from proof of non-willful infringement but is relevant to prove willful infringement.

33. Attorney's fee provision.

34. Attorney's fees can be awarded to the alleged infringer as well as the claimant.

35. *See* Machinery Corp. of Am. v. Gullfiber AB, 774 F.2d 467, 472 (Fed. Cir. 1985)(Award of attorney fees to alleged infringer in cases of bad faith litigation permissible under 35 U.S.C. § 285); A.B. Chance Co. v. RTE Corp., 854 F.2d 1307, 1312 (Fed. Cir. 1988)(attorney fees permissible for patent procurement inequitable conduct).

In order to see the changes in the text of the existing law the section being amended is set forth below with the parts omitted enclosed in brackets and the new parts printed in italics.

Section 4921, R.S. (U.S.C., title 35, sec. 70.) The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a [decree] *judgment* being rendered in any such case for an infringement the complainant shall be entitled to recover [, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. If on the proofs it shall appear that the complainant has suffered damage from the infringement or that the defendant has realized profits therefrom to which the complainant is justly entitled, but that such [#3] damages or profits are not susceptible of calculation and determination with reasonable certainty, the court may, on evidence tending to establish the same, in its discretion, receive opinion or expert testimony, which is hereby declared to be competent and admissible, subject to the general rules of evidence applicable [to this character of testimony; and upon such evidence and all other evidence in the record the court may adjudge and decree the payment by the defendant tot he complainant of a reasonable sum as profits or general damages for the infringement. And the court shall have the same power to increase such damages, in its discretion, as is found by verdicts in actions in the nature of actions of trespass upon the case; but in any suit or action brought for the infringement of any patent there shall be no recovery of profits or damages for any infringement committed more than six years before the filing of the bill of complaint or the issuing of the writ in such suit or action, and this provision shall apply to existing causes of action.] *general damages which shall be* ***due compensation*** *for making, using, or selling the invention, not less than a reasonable royalty therefor, together with such costs, and interests, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case.*

The court is hereby authorized to receive opinion or expert evidence upon which to determine in conjunction with any other evidence in the record, ***due compensation*** *for making, using, or selling the invention, and such expert or opinion evidence is hereby declared to be competent and admissible, subject to the general rules of evidence applicable thereto.*

The court shall assess said damages, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed damages, in its discretion, as is given to increase the damages as is found by verdicts in actions in the nature of actions of trespass upon the case; but recovery shall not be had for any infringement committed more than six years prior to the filing of the complaint in the action. And it shall

be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents, and within one month after the decision is rendered or a [decree] *judgment* issued, the clerk of the court shall give notice thereof to the Commissioner of Patents, and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to endorse the same upon the file wrapper[of the said patent or patents and to incorporate the same as a part of the contents of said file or file wrapper; and for each notice required to be furnished to the Commissioner of Patents in compliance herewith a fee of 50 cents shall be taxed by the clerk as costs of suit].

I. July 17, 1946, Wednesday: (79) H.R. 5311

1. Objection by MR. RIVERCOMB

[#9174#] CONGRESSIONAL RECORD - SENATE
BILLS PASSED OVER

The bill(H.R. 5311) to amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement was announced as first in order.

MR. RIVERCOMB. Mr. President, this bill, as well as the following bill, deal with the patent laws, and I think the Senate should have an explanation of them.

THE PRESIDING OFFICER. Does the Senator desire to have the bill passed over?

MR. RIVERCOMB. Yes, temporarily.

THE PRESIDING OFFICER. The bill will be passed over temporarily.

The bill (H.R. 5223) to extend temporary the time for filing applications was announced as next in order.

THE PRESIDING OFFICER. On request of the Senator from West Virginia, this bill will also be passed over temporarily.

2. Amended and Passed Senate

[#9187#] CONGRESSIONAL RECORD - SENATE
ASCERTAINMENT OF DAMAGES IN
PATENT INFRINGEMENT SUITS

MR. PEPPER. Mr. President, I ask unanimous consent that the Senate revert to Calendar No. 1529, House bill 5311, a patent bill, which has previously been passed over. I was out of the Chamber when that measure was reached during the call of the calendar, [#9188#] and I understand that objection to consideration of the bill was made because no explanation of it was made at that time. I should like to explain the bill.

Mr. President, this is a House bill. It has the unanimous support of the Senate Committee on Patents, and also of the Commissioner of Patents. Essentially it only changes somewhat the basis of recovery in patent infringement suits.

If Senators will examine the committee report, they will see in italics the new language, which is proposed to be inserted. The essential change proposed is that the court may award general **compensatory** damages and lawyers' fees where the court considers it proper to award lawyers' fees, whereas, under the present law, the court has to[36] determine the profits which may have been made by the infringer, as well as **compensatory** damages. Except for changing the word "decree" to "judgment" in several places in the act, that is the only change which will be made.

I believe the Senator from West Virginia [MR. REVERCOMB] made the objection. If any further explanation is desired, I shall be glad to try to give it.

MR. REVERCOMB. Mr. President, will the Senator yield?

MR. PEPPER. I yield.

MR. REVERCOMB. I should like to ask for an explanation of House bill 5311 and House bill 5223, both of which deal with proposed changes in the patent law.

MR. PEPPER. That is correct, and I was just explaining House bill 5311. I am afraid I did not make it clear to the Senator from West Virginia that there is carried in the committee report a statement of the change which is proposed to be made in the existing law. The measure is a House bill, and it has been reported unanimously by the Senate Committee on Patents, and is recommended by the Commissioner of Patents, Mr. Ooms.

Let me state what the bill does: Under the present law, if a suit is maintained for the infringement of a patent, the measure of damages is the

36. Under the present law, the court MUST determine the infringer's profits.

profit made by the alleged infringer, and also general **compensatory** damages which might have been suffered by the claimant.

Experience has proven that it is such a difficult accounting matter to determine what the profit of the alleged infringer has been that there is almost always an interminable delay in connection with the recovery sought.

Consequently, the basis laid down by this bill is general **compensatory** damages which the plaintiff in the suit sustains. Of course, that may include profits, but is not limited to profits; and it is not necessary to prove profits, if the plaintiff does not find it appropriate to do so.[37]

The bill will also permit opinion and expert evidence to be received by the court. In addition, it awards to the court discretionary power to allow plaintiffs to recover attorneys' fees, if the court considers it proper to allow such recoveries.

MR. REVERCOMB. Mr. President, do I correctly understand that the explanation the Senator has made covers all the changes which the bill proposes to make?

MR. PEPPER. That is correct, except for the changing of the word "decree" to the word "judgment."

MR. REVERCOMB. I withdraw my objection.

THE PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H.R. 5311) to amend the Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement, which has been reported from the Committee on Patents with amendments.

The first amendment was, on page 2, line 1, after the words "upon a", to strike out "decree" and insert "judgment."

The amendment was agreed to.

The next amendment was, on the same page, line 5, to strike out "royalty therefor, together with his costs and reasonable attorney's fees to be fixed by the court and interest from the time the infringement occurred", and insert "royalty therefor, together with such costs and interests, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case."

The amendment was agreed to.

The next amendment was, on page 3, line 13, after the words "or a", to strike out "decree" and insert "judgment."

The amendment was agreed to.

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37. This gives the plaintiff discretion of proving unjust enrichments at the plaintiff's discretion.

The next amendment was, on the same page, line 19, after the word "wrapper", to strike out "and for each notice required to be furnished to the Commissioner of Patents in compliance herewith a fee of 50 cents shall be taxed by the clerk as costs of suit."

The amendment was agreed to.

The next amendment was, on the same page, line 25, after the word "concluded", to insert

> "*Provided, however,* That pending causes of action in which the taking of testimony has been concluded are to be governed by the statute in force at the time of approval of this act as if such statute had not been amended."

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

J. July 24, 1946, Wednesday: (79) H.R. 5311 House Concurs In Senate Amendments

[#9881#] CONGRESSIONAL RECORD - HOUSE
PATENT INFRINGEMENTS

MR. LANHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H.R. 5311, an act to amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

> Page 2, line 1, strike out "decree" and insert "judgment."
>
> Page 2, line 4, strike out all after "reasonable" down to and including "occurred" in line 7 and insert "royalty therefor, together with such costs, and interests, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case."
>
> Page 3, line 9, strike out "decree" and insert "judgment."
>
> Page 3, line 15, strike out all after "wrapper" down to and including "suit " in line 18.
>
> Page 3, line 21, after "concluded" insert: ": *Provided, however*, That pending causes of action in which the taking of testimony has been concluded are to be governed by the statute in force at the time of approval of this act as if such statute had not been amended."

THE SPEAKER. Is there objection to the request of the gentleman from Texas?
MR. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendment?
MR. LANHAM. Mr. Speaker, this is a bill providing that damages be ascertained on the basis of **compensation** for infringement of patents. The bill was introduced by our colleague the gentleman from Wisconsin [MR. HENRY] a minority member of the Committee on Patents. The Senate amendments do not interfere with the purport of the bill. There is a provision with reference to attorney's fees and how they shall be paid.
MR. MARTIN of Massachusetts. It really is decreasing the attorney's fees?
MR. LANHAM. It provides how they shall be awarded by the courts. It is purely a procedural amendment.
MR. RICH. Mr. Speaker, reserving the right to object, may I ask the gentleman if the Committee on Patents is going to bring out the bill which was introduced extending the time of patents for servicemen who are in the Army so that they will have an opportunity to take advantage of their patent rights?
MR. LANHAM. The chairman of the committee is absent from the city at this time. In spite of the many official matters demanding my attention, I am very anxious that a meeting of the committee be held and a bill along that line be reported.
THE SPEAKER. Is there objection to the request of the gentleman from Texas [MR. LANHAM]?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

K. July 26, 1946, Friday: Signatures

1. Examined and Signed in Senate

[#10139#] CONGRESSIONAL RECORD - SENATE
PATENT INFRINGEMENTS

A message from the House of Representatives, by Mr. Megill, one of its clerks, [. . .] further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

H.R. 5311. An act to amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement;

2. Signed in the House

[#10230#] CONGRESSIONAL RECORD - HOUSE
ENROLLED BILLS AND JOINT RESOLUTION SIGNED

MR. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5311. An act to amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement.

3. Presented to the President

[*10230*] CONGRESSIONAL RECORD - HOUSE
BILLS AND JOINT RESOLUTION
PRESENTED TO THE PRESIDENT

MR. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

[#10231#] H.R. 5311. An act to amend Revised Statutes 4921 (U.S.C.A., title 35, Patents, sec. 70[38]), providing that damages be ascertained on the basis of **compensation** for infringement.

L. August 1, 1946, Thursday: (79) H.R. 5311 President Approve and Signed

[#10649#] CONGRESSIONAL RECORD - HOUSE
MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also

38. Incorrectly listed as 700.

informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On August 1, 1946:

H.R. 5311. An act to amend revised Statutes 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement.

1. Public Law, Chapter 726, Number 587[39]

(CHAPTER 726 Public Law 587)

AN ACT

To amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of **compensation** for infringement.

Be it enacted by the Senate and House of Representatives of the united States of America in Congress assembled, That section 4921 of the Revised Statutes of the United States (35 U.S.C.A. 70[40]) is hereby amended to read as follows:

[41]"The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a judgment being rendered in any case for an infringement the complainant shall be entitled to recover general **damages** which shall be **due compensation** for making, using, or selling the invention, not less than a reasonable royalty therefor, together with such costs, and interests, as may be fixed by the court. [42]The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case.

[43]"The court is hereby authorized to receive opinion or expert evidence upon which to determine in conjunction with any other evidence in the record, **due compensation** for making, using, or selling the invention, and such expert or opinion evidence is hereby declared to be competent and admissible, subject to the general rules of evidence applicable thereto.

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39. *See* 60 Stat. 778.
40. Patents.
41. Power of courts to grant injunctions, etc.
42. Attorney's fees.
43. Expert or opinion evidence in determining compensation.

[44]The court shall assess said **damages**, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed **damages**, in its discretion, as is given to increase the **damages** found by verdicts in actions in the nature of actions of trespass upon the case; [45]but recovery shall not be had for any infringement committed more than six years prior to the filing of the complaint in the action. [46]And it shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents,[...] and within one month after the decision is rendered or a judgment issued, the clerk of the court shall give notice thereof to the Commissioner of Patents, [47]and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to endorse the same upon the file wrapper."

[48]This Act shall take effect upon approval and shall apply to pending causes of action in which the taking of testimony has not been concluded: *Provided, however*, That pending causes of action in which the taking of the testimony has been concluded are to be governed by the statute in force at the time of approval of this Act as if such statute had not been amended.

Approved August 1, 1946.

44. Assessment of damages.
45. Recovery for infringement.
46. Notice to Commissioner of Patents.
47. Endorsement.
48. Effective date; pending causes of action.

ABOVE THE LAW: EVOLUTION OF EXECUTIVE ORDERS (PART ONE)

JOHN A. STERLING*

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SYNOPSIS

The author explores the history and development of presidential Executive Orders from the first instance of their use in American Law to the present expansive use by President William Jefferson Clinton. In Part One, the author looks at the history of Presidential Executive Orders and compares the present applications with the principle of "checks and balances" which the framers of the Constitution considered the cornerstone of American Federalism. Part Two will analyze the Executive Orders of Presidents from Kennedy to Clinton and ascertain their validity in light of the principles established in Part One.