May I ask this: You state that, in your opinion, there
controversial things in this recodification that would
going ahead with the codification and that there are,
by Mr. Lanham, possibilities; that is, he points out
d it has been directed to our attention perhaps this
fringement is one controversial point.
hat the section here, 231, as it is now written, actually
decisions of the courts have announced within recent

My difficulty in answering that Mr. Rogers, is rather
ulty Mr. Federico had. The law is in a considerable
ion on that point. I prefer not to go into it because it
one into tomorrow, I believe, by somebody who is more
g it than I am.
hand, I do very much feel that where the law is in a
situation, it is up to the Congress to clarify it.
Do you think that this clarificaton is sufficient in words
section 231 to properly advise the legal profession and
ers as to when and where they may be likely to become
a patent infringement?
As to that, I think that this will very much help the
ightening the matter out. It does not go the whole
tter than nothing, and it will help us in knowing what
ar as it goes.
The main objective so far, of the legal profession, as
, is to have it clarified.
That is right, sir.
t is not so much as to which way it may go as to how
act before he becomes a contributor to an infringement.
That is always a matter depending upon the facts them-

That is all.
Mr. Crumpacker, do you have any questions of Mr.

KER. No questions.
I believe that is all.
ir.
Thank you, Mr. Chairman.
We will meet in the morning at 10 o'clock, gentlemen.
at 4:10 p.m., the hearing recessed, to reconvene at 10
ne 15, 1951.)

PATENT LAW CODIFICATION AND REVISION

FRIDAY, JUNE 15, 1951

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE NO. 3 OF THE COMMITTEE ON THE JUDICIARY,
Washington, D. C.

The subcommittee met at 10 a. m., Hon. Joseph R. Bryson (subcommittee chairman) presiding.

Mr. BRYSON. Gentlemen, the committee will come to order. We want to make as much time as possible today, due to the fact that some of the gentlemen have come a great distance.

Mr. Mosier, counsel for Glen Martin Co.; did you want to be heard?

STATEMENT OF HAROLD MOSIER, REPRESENTING PATENT COMMITTEE, AIRCRAFT INDUSTRY ASSOCIATION

Mr. MOSIER. Mr. Chairman, my name is Harold Mosier. On behalf of the patent committee of the Aircraft Industry Association I ask leave to file with the committee a short statement for the record on this matter. I have already given copies to the clerk.

Mr. BRYSON. You are familiar with and have read the bill, have you?

Mr. MOSIER. I am not a patent lawyer, and I am afraid I do not know much about the bill, but I am told by our people that this statement approves the bill.

Mr. BRYSON. And you have already submitted a statement?

Mr. MOSIER. Yes, I have.

(The statement referred to is as follows:)

STATEMENT OF AIRCRAFT INDUSTRIES ASSOCIATION OF AMERICA, INC., WASHINGTON, D. C., RE H. R. 3760

The aircraft industry is a manufacturing industry but it is also a contracting industry. It produces highly technical products by virtue of continuous research and development which is based upon the changing needs of its customers, both Government and commercial. This industry fluctuates considerably in its size and relationship to other industries. During peacetime it does not rank among the larger industries and the industry as a whole is composed of many small units.

A committee of representatives of manufacturers of aircraft and aircraft components has reviewed H. R. 3760 and also all of the previous drafts. It is believed that the following suggested changes will strengthen existing laws and will result in indirect savings to Government and to industry.

Section 100, Definitions:

Delete: (b) The term "process" includes method, and a new use of a known process, machine manufacture, composition of matter or material.

Comment: The definition of section 100(b) is too broad. It was obviously intended to merely cover new use of chemical compound without alteration or

pound. As it appears in the bill, it would cover any new use
t or machine and this is a question that should be left to the
st, as to whether such use amounts to invention.
ventions patentable: Add the following paragraph:
cation for patent includes a machine and a process performed
en though the machine can perform no other process, and the
performed by any other machine or by hand, claims to the
g to the machine for performing the process may be present
ation and the subsequently issued single patent."
addition of this paragraph will permit uniformity of procedure
examining divisions of the United States Patent Office. An
ently confronted with the requirement to file separate applica-
merely because his original application contains claims to
ressed in the form of "process" or "method" and in the form
f the article or machine for carrying out the new process or
ffice in the Patent Office is not uniform and some examiners
istaken idea that it is improper to present claim to the method
the same application even though only one invention is present
ntion is present, they contend that the applicant is not entitled
claims in expressing the invention. The proposed paragraph
inclusion of methods and apparatus claims to an invention
tion.
onditions for patentability; novelty and loss of right to patent:
(a) and (b) to insert the language in italics:
ion was *publicly* known *or publicly* used by others in this
ted or described in any printed publication in this or any
which publication was available in this country before the in-
the applicant for patent, or
on was patented or described in any printed publication in
n country *which publication was available in this country* or
n sale in this country, more than one year prior to the date of
patent in the United States, or
ny publications foreign to the United States are not available to
nters because the publications have not been exported out of
ericin. An example of this is Germany in times of war and
g times of war and peace. Therefore, the American inventors
alized or bound by the text of the publications which are not
seen available in this country. The American patent system
ourage new development by making information on the patented
e to the public to add to the common fund of technical know-
ican inventor should only be charged with *public* knowledge
others in establishing his rights to a United States patent.
ld only be charged with knowledge of printed publications in
which are available in this country.
onditions for patentability; nonobvious subject matter: Revise
o insert the language in italics and to delete the stricken

ot be [obtained though] *refused or declared invalid when* the
dentically disclosed or described in the prior art set forth in
s title, if the differences between the subject matter sought to
that prior art are such that the subject matter as a whole
obvious] *involved more than the ordinary skill of the art* at
ion was made [to a person having ordinary skill in the art to
ct matter pertains.] Patentability shall not be negatived by
ich the invention was made.
e revision in language herein proposed is intended for clarifica-
itions for patentability, since they relate to "a patent" must
tion or refusal of a patent by the Patent Office or the considera-
l tribunal on validity or invalidity. The conditions should be
r case. The second change rearranges the thoughts expressed
would have been obvious" is intended to mean.
pecification: In the fifth line of the first paragraph substitute
best".
n applicant indicates in his specification at the time of filing
that he then considers the "preferred" mode for carrying out
e but it may be very difficult for him to determine at this early
e "best" mode, and a mistaken judgment at the time of filing

as to the "best" mode has been found very troublesome in enforcing the rights granted under the patent, and also in some situations in foreign filing based upon the application filed in the United States.

Section 115. Death or incapacity of inventor: Revise the paragraph to read as follows:

"The Commissioner may receive applications [of] *from, transact all business with,* and issue patents to legal representatives of deceased inventors and those under legal incapacity, upon compliance with the requirements and on the same terms and conditions applicable to the inventor."

Comments: The amendment suggested makes this section is required to enable the legal representative of an insane or decedent inventor to act fully in such capacity as, for example, carrying out the procedure outlined in section 200.

Section 122. Confidential status of applications: Add a paragraph as follows:

"Pending applications for patents may be printed and published by the Commissioner, at the request and at the expense of the applicant or owner. Such publication shall have the same effect as an issued patent for the purposes of section 102 (e) of this title."

Comments: This expedient should be available to enable an applicant to dedicate his application and any invention therein contained to the public at any time by publication.

Section 135. Interferences: Revise the second sentence to insert the words "and ancillary proceedings, including motions," after "the question of priority of invention."

Comments: Under the present practice the primary examiner hears motions in the interference procedure which he has set up between the parties who have patent applications before him for the same or similar subject matter. If the interference has been set up in error between the parties for any one of several reasons, e.g., the count may not read upon the disclosures, the primary examiner who made this error, sitting as a hearing examiner in ancillary interference proceedings, is in effect, reviewing his own previous decision and passing upon his own error. The proposed amendment requires that such review be before the Board of Interference Examiners to ensure that a review of a question ancillary to priority of invention shall be heard by the same tribunal responsible for deciding the primary question. It may be argued that such "ancillary proceedings, including motions" is decided adversely by the primary examiner under the present practice, can be reviewed at final hearing. It should then be pointed out that this is not an adequate answer because the parties to such an interference are put to a tremendous unnecessary expenditure of time and money continuing the interference after the erroneous decision by the primary examiner in order to get his case to final hearing to obtain such review. Many interferences to which inventors are subjected by the Patent Office and the years of delay that result from his application being involved in an interference could be avoided if a prompt judicial review could be had of the motions at an early stage in the interference. The Patent Office would save in time and money because the Board of Interference Examiners could hear and determine interferences at a stage when they are very simple and the issues clear rather than at the final hearing stage where the record is voluminous and must be read and the issues thoroughly confused by such voluminous records and testimony.

Motions have been heard and decided in the past by interference examiners prior to the present practice. Experience shows that the Board of Interference Examiners is the proper place for such hearings.

Section 253. Disclaimer: Delete the stricken words from the second paragraph as follows:

"In like manner any patentee [or applicant] may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted [or to be granted.]"

Comment: The second paragraph can only apply to a "patentee" and to a "patent". The amendment is, therefore, required as it is obvious that a patent "to be granted" has no certain "term" or, in other words, the term cannot be determined at that time.

Section 211. Ownership; assignment: Add a new fifth paragraph as follows:

"The assignor of a patent shall not be permitted to deny or contest, directly or indirectly, the validity of such patent; and a licensee under a patent shall not be permitted to deny or contest, directly or indirectly, the validity of such patent for the duration of such license."

Comment: The purpose of the above proposed addition is to nullify the effect of the decisions of the United States Supreme Court in the following cases:

. v. *Marcalus Manufacturing Co.* et al, 326 U. S.—66th Sup. Ct.—
. S. PQ 193, and *McGregor* v. *Westinghouse Electric and Manufac-*
. 67th Sup. Ct.—91 L. Ed. 72 U. S. PQ 21.
f these cases, the Supreme Court permitted Marcalus the patentee
y the validity of his *own* patent when sued by Scott as assignee for
f the assigned patent. Thereby this decision upset the doctrine of
had been in effect in the case law for many years and probably has
r to the possibility of fraud in dealings between the assignor and
atent. In the McGregor case, the Supreme Court permitted the
Company, McGregor licensee, to assert and contest the validity of
er which it held a license during the term and life of that license,
ng and nullifying another doctrine of estoppel that has been part
for many, many years.
Joint owners: Revise the paragraph as indicated:
ce of any agreement to the contrary, each of the joint owners of
nake, use or sell the patented invention *or may grant licenses or*
rest without the consent of and without accounting to the other
neither of the owners may grant licenses or assign his interest,
reof, without the consent of the other owners or without account-

The revisions in this paragraph are required to resolve the diffi-
countered in ownership of a patent where one of the joint owners
ng, or hostile to the other joint owner or owners.
Infringement of patent.
raph (b) as follows:
actively induces infringement of a patent shall be liable as an

b) Subsection (b) is too broad in its scope and too vague to be
roperly without doing an injustice. For example, no one can tell
"induces" means or how much or how little may be done in the
of business without fear of being accused of "actively inducing".
The remainder of the subsections of this section seems to be
establish the doctrine of contributory infringement.
Presumption of validity; defenses: In the first line of the para-
b-paragraph (4) correct the typographical error "of" to "or" and
and seventh lines of that paragraph, delete "or, except in actions
tates Court of Claims."
There is no reason to except actions in the Court of Claims from
nt that the party give notice of the patents or publications that
pon in the trial. It is more important that this be done in the
s than in some trial in the Federal Court because in the Court of
tents receive their sole adjudication.

STATEMENT OF JAMES E. ARCHER

N. The first witness on our official calendar today is
. Archer.
R. Mr. Chairman, from the committee of the Connecticut
Association, I merely want to say that we passed a resolu-
ave Mr. Ashton authority to speak for the association,
has carried out that authority and has already said so
well I think I need not add any more to his statement.
d by our association to be here and to make known our
his bill.
N. Thank you very much.
R. Thank you.

OF I. J. FELLNER, MANAGER, PATENT DEPARTMENT, SBURY'S LABORATORIES, CHARLES CITY, IOWA

N. Our next witness is Mr. Fellner, of Charles City.
ase identify yourself?
ER. My name is I. J. Fellner, manager of the patent de-
he Salsbury's Laboratories, Charles City, Iowa.

Mr. BRYSON. Do you have a prepared statement?

Mr. FELLNER. No, sir, I have not. I just want to make a few comments. Would you permit me to talk on sections 101 and 103?

Mr. BRYSON. Very well.

Mr. FELLNER. Of course, these comments are comments rather in the way of suggestions for improvement than criticism, and I just want to point out to you the difference between the old language in H. R. 9133 and the new version in H. R. 3760.

As far as section 101 is concerned the language in H. R. 3760 reads as follows: "Whoever invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor," and so forth.

That is the wording in the new proposed bill.

Now in the old bill, H. R. 9133, there was the additional qualification as to what inventions are:

An invention in the nature of a discovery as embodied in a new and useful art, machine, manufacture or composition of matter, or new and useful improvements thereof may be patented.

I feel that the deletion of this paragraph in the old version might give rise to certain implications, namely, that the invention in any event must be in the nature of some kind of mechanical structure, but that the discovery, for instance, of a new principle of nature which can be embodied in some useful art, machine, or composition of matter that such discovery might not be patentable.

To illustrate the case I would like to point to an opinion which was recently rendered by the Supreme Court of the United States in *Funk Brothers Seed Company* v. *Kalo Inoculant Company*. This was a case in which the inventor had found or discovered that among six different species of mutually inhibitive bacteria there are certain strains in each species which can be mixed selectively without harmful effects on each other for the purpose of fixing nitrogen in certain leguminous plants. This was a very important discovery, for the simple reason that it permitted the agriculturist, or the farmer to buy one single package of these various strains and use it for different crops, such as alfalfa crops and soybeans, and to store inoculants in large packages. Before that invention was made he had to buy a special package for each and every one of his crops and if he kept the different inoculants in one package they would not preserve their usefulness very long.

It presented a great problem to the farmer as to how to get the right and compatible mixture for the purpose of enhancing the development of the crop.

The discovery in that particular case was that there is such a thing as a specific strain in each bacterial species, within the six different possibilities which is not subject to mutual inhibition.

The Supreme Court pointed out that this invention was simply a discovery of a law of nature which cannot be patented, and which is not patentable subject matter in accordance with the statute.

However, the statute actually reads:

Any person who has invented or discovered any new and useful art, machine, manufacture or composition of matter may receive a patent—

and the controversial question was: Was this a patentable new or useful composition of matter? The Supreme Court of the United

t was not a patentable invention. I therefore prefer previous version of H. R. 9133 stating that an inven re of the discovery which is embodied in a new and position of matter may be patented. This language lear that if the heart of the invention lies in the dis ciple or law of nature, such a discovery might be an be embodied in a new and useful application. his reason that I felt that it would be very useful for ify to have the previous section 2 of H. R. 9133 rein the proposed legislative text, so that it be made clear and by invention and have it specifically understood covery has been made which involves a natural prin ul and practically applicable, but such application of ered principle of nature does not in itself call for ity, that it be then likewise recognized that an inven de.

on, of course, provides suitable language to clarify who made a discovery embodied in a new and useful n of matter may have a patentable discovery."

at section in the law I do not think that a decision eferred to could ever be rendered. But what would nt along with the decision of the Supreme Court in ase is that about 90 percent of the patents in the industry would have to be thrown out.

in our own laboratories, we have extensive research harles City, Iowa, with tens of thousands of experi

What we are doing, or what we are trying there to e husbandman and the poultry industry millions of ing these people how to overcome certain infectious in contagious diseases in poultry, which cost the indus ollars every year.

ver the therapeutic action of certain drugs on the in- ncorporate them, as ingredients into food mixtures, he drinking water or feed. These ingredients, which n the laboratory, represent new developments. They come the afore mentioned conditions, will eliminate diseases and conquer such diseases as coccidiosis or have wiped out so many flocks of chicks in the past. these inventions representing the discovery of new chemicals would be absolutely nonpatentable, under s decision.

Are they patentable today?

They are patentable, but unfortunately we are afraid, ut bringing these patents into court and having them ty and infringement, because we know, that under on of the Supreme Court respecting the discovery of it, is questionable whether such patents would be up

s that consistent with the statement just made that ble today?

They are patentable in the Patent Office, but being Patent Office is one thing; and being sustained by the r. Many patents have been granted in the Patent ons differ in different courts. For instance, the patent

I referred to in the Funk brothers versus Kalo case was upheld in the circuit court of appeals. It had been held invalid by the district court and it was invalidated again in the Supreme Court of the United States. This shows the far going differences of opinion concerning the patents of this type.

Mr. WILLIS. And the point you are advocating would be taken care of under the old bill, the wording of H. R. 9133?

Mr. FELLNER. Yes, sir.

Mr. WILLIS. In the language which is not carried into the new bill. And it is your point that it could be cleared up, and that your difficulty has come about by the omission of the second paragraph of section 101 in H. R. 9133? Let us get down to the specific reasons.

Mr. FELLNER. I would say if we had that section in the previous language, "an invention in the nature of a discovery as embodied in a new and useful art, machine, manufacture or composition of matter may be patented", I believe that would cover it. That would cover the case where an inventor finds in an old compound a new remedy, a new drug, for instance, to combat certain diseases or certain epidemic conditions in flocks or even in human beings.

However if you repeal this section such action might possibly be taken as a reversal of your original position, of the previously defined concept of patentable discovery and it might be read, let us say, as if the committee wanted to exclude inventions of that type which were originally included in the proposed legislative text as if the new and abbreviated version actually repeals that which was accepted by the previous language in H. R. 9133.

I understand, in our new version the term "invention" has been defined as including discoveries under section 100 (A), but I still think that this single sentence, the statement in this definition, might be subject to various interpretations, and I do not believe that it would be as clear as if the original version were used where you said that "an invention in the nature of a discovery as embodied," or if it can be embodied "in a new and useful art, machine, manufacture or composition of matter may be patented."

In other words, the case where the heart of the invention just resides in the discovery, but the practical application thereof suggests itself and does not call for any inventive genius is not conclusively covered. In other words, if the essence of the invention is merely a discovery of a law of nature it would seem from the Supreme Court decision that it might be construed as not being an invention. The invention in the case cited resulted from the discovery that the useful bacterial strains were not mutually inhibitive.

If we can express this concept in the new law, by retaining the previous language, I believe we would be greatly helped by adequate patent protection. When you are engaged in industrial development by inventing hundreds of useful things, when you are carrying on painstaking research in 4 laboratories, you do not intend just to dedicate, so to speak, all of this research to the public right from the beginning so that practically anybody can take a free hold of it.

It is for this reason that I suggest that the previous language in paragraph 101 be reinstated.

Mr. WILLIS. You mean paragraph 101 in H. R. 9133?

Mr. FELLNER. Yes, sir.

That is the point I thought you had in mind. I am
follow you clearly.
. Yes, sir. Now, if I may, I would like to say just a
reference to the provisions contained in section 103.
dies upon—
CKER. Before you go into that may I ask you a ques

. Yes, sir.
CKER. I am afraid I am not quite clear as yet. H. R.
ou referred to as the old bill?
: Yes.
CKER. Referring to section 101. You think that the
ph which is entirely omitted in the pending bill, would
you this protection?
. I think it would give better protection, if I had to
ording.
CKER. In the paragraph of the new bill, the word
l. Do you thing including it would help?
. Of course the question of what is art may be very
We do not know how the courts might define it; for
or may not cover a treatment.
CKER. Then you are not recommending the word "art"

. I would have no comment on that.
CKER. If the second paragraph is included?
. I would have no comment on that. But I certainly
mment on the term "composition of matter."
As I understand it, from the point of view of the
epresent, their requirements would have been met by
f section 101 of the old bill, H. R. 9133, particularly
nd paragraph beginning with "an invention in the
overy"?
. Yes, sir.
You do not consider that the new bill, section 101
with the definition, accomplishes what you have in
r words, is it not simply a question of some condition?
definition preceding section 101, embodied in section
he implications you used in the second paragraph of
H. R. 9133? You see, in H. R. 9133 you did not have
contained in section 100 of the new bill. Now with
s, would not they supply the purpose of the second
he old bill? What it was intended to cover?
. I would be inclined to admit that, had we not had
ion in spite of the present law which also reads "any
as invented or discovered" as provided in Revised
35 U. S. C., 31. And yet we are confronted with the
patentable discoveries" in the case of *Funk* v. *Kalo*,
e Supreme Court. That is why we would rather have
pecific wording of H. R. 9133 in the law. If the present
be considered as including inventions of that type, I
he provision 101 with the mere definition of the term
include discovery, might still not cover that type of case.
Just take a look at section 100 of this bill, the pending

Mr. BRYSON. Subsection (a).
Mr. WILLIS. Subsection (a) of section 100, which states the term "invention" includes discoveries. Does that answer it?
Mr. FELLNER. Yes, sir, but does not the old law, 1836, say the same thing "any person who has invented or discovered any new and useful art".
Mr. WILLIS. Well I thought you were satisfied with the present law, and that your only objection was that the new bill did not embody, that is, the language in H. R. 9133 was omitted; that was your quarrel with the pending bill?
Mr. FELLNER. I do not want to broaden it; I just want to have it clarified. And I would like to say —
Mr. WILLIS. I think it should be clear.
Mr. FELLNER. I certainly would like to see clarification on the point, where the invention resides in the discovery of a law of nature, or a principle of nature, where such a discovery can be practically employed, where it has some useful application and can be embodied in something like medicines, whether it is an art or a treatment.
Such things, we think, should be patentable. However I have grave doubts whether the new language even used in connection with the definition under section 100 (a) would take care of that, because the definition alone might give rise to differing interpretations. The old section provides a clarifying statement, the old section in H. R. 9133, I mean.
Mr. BRYSON. There is no intention to change the law as it is presently written; the purpose is just to make it clearer.
Mr. FELLNER. I understand that, Mr. Chairman. I merely think that the original wording as set out in H. R. 9133 is very much clearer—I might say, modifies the bare definition in the pending bills by making unequivocal that which might now be merely inferrible.
Mr. WILLIS. You would prefer, or rather advocate an amendment to carry out what you have in mind?
Mr. FELLNER. That is what I am actually trying to do.
Mr. WILLIS. But I do not think that is what this particular bill is intended to accomplish.
Mr. FELLNER. I was suggesting only carrying the language of the old version in H. R. 9133 into the pending bill, for the purpose of clarifying the language, so as not to give rise to judicial differences of opinion in the courts as to what might be considered as patentable discoveries. That question is answered in the old version of H. R. 9133, and by reincorporating that language into the new bill, its adoption would remove controversies on questions of patentable discoveries.
Mr. BRYSON. We will give careful consideration to your suggestion.
Mr. CRUMPACKER. I am still confused as to just what the special language is that you were recommending. In paragraph two here in the old bill as you have referred to it, "an invention in the nature of a discovery" may be patentable. That is your understanding of it?
Mr. FELLNER. That is right.
Mr. CRUMPACKER. The wording in the bill we now have, in section 100 entitled "Definitions", the term "invention" includes discoveries. What is the special distinction there you have in mind?
Mr. FELLNER. The special distinction is that you still might have—you still might say the invention is merely a discovery of a principle or law of nature, and that in addition to this discovery, the actual

dinent must display inventive ingenuity. That is what
l about. A court may hold again that it is not sufficient
eration only to the genius of discovery as the heart of
but may also find it necessary, in accordance with the
ne actual embodiment or practical application of the
for inventive ingenuity. And I personally feel that
e justifiable, because the real heart of the invention must
in the discovery of the law of nature.

e that this was the original concept of what is provided
Statutes 1886. But in order to make that clear and to
ersies such as arose in connection with the Supreme
in the case of *Funk Bros. v. Kalo Co.*, I believe it to be
advisable to define it clearly that an invention may be
lie heart of the invention resides in the discovery of a
ture. But under the mere definition, as provided in the
uch an interpretation is only acceptable but not clearly

CKER. It seems to me that, to accomplish the purpose
k to accomplish, you will need clearer language than
ll, the present law or the pending bill, or the old bill,
ree of them use the same language, with just slightly
gnment of the words.

R. Well, I would say that the second paragraph of
kes things pretty clear by definition. If you say that
in the nature of a discovery as embodied in a new
, machine, manufacture, or composition of matter" may
u are recognizing the fact that in addition to mechanical
addition to inventions which display structural novelty,
a principle of nature may likewise be the basis of a
ention.

CKER. Does not the language of the pending bill say
vers any new and useful process, machine, manufacture,
of matter" may obtain a patent covering it? I would
uld specifically cover the case you referred to. And,
g Court has interpreted the words as you indicate, I
including that language in the paragraph would cause
different interpretation.

R. I believe that the Supreme Court in that particular
nterpret it in the way the bill here originally conten-
e law had been couched in such language and if such
been before the Supreme Court, I believe a different
unk v. Kalo would have been reached, because the
t under such language would have recognized invention
of discovery as it was, however, the Court was able to
scovery of a law of nature is not patentable if the prac-
on thereof is so simple that, as soon as the discovery
practical application suggested itself. In other words,
nvention, but just a discovery, and a discovery is not

u to the point of adding that an invention in the nature
embodied in a new and useful art, or composition, that
ive a practical embodiment to that particular principle
as the discovery of the usefulness of a particular drug
rtain conditions you can incorporate in a new and useful

composition that such an invention can be patented, I believe that would afford adequate protection to the pharmaceutical industry.

Mr. BRYSON. Will you move on to the next paragraph. Our time is running short.

Mr. FELSNER. As far as section 103 is concerned, the old version in H. R. 9133 provided for objective criteria in evaluating the invention in the following language:

> Patentability as to this condition——
>
> referring to the preceding paragraph——
>
> shall be determined by the nature of the contribution to the art, and shall not be negatived by the manner in which such contribution may have been accomplished.

I notice that in the new version of H. R. 3760 the words "Patentability as to this condition shall be determined by the nature of the contribution to the art" have been omitted. And, I am asking myself whether this deletion again is to be understood as a mere revision of language or whether the committee thought that the original wording was too broad, and that actually the inventive standards should be set in accordance with, for instance, such type of decisions as those in the Great Atlantic case recently rendered in the Supreme Court.

I question whether the manufacturer is sufficiently protected under the language as formulated in section 103 of the new bill, H. R. 3760, what does it mean that patentability shall not be negatived by the manner in which the invention was made?

I raise this question of interpretation in view of a decision that was rendered by the Supreme Court 2 years ago, wherein it was held that no invention was made where the same was the product of organized research, in other words, organized research such as in a big laboratory, where people are given certain assignments and everybody has a little piece of the job to work on. The Court said that, had the invention been accomplished by a single inventor, it would justify the conclusion that a patentable invention is present. But if it is the product of organized research "We cannot recognize it as such." Now, if this is merely meant by——

Mr. BRYSON. That is what the language of the pending bill seeks to take care of.

Mr. FELSNER. Yes; but the language does not take care of the situation, for instance, where a man has recognized a need of long standing in an industry or in some other field, and has for that problem found a solution which looks to everybody very simple, yet for which the art had been waiting for many years. It took, for instance, 20 or 30 years to bring about the merchandise handler in the Great Atlantic case, which novelty was immediately accepted by the public and saved the people in the self-serve stores a lot of expenses and manpower, and increased the daily cash receipts by 33 percent. This is a meritorious contribution to the art, where the factor of convenience is the significant criterion of invention.

In that particular case, the inventor built a bottomless tray which can be moved back and forth to handle merchandise at the counter of a grocery store. This innovation became a vital necessity. It was readily accepted and everybody considered it a valuable contribution to the art.

n now before the committee is, whether it is of the e should have a positively evaluative criterion for inven- e words, shall we say that evidence of invention is recog- ct itself that a new device or a new machinery satisfy- ong standing is presented where the inventor is the first at need and has found the solution, though it be simple ery, the solution was readily accepted by the trade? Is f invention or not?

he committee was of that opinion when I read the n in H. R. 9133, where it was specified that "patent- his condition shall be determined by the nature of the the art." In other words, evidence of invention is the which the novelty has been accepted; it is spelled out hich actually resides in the contribution to art. Under we would not have to go into a particular inquiry with question of inventiveness or what has been called ius," which terms have been used by various Supreme s and in various other court opinions.

new bill, this positive criterion of evidence of invention ed. Does that mean to repeal that part of the original ing to which evidence of invention may actually be rep- value of the thing that has been invented or has been ventor? We thought it did.

We think not.

. Maybe not?

. We think not. But, of course, we would be glad to iews.

r. Do you think that the sentence in the second para- ability shall not be negatived by the manner in which was made" broadens, so to speak, the concept of to include the positive criteria as found in the original

. I do.

r. We thought that by the deletion of this criterion ill, H. R. 9133, we would just find ourselves in the same fore, in that the term "invention" remain unspecified, nspecified, and that it would continue to be subject to retation. That is why we thought it would be very ve this clarifying language in the law so that it would entable and what is not.

. Of course, the report accompanying the bill will elabo- ews and the other views that may be expressed on these

r. Thank you, Mr. Chairman.

. We will call next Mr. G. Wright Arnold. Do you ed statement, Mr. Arnold. First, I think you should elf for the record.

ENT OF G. WRIGHT ARNOLD, SEATTLE, WASH.

. Mr. Chairman, my name is G. Wright Arnold, senior ld & Mathis, 1612 Smith Tower, Seattle, Wash., lawyers the practice of patent and trademark causes, member g organizations:—

American Bar Association; patent section of the American Bar Association; American Patent Law Association; board of managers of American Patent Law Association; Washington State and Seattle Bar Associations, and president of Seattle Patent Law Association; graduate, Harvard Law School, 1913; worked in the office of Patent-Law Instructor Odin Roberts, son of George Litch Roberts, one of the defendants of Alexander Graham Bell patents and author of Patentability and Patent Interpretation, which was the result of some 25 years of careful analysis of Supreme Court decisions before writ of certiorari was required.

Mr. Bryson. You have just come in from the West?

Mr. Arnold. 3:30 this morning.

Mr. Bryson. We are pleased to have you. Do you wish to read your statement, or would you like to submit it and make comments on it?

Mr. Arnold. I think that in part I will read it, and in part I will use it as a background for the points I want to make; so, I will not miss any of them.

Mr. Bryson. Very well. We want you to take the time that you require, but of course, we are pressed for time.

Mr. Arnold. Yes.

Mr. Bryson. You may proceed, as you wish.

Mr. Arnold. First, I want to say this, gentlemen: that I am here with the firm conviction that this section 103 that I am referring to is one of the most important sections of the patent law, in the present bill you are considering.

Mr. Bryson. It is a very short section, but you say very important.

Mr. Arnold. It is very important, I believe. It will be noted that we have here and we are dealing with the question of patentability.

We have in section 101 the language "Whoever invents or discovers any new or useful process, machine, manufacture," and so on. As has been said, down through the times one of the great troubles has been to determine what is "new." Just because we have a device never found in this particular form does not mean that it is new in the patentable sense.

The testimony is directed to the importance of adding to section 103 the following clause:

> Whenever there is established a new functional relationship between any of the factors which are required for rendering an invention in the industrial art practically operative, patentable novelty shall be found.

That is the clause I seek to have added to section 103. We seek to have an objective approach, which was approved by the Patent Planning Commission of which Mr. Kettering was Chairman, as found in its report in 1943, paragraph 14.

The test proposed by section 103 turns upon a question of whether or not the invention of the applicant is "obvious" in view of the state of the art or whether it is not obvious. Such test is definitely subjective; what is obvious to one person is not obvious to another. The objective test overcomes this difficulty and provides a degree of definiteness entirely lacking in the subjective test.

The witness seeks to add the above paragraph to the section. Thus, those who desire to follow the so-called "obvious" test will still have such test as a part of the law and those who wish to apply the objective test will likewise have the same as a part of the law. That is,

ng their inventions into the objective test will have that
tion, I submit; and, if there are those who wish to apply
test, they may do so.
nderstood that many of the examiners in the Patent
resent time are following the objective test. Thus, by
ove clause to section 103 we have true codification of
re so far as the Patent Office is concerned.
ly need the objective test for protection of valid patents
ation of patent causes by the courts.
ary statement, therefore, witness contends that section
amended by simply adding the sentence:

re is established a new functional relationship between any of
h are required for rendering an invention in the industrial art
ative, patentable novelty shall be found.

k what do we mean by the objective test; in that connec-
ons will be helpful. I will use an illustration by Mr.
erts, author of the text. Suppose we have 12 men busily
e lids of shipping cases for machines being shipped out
r plant, and they are using hand screw drivers. Now,
id) that I take a brace and bit and take out the bit and
-driver, and let us assume that had never been done be-
the greater efficiency resulting from the brace that we
ce the number of men from 12 to 3, so that we are
t contribution with the substituted tool. Would that be
And the answer was "No," because there is no new
ationship between the brace and the new screw-driver
ed to the function of the brace and the old bit.
re this new functional relationship comes in. The old
a rotary motion, and pressure downward, but it does
g with the screw-driver tool that it does with the bit,
es not make any difference how much you may increase
of the operators. That is simply applying what we al-
nd it is not new in the sense of being patentable.
take the illustration exemplified by the barbed-wire-
here we have the case of one barb in the prior art se-
arrier wire by a single loop; that is, it was pivotably
wire and the point could be pushed over to one side
as it was only pivotably mounted. In the patent in
h resulted in the barbed wire as we know it, the inventor
arbed wire to the carrier wire by making a bearing on
ire. That is, he wrapped the barb two times around
ire which gave a supporting bearing which held the
grees to the carrier wire. Thereby he had an effective
not pivotably mounted. In other words, he applied
esisted being turned to one side so that it had a new
lationship to the carrier wire, which the court held

ht say at this point, that Mr. Roberts in making his
he cases had no a priori definition with which to be
quest. It took him some 25 years of analyzing all of
re the Supreme Court before we had the requirements
of certiorari. And all of that analysis is laid out in
is text, by the way, is not something new. It has been

the subject of publication for some 25 years, and was copyrighted in 1927.

Now, you may ask, how does the new functional test apply in the chemical field? In the chemical field let us take the case of the Borated Cotton. The prior art showed cotton batting had been used saturated with boracic acid solely, but such cotton saturated with boracic acid would crystallize; it tended to dry upon the cotton and form crystals which impaired its effectiveness or efficiency and irritated the sensitive tissues of a wound.

On the other hand we also had cotton batting saturated with glycerine, but the glycerine was not as effective an antiseptic as boracic acid, so what this particular inventor did was to combine the two, and then we had this situation: The glycerine prevented the boracic acid from crystallizing, and thus we had a new functional relationship and the greater antiseptic properties of boric acid were made available. The patent was sustained.

So, we have applied this to both the chemical field and the mechanical field—this test of new functional relationship.

The National Patent Planning Commission, of which Mr. Charles F. Kettering was the Chairman, stated in their 1943 report:

> The most serious weakness in the present patent system is the lack of a uniform test or standard for determining whether the particular contribution of an inventor merits the award of the patent grant. * * *
>
> It is inconsistent with sound national policy to continue to grant patents with existing uncertainty as to their validity, and unfair to the inventors of this country and to manufacturers and investors who have proceeded on the basis of a protective security in the form of a patent issued to them by the Federal Government. * * * A promising improvement would be for Congress, by legislative enactment, to lay down a reasonable, understandable test by which inventions shall be judged both from the standpoint of the grant of the patent and the validity of the patent thereafter.

Lawbooks abound with cases where the court has variously stated, in effect, "In our opinion the patented device is obvious to those skilled in the art," or at other times have stated, "It is well within the skill of the art." This occurs even when the device or invention has filled a long-felt need and the public has manifested such is the case by the wide adoption of the invention.

After spending years in inventing, developing, and marketing the device of an invention and after spending large sums of money in such efforts, it is submitted that it is a travesty of justice to be met with a holding of a court that the patent is invalid for the reason that, "In the opinion of the court the invention is within the skill of the art." Such a conclusion is clearly of a subjective character. In short, the reasoning amounts to nothing more than, "I think anyone skilled in the art could make such an invention." When legal decisions have no more of a logical background than this certainly the patent system as an incentive to mechanics and industrial leaders cannot truly serve its purpose. The reward of efforts of inventors and financial backers and industrial leaders involving years of their life and large sums of money certainly should not be determined on so uncertain a test. After the solution of the problem, of course, it is obvious. Ex post facto knowledge renders much obvious.

Mr. Roberts, in the introduction, page viii of his text, very definitely pointed out that the commonly employed facts of obviousness or

ll or genius, and so forth, were entirely subjective in
sought an objective test and states:

> patent law has perplexed bench and bar more than that of
> or the most part, if not invariably, this question has been ap-
> subjective slide; many have been the speculations on the subtle
> en the inventive faculty or "genius," and the skill or ingenuity
> ed by persons skilled in an art; the criteria suggested for the
> s distinction have, the author submits, failed to satisfy the
> e because quite as subtle, indefinite, and incapable-of definition
> qualities they are invoked to define.

e the origin of the terms "subjective" and "objective" in
the National Patent Planning Commission and thus
in support of the new functional relationship test a
prepared text by one of the recognized leaders of the
on. In short, if the committee recommends the adop-
nsion of the new functional relationship test to section
ne becomes law, the courts will have a two-volume text,
5 years of effort, which carefully analyzes and applies
Supreme Court cases obtaining before the require-
rit of certiorari. The test, it will be noted, satisfies all
h the exception of 3 which are deemed anomalous:

t Office the examiners have great difficulty in trying to
as of patentable novelty. For the most part they rely
ctive test and the more conscientious they are the more
have in trying to decide whether the applicant's con-
rious in view of the prior art or whether it is not obvi-
e and energy involved in correspondence and confer-
rs with the examiners in attempting to point out that
invention is not obvious and that it is patentable con-
arge percentage of the examining corps time. In this
examiner often answers an applicant:

the references [that is, prior patents of Joe Doe and
is held that the device of applicant is obvious and
atentable." The applicant then often answers, "Since
Joe Doe was issued 25 years previous and the one to
issued 18 years ago, it is submitted that it has not been

nments and answers manifestly are based on purely
esses rather than objective reasoning. In this connec-
ts states:

> nearly any patentable invention leads first through the Patent
> e solicitor and examiner oscillate between cooperation and
> both parties to the transactions in this bureau possessed a
> a, derived from judicial authority, by which to determine
> each subject matter presented is a patentable invention, how
> fort in argument might not be spared.

ther point, which is that the functional relationship is
taken out of the air, something conceived out of the air.
rom the judicial decisions, it has all of that backing. If
w what sulfur is we do not ask anybody is it obvious as
t is sulfur or not. We apply the objective test, such as
boiling point or not, does it combine with other chemi-
proportions, and we know definitely this is sulfur. We
e same approach to patentability. We cannot do it
saying that I am not detracting from its reliability.

Take the case of the barbed wire. Today you might have an argument about it, that it is just an adaptation, but we know there was a functional relationship. The inventor made that barb stand up and do the work, and that invention made it possible to fence in the great areas of the plains and made our great cattle industry possible, something that is quite pertinent today, by the way.

Mr. Roberts worked some 25 years or more in carefully digesting all the Supreme Court cases before writs of certiorari were required and there deduced the test set forth in his text and hereinabove as the paragraph desired to be added to section 103.

On page 8 of the introduction, Mr. Roberts stated:

> In making this essay, the author had no a priori definition of his own with which to be biased in the quest. Only after analysis and comparison of the cases did the definition appear, which harmonizes all this group of cases—181 of them—with the negligible exception of 3 which the author is obliged to regard as anomalous and out of step with the impressive procession formed by the others.

Let it be particularly noted that many of the examiners in the Patent Office at the present time are applying the objective test of Mr. Roberts. Some have declared that they place great reliance upon Mr. Roberts' test and have been applying his objective test in their work.

So, this committee is not being asked to bring in something new that has no precedent, that has no testing or previous history.

The National Patent Planning Commission head, Mr. Charles F. Kettering, who recommended the objective approach calls attention to the difficulties of the subjective approach, and the confusion we are in at the present time.

Now, I do not want to be misunderstood in the slightest degree. I am not stating that the Commission approved these very words, and I will get the wording of the report which is:

> The Commission therefore recommends the enactment of a declaration of policy that patentability shall be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the process by which the invention may have been accomplished.

There you have objectivity contrasted with subjectivity.

Accordingly, if the above paragraph set out in the beginning is added to section 103 we would have the law recodified as it is being practiced by many examiners today. Unfortunately, we do not have the advantage of such practice in many of the courts and the addition would give needed protection against subjective tests and nullifying of patents where direct new functional relationships exist between the factors of the combination. If the addition here sought to be added to section 103 is not added, then we have given statutory endorsement for the first time to the "obviousness" test without a corresponding endorsement of the objective test followed by many of the examiners of the Patent Office.

There may be those who feel that we are now trying to put something into definite form that is too rigid, that it might take care of some little invention and require that to be patented where it would not be today by the obviousness test. I submit that is not any answer. I call your attention to the barb-wire case. Let us remember that this test must be applicable at the time when the inventor comes to the attorney. The inventor should not have to wait until after he has

bution to the art. The lawyer who takes that man's
it to tell that man whether or not he has a patentable
s a question as to whether or not we should be taking
ey on a mere guess. Personally I do not take them on
en a man comes in, if I cannot find a new functional
olved in that man's invention, where I feel it has some
the subjective test I tell him that I do not think he
a sustainable patent, and if he insists upon going for-
nyhow then I give him a letter to that effect, stating
his chances on whether or not the Patent Office will
e basis of the obviousness test. This is very seldom.
ystem of the United States provides great new fron-
raduates from electrical, mechanical, and chemical
itutions as well as for the ordinary mechanic who does
dvantage of a university technical training. Other
great resources and have great ability, but they have
ogress which this country has. Certainly when all the
hed, the conclusion is inevitable that the patent system
States is directly responsible for a great part of the
country economically and militarily, and I consider
ght here of the utmost importance: I consider this
eal national defense committee of our country. You
nds the power of deciding whether we are putting into
w one of the keys to this whole patent system. If you
proper test for patentable novelty you cannot get a
ent, and if you do get a patent then when you do get
ou have the risk of having the court tell you, "We think
n the skill of the art." Just as in the following case,
art said:

nk the method advanced by appellants might well result in
that of itself does not necessarily involve invention. On the
the method advanced by appellants eliminates or consolidates
f Williams—

parties—

limination and consolidation is within the skill of the art.
ffendein (88 U. S., P. Q. 367, 369).

arty has invested years of his life in a patent, and has
nds to bring in their money and help him, to be told
think this comes within the skill of the art," is not a
son for judicial decision. It is almost unthinkable
ch an illusory basis of testing for patentable novelty.
respectfully, it is high time we get down to an objective
l relationship) test to give the inventors, the manu-
ndustrial leaders something to guard their interests.
ws constitute some of the most democratic legislation
man is working at B's bench, on B's time and he con-
idea that idea is his. It is not that of his employer's
ade a written agreement to assign the right to his in-
been hired as an inventor. The American Federation
r way will not allow its men to sign up agreements
ons they make belong to their employers. They have
ith the unions, and they will make an arrangement
ired as an inventor, and then he is paid accordingly.

A mechanic without an inventor's contract should never have to assign all of his time that he gives to an idea and all of the work he gives to it to an employer. He should be recognized as the iron worker who got the idea of discharging steel into one large receptacle and thereby separating out the gross, and the steel company, as you know, provided a trust fund for him, and took out his patent, and created royalties to protect that man. This is the kind of a democratic nation we have. Right down to the grass roots.

The patent system has made it possible for us to serve most of the world by supplying necessary food for their daily living. The standards of living are recognized in the United States to be far superior to that of other countries. If this is to continue, then the patent system, it is respectfully submitted, must be protected.

Mr. ROGERS. Mr. Arnold, may I interrupt you there?

Mr. ARNOLD. Yes.

Mr. ROGERS. Do I understand you contend that at any place in this law that this will prohibit contracts?

Mr. ARNOLD. No, your Honor. I have no such conception as that. All I am trying to do in these sentences is to emphasize the importance of our patent system. I consider this patent system fundamental to the idea of the protection of our country.

Mr. ROGERS. We too agree in that, I am sure.

Mr. ARNOLD. That is good. There are some, though, who think that a patent is a monopoly. I am glad you raised this issue. They say it is a monopoly. Now, that is entirely a wrong term to apply to a patent. Dean Wigmore of Northwestern University hit that idea. He has pointed out that the patent lawyers are derelict in not stopping the use of the words "patent monopoly." It is no more of a monopoly than your automobile or your library. Nobody can use those without your permission. An invention is only your property for 17 years.

Mr. ROGERS. I was curious about your remarks when you made reference to labor unions and corporations, and the labor unions insisting that if a man goes to work as an inventor that he be paid as an inventor.

Mr. ARNOLD. Exactly.

Mr. ROGERS. There is nothing in this law that would prohibit that.

Mr. ARNOLD. No; not a bit. I had no conception, and no thought of suggesting any such idea, and I am glad you make that clear, and I want to be definitely understood on that point.

Mr. ROGERS. Have you any thoughts on the proposition of the large corporations who hire individuals as inventors and require them to assign their interests to anything that may be developed from their inventive knowledge to the corporation, and whether or not that increases this democratic system or leads to monopoly?

Mr. ARNOLD. No. I am glad you asked that question. This is Mr. Rogers, is it not?

Mr. ROGERS. Yes; Rogers.

Mr. ARNOLD. I am glad you asked that question. I feel that the requirement that they do sign contracts and get paid accordingly opens up a field for employment for our graduate engineers, both chemical and electrical.

Mr. ROGERS. It opens up the employment for them, but, on the other hand, by virtue of that arrangement or contract which it is necessary to sign at the time they accept employment, is there not a tendency

e new patentable inventions into the hands of those large
with the result that there may be a monopoly given to
intain the laboratories? Do you see any possibility out
at might develop as a result of that practice?
. I do not see anything in this law that is pertaining
more than we have at the present time, but as to our
I submit that we are very well protected.
ice after 37 years' work in this field is this: I find men
ain at times, "That I had to sign up when I went with
that I would assign my inventions to them. I stayed
certain period of time, and after that I left because I
e the advantage of my own inventions." That is also
t at the present time arrangements for the party to share
that is, to share in the awards of the invention. In
here is that tendency to break away from a company
on your own, and that is bringing about an increase
se rewards.
We have also had instances of those who have accepted
ad helped to perfect an invention and then left the com-
mpted to make use of the articles that were patented
or.
Unfortunately, Mr. Rogers, we have weaknesses among
ell as others insofar as ethical situations and fidelity to
s concerned, but I submit in those cases our regular laws
re of that breach of faith on the part of the employee.
time, that young man or engineer, electrical engineer,
ast remember that he received the benefit of equipment
eyond the power of any individual laboratory to own,
to have these expensive types of equipment sometimes
et the requirements to make an invention, particularly
al field. I am not trying to assist in any way in the
poly, in the sense that we are taking away what was
ith the definition that was put out or given before. As
n of what constitutes, or what is a true definition of
have? Monopoly—a license or privilege allowed by the
sole buying and selling, making, working, or using of
soever: Whereby the subject in general is restrained
ty of manufacturing or trading which he had before.
Com., p. 159) (Coke in His Institute, Vol. 3, p. 181, con-
ne) a patent adds what we did not have before.
So far as this bill is concerned there is nothing that
subtract from the situation that may exist in the indus-
the employees' assignability that is now in the law.
No; I see nothing in there that would do that.
have come here with the one thought of confining my
e one thing that I consider the key of this whole mat-
tion 103, Conditions for Patentability. For those who
s as the test, the addition of the clause sought by the
t take that away from them. Let them have the obvi-
t we also would like our suggestion included. If the
bility covers a certain area, if it covers 1 square foot,
to have one little area up here of 2 square inches of
hat whenever it is established that in the invention

there has this new functional relationship then in that group of cases that patentability shall be found.

Mr. ROGERS. Then you suggest here because the courts many times determined that it is not patentable, you feel that we should write the code so that the attorneys and inventors may thereafter determine by reading the code whether it is patentable or not; that is your thought, is it not?

Mr. ARNOLD. The thought is to have in the code a test that will be objective in character.

Mr. ROGERS. What assurance can you give us that if it is written into this code that the courts will not place different interpretations upon it than you or I may place upon it as we read it, as they have done in the past?

Mr. ARNOLD. I think that is a most relevant question, and I am very glad to have that question asked.

I am certain I cannot foretell the future, but I do submit when we have a text that has been out for 27 years, and involving work of some 25 years of research and analysis of all of the cases in the Supreme Court of the United States, 181, that is, before a writ of certiorari was required, when we have all of that, and when we have a two-volume text on this one question involving an analysis of all of those cases, pointing out just how this principle of functional relationship is applied, I submit that Congress may well publish a test in line with the treatise. Such a test should help the Court as a guide, but we cannot know.

Mr. ROGERS. Do you not feel that with section 103, inclusive of 101, we have pretty well covered that field of the 181 cases that have been decided, trying to put it in concise language?

Mr. ARNOLD. No; I do not think so, Mr. Rogers. I feel that it is better also to put in the objective test. It is the "nonobvious" and obvious character of section 103 that is exactly what Mr. Roberts is contending against.

Mr. BRYSON. Would you have us spell it out by statute so plain and simple that he who runs may read?

Mr. ARNOLD. I cannot hear you; pardon me.

Mr. BRYSON. I say would you have us spell out by statute the rule of obvious patentability so plain and simple that he who runs may read, including the Supreme Court?

Mr. ARNOLD. I would have you put in just those words we have suggested because that is the definition of objective patentability or new functional relationship that Mr. Roberts has worked out after so many years of effort. I do submit with that clause in there, taken directly out of his text, that we have backing it up two volumes of cases that will help the courts in elucidating and applying that test.

Mr. BRYSON. Of course, you are assuming that we follow the rule of stare decisis.

Mr. ARNOLD. It is mandatory, just like in other fields of the law involving a certain given situation, it is mandatory. When you come in to secure a patent and your patent lawyer says, "I find new functional relationship here so that you are entitled to a patent on that," your application goes to the Patent Office, and your lawyer shows the examiner why prior-art patents do not have that new functional relationship. After that happens, we assume that you get your patent. Then you get out into the courts later, and then you can

e situation to the court and put in your evidence and your
an bring up new evidence showing that as a matter of
nctional relationship existed before, that it was existing
and the court can hold the alleged new functional rela
s old then you have not established a new functional
. But if there is a new functional relationship then
ory on the court to find patentability in support of your
on the basis of which you have spent years of your life
f work, and have invested the money of your friends
vestments of possibly hundreds of thousands of dollars,
ss. Assuming, for the purpose of this question, that we
your definition as set forth on page 9 of your prepared
our suggested addition to section 103, could you there
e of an instance where a man, having applied for and
tent from the Patent Office, could have the same declared
e court?
n. I think there, Mr. Rogers, our chances would be much
I can not tell what some court may hold. They may
alid.
s. That is the point I am getting at. Even if we took
you other here and added it to this code we would still
ius, that there is a likelihood that the court still, in its
er has the right to declare a patent invalid, the point
e complained about, because the functional relationship
established under the old or under the new law.
. In such a case I would not be done with that partic
here would be an appeal there from that court's decision.
. Let us forget the lower court and say you are in the
. Yes; fine.
. And you see in the higher court the same hiatus or
w held by the industry and the inventors that the patent
d cannot be determined to be a valid patent until finally
on by the highest court of the land, would your defini
ny other phase of this law have removed that fear and
ve?
. Of course, Mr. Rogers, please understand that I am
t Mr. Roberts has discovered the last ironclad test that
submit to the Supreme Court
(interposing). That may be, but the point, as I under
n know that the proposition of trying to recodify this
ing on for some time.
. Yes, indeed.
. And there are a number of men who are interested in
d some of them, such as yourself, have devoted a great
t.
. Indeed they have.
. As you have stated in your testimony here, the objec
establish with some security after a patent has been
Patent Office that thereafter the courts will never set
that is more or less some part of your statement this
. Yes; it is part of it, but not conclusive, because I think
t——

Mr. ROGERS (interposing). Now, following that through——
Mr. ARNOLD. Yes.
Mr. ROGERS. If this law is adopted or if we recodify it as we set it forth here, you will admit it will relieve the fears and apprehensions of some, and that there is a likelihood that when the Patent Office has issued a patent that the court is more likely to adhere to this recodified law?
Mr. ARNOLD. No, Mr. Rogers. That is my great fear. That is why I am so anxious and so much concerned about this matter. This statute now says: "Conditions for patentability; nonobvious subject matter." We have never had a test of this kind of statutory language before that I know of, and if I am wrong some of my friends can quickly correct me, but we now have in section 103, "Conditions for patentability; nonobvious subject matter." Going into the question of whether it is obvious or not is subjective. That emphasizes the very thing we object to, namely, the uncertainty. What is obvious to one man is not obvious to another.
If we add the proposed new functional relationship test (the objective test) we certainly would not be in any worse condition even though we do not cure everything. I have faith in the courts that they would try to follow what is clearly suggested by Congress and with the textbook behind it to show what the meaning of that phrase is, the courts would have a clearly chartered course. How great is our confusion is depicted positively by Justice Jackson when he stated in the case of *Jungersen v. Ostby & Barton Co.* (80 U.S.P.Q.36):

> It would not be difficult to cite many instances of patents that have been granted improperly, I think, and without adequate tests of invention by the Patent Office.

Parenthetically, I will state that the Patent Office will come through in a bigger percentage of the cases with justification than we have had from the Supreme Court in the last several years. To continue statement of Justice Jackson:

> But I doubt that the remedy for such Patent Office passing for granting patents is any equally strong passion in this Court for striking them down so *that the only patent that is valid is one which this Court has not been able to get its hands on.* [Italics ours.]

Mr. ROGERS. That is the point we are trying to make, that regardless of what we agree to in this revised code in attempting to recodify all of the law you would still have this problem when you get to the Supreme Court of the United States.
Mr. ARNOLD. If we had this test we are recommending in there now what would be the situation? Let us take a concrete case. Let us take the Great Atlantic & Pacific case just decided. That is a simple case. In that case it was a matter of a frame without any bottom to it, with an open end, devised for sliding over a table.
Mr. BRYSON. One of those little wagons that telescopes with another?
Mr. ARNOLD. No; that is a wagon, Mr. Bryson. I am speaking about the case where there was a counter—you come with the little cart to the counter on which is a little framework device slidingly mounted—and you place the groceries of your purchase in this little frame. The clerk, after dealing with the preceding customer, draws

th your groceries up to her station. She can pull these here and let go without any further action, and the frame or the next customer coming along. The evidence showed hat there had been a tremendous increase in the number served and in a shorter time, that it was of benefit to the of advantage to the store. So, we had all of the indus- ess in that matter, and benefit given to the public in that hen that went to the court, and Justice Florence Allen, ircuit, at Cincinnati, pointed out in her opinion in the of appeals that the defendant admitted that there had prior arrangement as that which constituted this bottom- newerk with open front, and yet the Supreme Court, know how they ever missed it, went right on and said rrangement in this at all that was new, and yet here we ery case that situation.

does not want to listen to the record we cannot stop that, point out that in that case Justice Allen very clearly w new functional relationship, because when that frame there you let go and all of the groceries were left there clerk on the counter. The alleged anticipating court depended on was the billiard-ball triangle, where you balls and put them in a triangle and very carefully pick e when the balls are in position.

nctional relationship was in there in that case, and yet ck it down.

. That is the point. If we took your amendment and , do you think the Court would then be prohibited from he same conclusions? Suppose this law had been re- our amendment was in there, would the Court then have have arrived at some different conclusion, or what would situation?

. Off the record.

off the record.)

. The question is very pertinent, and I am glad to have m not submitting, Mr. Rogers, that we have something t, but if I cannot get a plane that will take me clear ntry I will take one that will get me as far as I can go, is, for example, and transfer to another one, and so forth, to Washington. Let us get as far as we can with our

I think if we had a law like this that many members of o have no idea, so far as they have evidenced they do not any idea of the logical test that gives them any kind of a ing a determination, and that is why Mr. Jackson has ere that the only patent that is valid is one which "this been able to get its hands on." I think that is a more ment than I have ever heard a patent lawyer make. If I do feel if we had this law that when the functional are established we have the point established that this h some degree of certainty, and that that is a good law. risprudence that principle of law is good which works est justice with the greatest uniformity and certainty t number.

Mr. ROGERS. We have had testimony from a number of organizations on this bill before, and you think it would be improved by adding this section?

Mr. ARNOLD. Very definitely do I feel that way. I do not see how logically it could be otherwise because what we are doing here is preventing the Court from holding that it is an invention within the skill of the art as the sole explanation. How can we expect anybody to be willing to spend money on developing and carrying on on a test lacking in a rational basis. Now when the life of our country is at stake, when we have economic burdens to meet, one of our workmen must be equal to thousands of others, and one of our soldiers must have equipment that makes him the equal of many thousands of the enemy. Our patent laws should be just as clear, sound, and certain in their operation as they can be, and this test would certainly give help to that situation.

Mr. BRYSON. Mr. Arnold, we are indebted to you for the comprehensive and very thorough way in which you have presented your statement. We hate to remind you that you have consumed an hour now. Will you not try to sum up your remarks soon? I am sorry that we are limited for time.

Mr. ARNOLD. I think the main points have been brought out. Certainly this addition that I am trying to have added is certainly the key to our patent system, it really is the fundamental one, because we cannot have incentive if a man comes home tired at night and gets an idea that comes into his head and says, "Why should I try to work that out, patents are too uncertain?" If we cannot give him some incentive some assurance that he is going to be protected he will not be working at his lathe or bench. He will ask, "Why work something out at great expense and give it to the public." That patent incentive of old is now being whittled away by the adverse decisions of the courts, and I feel very strongly that is destructive to the American way of life.

In a word, I do not know how I can make it more definite than this, that the principle in moral life and everywhere that leads to life more abundant is right, and that the principle in moral life and everywhere that leads to life less abundant is wrong. In the same way that principle of law which gives the greatest justice and the greatest certainty is right. The objective test will give a sound basis for justice with certainty and uniformity.

I thank you each and every one.

Mr. BRYSON. We thank you, sir, and we will certainly give due consideration to your advice.

STATEMENT OF I. E. McCABE, CHIEF ENGINEER, AND CHAIRMAN OF THE BOARD, MERCOID CORP., CHICAGO, ILL.

Mr. BRYSON. Mr. McCabe, representing the Mercoid Corp.

Mr. McCABE. Yes, sir.

Mr. BRYSON. Mr. McCabe, will you identify yourself for the record?

Mr. McCABE. I am an inventor, and I am chief engineer, and chairman of the board of the Mercoid Corp. of Chicago.

Mr. BRYSON. What is the Mercoid Corp?

Mr. McCABE. It is a manufacturer of automatic controls of various types. We manufacture several thousand assembly and control devices.

ss. We have heard mention of your company in connec-
ecision of the Supreme Court.
nk. Yes, I believe you have. I have here a statement of
brought 25 copies.
ss. Sit down, and please observe the rule we have im-
e other witnesses. Do you desire to read your statement
he record?
n. For the purpose of discussion I would like to point out
matters I have mentioned in my statement, and file it for

s. Your statement will be put in the record in full, and
e such comments as you care to make.
ment referred to is as follows:)

H. R. 3760 (82D CONG., 1ST SESS.), TO REVISE AND CODIFY THE
NS TO PATENTS AND THE PATENT OFFICE, AND TO ENACT INTO LAW
THE UNITED STATES CODE ENTITLED "PATENTS"

I. E. McCabe, chief engineer and chairman of the board of the
Merrold Corp., Chicago, Ill.)

Ira E. McCabe, chief engineer and chairman of the board of the
of Chicago, Ill., manufacturers of automatic controls and switches,
patent application in 1913 and since that time more than 125
arried my name, and I have patents pending as well as others
cidentally, a considerable number of my inventions have found
, and I have prospered therefrom. In my opinion, gathered
xperience and direct knowledge, our country under the consti-
granted to Congress "to promote the progress of science and
securing for limited times to authors and inventors the exclusive
respective writings and discoveries" has attained the greatest
y country in the world and for so little. Stimulating invention
ut it must be done within the constitutional limitation "to pro-
ess of science and useful arts." Failure by the Congress to
y in the long run destroy the patent system, and it is because
ear that this may occur that I am here to oppose H. R. 3760
section 231 relating to contributory infringement.
monopolies, and the framers of our Constitution were aware
granted should be properly limited and only for the purposes
ly:—"to promote the progress of science and useful arts."
titled "A bill to revise and codify the laws relating to patents
Office and to enact into law title 35 of the United States Code
s". This would seem to be an admirable purpose, but I note
fers not before included in the code and many of these of a
ature which have not been individually accepted by the Congress,
me cases even considered before.
to me that inclusion of these controversial matters in a revision
utes is both improper and unwise, as some of these proposals,
231 and particularly paragraphs (b), (c), and (d), I am sure,
their own and only by associating them with the bill as a whole
by enacted into law.
r, engineer, researcher, and businessman I can assure you that
o this than appears in the phrasing, innocent as it may seem,
deal with obtaining of patents and litigating them when in-
involved do not deal with their impact or effect upon the public
ing to their own problems.
ave had to deal with the abuses, and a study of the decisions
s relating thereto, will often disclose why they felt impelled
atic.
Chapter 3, Infringement of Patent, has previously appeared in
parate bill H. R. 3866, Eightieth Congress, and H. R. 3866,
gress. I testified at the hearings before the subcommittee of
e Judiciary in each instance in opposition thereto. I do
present bill any changes in section 231 which has removed the
atures of the earlier proposals.

In our business we manufacture several thousand specifications of instruments and switches. Our order department must process forty or fifty thousand orders per year, and our product is used in innumerable products and places. We employ less than 500 people in our organization, and it can readily be seen that no order department could screen these orders for possible contributory infringement throughout the field of industry involving nearly 400,000 unexpired patents embodying several million claims. It must be remembered that each claim is recognized as a separate invention. Certainly in the manufacture of the devices themselves we make every effort to avoid building infringing structures and even then disputes will arise involving prior usages and consequent invalidity or whether the device is within the scope of a patent or not. Yet, if this proposed law were to become effective, every time a customer ordered a control with some deviation such as a smaller bulb in a temperature instrument or made of a certain alloy to withstand chemical effects we would then assume possible patent liability, not because our device is an infringing device but because our customer brought about such infringement with a control he had "especially made." True, the bill says in paragraph (c) of section 231 that "an infringer is one who 'knowingly sells' for an infringing use and one therefore might deny knowledge to avoid liability. On the other hand, as Mr. Justice Jackson said in his dissenting opinion in the case of *Mercoid Corp.* v. *Mid-Continent Inv. Co.* (320 U. S. 661, January 3, 1944):

"But want of knowledge or innocent intent is not ordinarily available to diminish patent protection. I do not see how intent can make infringement of what otherwise is not. The less legal rights depend upon someone's state of mind the better.

"The practical issue is whether we will leave such a combination patent with little value indeed or whether we will give it value by projecting its economic effects to elements not by themselves a part of its legal monopoly. In these circumstances I think we should protect the patent owner in the enjoyment of just what he has been granted—an abstract right in an abstruse combination—worth whatever such a totality may be worth. I see no constitutional or statutory authority for giving it additional value by bringing into its monopoly all or any of the unpatentable parts."

The last sentence in the above quotation by Justice Jackson is one which I hope this committee will give consideration to in passing upon the advisability of bringing into the patent monopoly the unpatentable parts and whether or not Congress has free rein to grant such monopoly to the inventor.

Many advance the idea that inventions involving old devices increase the use for them and that the maker therefore is not entitled to sell for these new purposes. One of our items is heating thermostats for heating systems in various furnaces. The other day it was predicted that atomic energy would furnish home heat produced directly in the home furnace. Controls for such a furnace would obviously require construction of special materials—so they would be "especially made"—but such use would subtract from the sale of present heating systems thereby decreasing sales of heating thermostats in present systems. Why should the new system gather into it the monopoly of the older unpatented devices and by what stretch of imagination can the future inventor of the atomic energy furnace be said to have added the heating thermostat to the arts and sciences "constitutionally specified"?

Is it constitutional for one to include in the monopoly granted him by patent the discoveries of others? The power of Congress to permit patents to issue is a constitutional grant defined by article I, section 8. It provides for the grant for a limited time to inventors the exclusive right to their inventions comprising their discoveries. The power of Congress in connection with these grants is well expressed by Mr. Justice Douglas in the case of the *Great A. & P. Tea Co.* v. *Supermarket Equipment Corp.* (U. S. Sup. Ct., 87 USPQ 303):

"It is worth emphasis that every patent case involving validity presents a question which requires reference to a standard written into the Constitution. Article I, section 8, contains a grant to the Congress of the power to permit patents to be issued. But unlike most of the specific powers which Congress is given that grant is qualified. The Congress does not have free rein, for example, to decide that patents should be easily or freely given. The Congress acts under the restraint imposed by the statement of purpose in article I, section 8. The purpose is 'to promote the progress of science and useful arts.' The means for achievement of that end is the grant for a limited time to inventors of the exclusive right to their inventions."

s the grant of a privilege of exacting tolls from the public. The
ld not want those monopolies freely granted. The invention
t had to serve the ends of science—to push back the frontiers
sles, and the like; to make a distinctive contribution to scientific
is why through the years the opinions of the Court commonly
ntive genius" as the test.' It is not enough that an article is

The Constitution never sanctioned the patenting of gadgets.
gher end—the advancement of science. An invention need not
s an atomic bomb to be patentable. But it has to be of such
ction that masters of the scientific field in which it falls will
n advance. Mr. Justice Bradley stated in *Atlantic Works* v.
192, 200), the consequences of a looser standard:

ive object of those laws to grant a monopoly for every trifling
low of a shade of an idea, which would naturally and spontane-
ly skilled mechanic or operator in the ordinary progress of
uch an indiscriminate creation of exclusive privileges tends
t than to stimulate invention. It creates a class of speculative
ike it their business to watch the advancing wave of improve-
its foam in the form of patented monopolies, which enable
y tax upon the industry of the country, without contributing
al advancement of the arts. It embarrasses the honest pursuit
fears and apprehensions of concealed liens and unknown liabil-
and vexatious accountings for profits made in good faith."

e quotation is directed to the validity of patents—the quality
arking invention—the same consideration may be given to the
to grant combination patents with the patentee privileged to
nopoly the patented and unpatented elements included in his
ot his invention. The Constitution may well limit the patentee,
power to grant him, a patent monopoly only for his invention
ng else related thereto, to which he is not the inventor.

ons in the Mercoid cases the Mercoid Corp. has been free from
litigation for the first time in many years of the sort regarding
d mentioned in my statement filed in H. R. 5988 of the Eightieth
testimony in H. R. 3866 of the Eighty-first Congress involving
of contributory infringement. I am also attaching herewith
nt submitted to the committee at the hearings on H. R. 3866
noted was not included in the printed record thereof.

ommend that paragraphs (b), (c), and (d) of section 231 be
his bill.

I attended a meeting held for the purpose of discussing this
ative of a large chemical company, long a customer of the
marked during a luncheon that they employed a process in the
e of their products which did not infringe a patent but by the
reold-switch infringement would then exist. Now, chemical
"especially made" switches from us for use in their various
some cases our salesmen may know what they are intending
In many other cases we don't know, and in some cases we
to know.

stomers a patent warranty but that refers to the device we
what he may do with it, and we limit ourselves to the things
ur knowledge is concentrated there. Should section 231 of
law "knowingly selling," "especially made," or "especially
as "substantial noninfringing," all will become highly con-
construed by various patent lawyers to suit each situation,
fore in Justice Bradley's words "it embarrasses the honest
with fears and apprehensions of concealed liens and unknown
ils and vexatious accountings for profits made in good faith."
to damages in contributory infringement cases, the court's
governed by statutory definition and in section 244 there has

s," Mr. Justice Hunt in *Reckendorfer* v. *Faber* (92 U. S. 347, 357);
," Mr. Chief Justice Fuller in *Smith* v. *Whitman Saddle Co.* (148
ventive genius," Mr. Justice Brown in *Potts* v. *Creager* (155 U. S. 597,
nius," Mr. Justice Stone in *Concrete Appliances Co.* v. *Gomery* (269
reative genius," Mr. Justice Roberts in *Mantle Lamp Co.* v. *Aluminum*
. S. 544, 546 (53 USPQ 421-422); *Cuno Corp.* v. *Automatic Devices*
91 (51 USPQ 272, 273), "the flash of creative genius, not merely the

been no distinction drawn between infringement and contributory infringement so that in the case of the chemical company to whom a switch might be sold under doubtful circumstances, and I have already referred to this situation in the previous paragraph, where we might sell an item costing at the most a few dollars, we would find ourselves liable for damages inadequate to compensate for the infringement," which section 241 says the court "shall award"—not "may award"—and furthermore there is nothing in section 241 that compels a suit against the chemical company as an infringer in this situation as against us as a contributory infringer (what opportunities for blackmail lie here?).

Referring to section 242, presumption of validity; defenses; I would like to see included provisions specifically dealing with contributory infringement suits. In my statement on H. R. 5988, pages 81 and 82, I stated:

"It is an old axiom of patent law relating to validity that that which it takes infringers, it earlier invalidates.

"I should like to see included in any bill defining contributory infringement a section specifying that:

"That which constitutes contributory infringement by the accused, if by him as proved to constitute, that which he likewise did more than 1 year before the filing date of the patent in suit, upon which the cause of action is based, invalidates said patent."

As if closing observation the proposed bill states, as its purpose, that it is to provide for the protection of patent rights where enforcement against direct infringers is impracticable.

"Since the owner of the patent wishes a convenience when he sues for contributory infringement instead of suing the direct infringer, is not the alleged contributory infringer entitled to be relieved of going out and finding a direct infringement constituting a reduction to practice which he may never have had a reason to have carried out himself, although he may have supplied materials and the instructions for so doing more than 1 year prior to the filing of the application and be able to prove his own actions although meddle to go further to the satisfaction of the court as to his instructions having been followed?"

"I do not find any safeguards here under section 242 and certainly as a maker of controls instead of a chemical manufacturer I can be accused only of doing certain things as a contributing infringer, and if I have done such things more than 1 year prior to the alleged contributory infringement that of which I am accused if earlier should invalidate regardless of whether or not the purchaser carried out the direct infringement.

Even aside from my comments on sections 241, 242, and 244 I again say that paragraphs (b), (c) and (d) of section 231 should be eliminated and that the question of contributory infringement is something to be determined by the court rather than to be set out in statutory definition.

Mr. McCARE. I particularly oppose sections 231 (b), (c), and (d) on contributory infringement.

It is my understanding that these items were up before the committee in previous bills on contributory infringement. The numbers were then H. R. 5988 and H. R. 3866. I testified before this committee on those items, and I find in this bill that some of the objectives which were stated in the original bill have been left out, and in order that you may appreciate the situation, and what may result from it—I am not trying to tell you what to do—I am trying to tell you what may happen. We make a large number of devices and people come to us in the industry from distant points. At this moment with all other defense work going on we have been building our standard devices, but they come in to us and say, "We want this part of stainless steel, and we want this dimension here, and we are going to use it for some process." When you realize that there are some 600,000 patents and millions of claims involved under the present status of this bill, in conection with other modifications of the bill, and we become liable as contributory infringers, you can see it would be impossible for us

ll cases whether we infringed or not. When we build
ents we usually get an idea whether the particular device
ld infringe a patent on that device, but there are hundreds
use instruments, and we have a number of salesmen out,
er of people handling incoming orders in our business
ll, and employs less than 500 people. The number of
ed is between 40,000 and 50,000 every year. This bill
amen, we were told. He might know the use but not know
, I believe the wording in the bill is, "Knowingly sells,"
fer to it:

owingly sells the component of a patented machine, manufacture,
composition, or a material or apparatus for use in practicing a
ss, constituting a material part of the invention, especially made
dapted for use in an infringement of such patent, and not a staple
modity of commerce suitable for substantial noninfringing use
s a contributory infringer.

y sells" will thus become highly controversial, and it will
by various patent lawyers to meet their particular situa-
ve had in the past experience of that nature. I need not
e importance of the cases, but if you go into those cases
he thing I am talking about. Those words mean different
ferent people, and the attempt is usually made by the
t the Court to accept their construction of those words.
take the words "knowingly sells" this device, and later
, and they state, "You made this article to infringe this
e question is what does "knowingly" made mean. If a
as going to use it on a chemical process, that he was going
e, and for instance it might infringe a chemical process
he used a Mercoid switch he might have used it knowingly
would infringe a patent, but without it, it would not in-
uppose this man added the switch, and he told the sales-
going to use that on such and such a process." He would
say that it infringes a patent, but the inference might
in the future where would we be if the owner of that
d to sue us?
thing in this bill that compels the owner of the patent to
nger because in section 231 it states under (c), "Whoever
lls"—and suppose we knowingly sell this article—"shall
contributory infringer."
on 231 was first proposed as H. R. 5988, it was "to provide
tion of patent rights where in enforcement against direct
impractiable." That was the purpose of that bill, but
not qualify at any time. It does not say you must sue the
ger if practicable. I find nothing in the bill requiring
t supply a $10 or a $15 item for use in a very large process,
se it in that process and we could be subjected to defend
such a form of infringement and be unable to protect
e had sold the product in good faith. We knew our
we built was not an infringing device, but it was put
use. There is the question of what "knowingly" means.
have been selling this device for some other purpose, but
noninfringing use" are very substantial words when you
he hands of a man fighting a case. We had that in the
, and even in the case that was involved there there was

another use. The Court held there was no proof it was used that way, but the attorney then proceeded on the opposite line to show that there is no other use. When you put the word "substantial" in front of it, can you tell me what "substantial" means?

I have here a device. Here is a switch we build, and perhaps it will help you to understand. This was made for a customer who needed it. Here it became another structure. We took this off, and this [indicating]. Part of this we specially made, and the customer ordered this. He says he is going to use this on something, and at the time it sounds innocent enough, and we sell it to him in good faith.

Mr. ROGERS. Referring to the last instrument you had in your hand, is that a stable line?

Mr. MCCABE. This is a stable article [indicating]. The words in this section (c) are "or especially adapted for use." You cannot put this on that job. Our customers order this (another part) made up. This is welded in. There it is still the same switch, but with this wording the construction by the people in the patent field would be, it is especially made. I do not think that was the intent there, but it is what will happen when we get out in the field and you make this law: At present the court could have some discretion in it.

Mr. ROGERS. May I interrupt you there just a moment?

Mr. MCCABE. Yes.

Mr. ROGERS. Section 231 (c) says—

especially made or especially adapted for use in an infringement of such patent,

Mr. MCCABE. That is right.

Mr. ROGERS. Then it goes ahead and says—

and not a staple article or commodity of commerce suitable for substantial noninfringing use shall be liable as a contributory infringer.

Mr. MCCABE. That is right.

Mr. ROGERS. Now, the intent there is that where one especially makes it for the purpose of infringing a patent, if an individual did especially make an item for that purpose, for the purpose of infringing a patent, do you not think that the patentee should have some redress?

Mr. MCCABE. Provided it is especially made, but the point that I made in my last session with this committee on this last bill before this was that the fact that if you had a commercially noninfringing use it would relieve you of infringement. In this case you have added the words which say, "substantial noninfringing use."

If you will read my testimony in that previous case, and I would like very much for you to do that, because I believe you will catch the difference in the inflection on this, and noninfringing use in one case might relieve you of contributory infringement when you were not entitled to it. On the other hand it might convict you of contributory infringement in a case where you were perfectly innocent of any intent to injure the inventor. You have sold your product, but because the customer came in and asked you to put this particular thing on it that is not something you sell normally, you are no longer relieved of infringement.

It seems to me whether you have knowledge or not you have got to sit down and get the facts concerning that particular situation and not be governed by a statutory definition. For instance, in some of our transactions we will sell any number of items, $15 or $20 items that

rchased especially under this construction of the words
l they get on these devices. Now, there may only be one,
but the patent owner may have known of the infringe-
what stretch of the imagination should we be held liable
reach the direct infringer? The original purpose of the
s said where it was not convenient to reach the direct

ase which I think you will agree can be brought under
s now stated. If other words it is possible where we sold
ho said, "We have this chemical process," and if he buys
tch which infringes, in that case why should the patent
nitted to sue us on that small item when he can reach
ringer?
nt something, but I cannot do everything in the world. I
ll the knowledge and research, so why should I be sub-
ompany be subjected, to suit because it sold this thing
ose is to reach the direct infringer? The point is, why
ry to sue a contributor in order to reach these people
things? What about the individual part maker? Why
ere be some guaranty of protection to the man against

. Do they attempt in the latter part of section 231 (c)
does not apply to articles or commodities in commerce;
at is not broad enough?
. I feel that it is one in which there would be consider-
because it says "substantially."
ont in connection with a case that was made, in connec-
olionograph record, Leeds & Catlin? Why put that word
for something that I am not building if it is to relieve
a contributing infringer?
I said I thought it was wrong. On the other hand, when
a word "substantial" what constitutes substantial? Here
urs to me where we have to leave it to the discretion of
can judge the infringer or the contributing infringer
, and can handle them.
, it will be a statutory definition, which in my own mind
or endanger small business in the merchandising of
use I think it will be susceptible of interpretations that
small business.
You told the committee about a suit that went to the
t?
. Yes.
And you have in the past been bothered with suits
at kind, that one particular suit. Would it increase or
celihood of suits if this section 231 were adopted?
. I think you would find it absolutely would greatly
because it is much easier to sue the man in small busi-
he would not have the means to defend himself. For
a chemical industry, how much would I know about the
stry, to know whether a product was this or that, when
ght know about it would be without background par-
field.
ome 125 patents and I have not had to go to court except
and the case was settled out of court—and may I stop

long enough to say that I think most patent cases that reach the Supreme Court are of the doubtful validity type and I do not feel that all of them that go are justified in going there.

Now in case you throw the burden on us, for instance, to try to police the entire patent field and have knowledge of everything to avoid the pitfalls, it would be like buying this building from a stranger—it would not be a very good thing.

I hope I have made myself clear to you in my brief, as it sets up several cases and imaginary cases in order that you can see the way it will operate.

Mr. BRYSON. That is in your brief?

Mr. MCCABE. Yes, and I hope you will study it; you will see the error that has been made.

Another thing that should be limited in this matter of contributory infringement is the reference to any person who contributes to the infringement of a patent shall be liable as the infringer. Suppose in the case referred to it was found there was an infringement in a chemical process upon using a certain item. I think there should not be the right to sue the supplier of that item. The infringer is using it; it is something we have developed and made available to all industry. This is not a separate matter. And it would not be a matter of justice to hold the contributor for damages based on profits derived from the process, and not hold the direct actual infringers who might be able to avoid, for some reason or other, the financial responsibility. One person may be financially responsible from profits derived from the direct infringement while the other is not from the sale of the part. Why should he be held liable any time it goes on sale?

Mr. CRUMPACKER. Are you opposed to the whole doctrine of contributory infringement, or opposed only to the special language used here?

Mr. MCCABE. I am opposing the statutory definition of the right of approval by the court.

Mr. ROGERS. Does your brief suggest any other language more desirable?

Mr. MCCABE. As I have said before, I am not enough of a lawyer to make definitions, I do not believe. I have not seen the definition that I feel is acceptable—I do not believe that the contributing infringer has been—well, I may say, I believe there have been cases which I think have consumed much time before they have been held to be contributors. And I feel that with the removal of the discretionary power from the court, where it must find contributory infringement—the court only has to find the facts, and then he is governed by section 244.

Now suppose I have a patent that is infringed, the infringer would have under section (c)—he would be held liable as an infringer without that provision in 244.

Mr. ROGERS. You would rather leave it to the court to determine who is the infringer?

Mr. MCCABE. I think the contributor should be held in these cases that are brought in good faith, although there is nothing here that guarantees against the abuse. It says:

The court shall award the claimant damages adequate to compensate for the infringement.

say he may. It is my feeling it is a mistake to give the section the directive to say the man has been damaged, images upon the contributory infringer who is not the ou may say; it may be a chemical company which has no th it.

trying to point out is there are cases where there is abuse, s abuse then I would deal with it by the actual infringer. outing infringer can be held for many times the profit lf could ever have earned or the plaintiff could ever have the infringement. To make it possible to allow many ount of profit in contributory infringement would be

elieve that was intended by the people who wrote this ot think it should have that kind of interpretation. courts would do it I do not know.

personally whether this act to extend the patent beyond of the invention or discovery, I question whether it is or not. I do not believe that the Congress—and let me of course, the Congress—but what I am trying to say be done and what could be done under the provision of ion which provides that Congress has the power "to pro- gress of science and the useful arts by securing for to authors and inventors the exclusive rights to their itings and discoveries." I do not think that when you ight it is within the scope of the constitutional powers

s. We are very much obliged to you. We are called to . Due consideration will be given to your full state- will have access also to the statement you have made ar before last.

MAY 23, 1949.

H. R. 3866 (81st CONG., 1ST SESS.) DEFINING "CONTRIBUTORY INFRINGEMENT"

I. E. McCabe, chief engineer and chairman of the board of the Mercoid Corp., Chicago, Ill.)

usly studied the predecessor bill H. R. 5988, and appeared before ee of the Committee on the Judiciary, House of Representatives, ress, to express my concern in the contents thereof. I find that H. R. 3866 is identical with H. R. 5988 and, therefore, take sub- ine stand in opposition thereto as with the previous bill.

he record made of the hearings before the committee on H. R. no issue to make with the proponents of the bill, as expressed in regard to defining contributory infringement in such a way as will trine formerly announced in the Leeds & Catlin case without to the abuses presently condemned in the misuse doctrine exem- arbice case.

to any bill which will extend the patent monopoly into fields of ple goods and unpatented and patented articles consumed, used, or component parts of a patented structure or process when such es are not made by the patent, distinguishable from other such f substitution be not a change in physical form, or, by size or terial designs.

ve the bill in its present form, nor, by any of the proposed amend- of record in the earlier hearings, properly defines what constitutes fringement.

79, in citing the Leeds & Catlin case, the United States Supreme erence to it, attributed certain specific characteristics to the ele-

ment comprising that which one made and sold to become a contributory infringer (*Bassick Mfg. Co. v. Hollingshead Co.*, and *Rogers et al. v. Alemite Corp.*, 298 U. S. 415, 425, and *Lincoln Engineering Co. v. Stewart-Warner Corp.*, 303 U. S. 542, 552).

There the Court spoke of "Elements which were novel" and "neither of which possessed utility without the other," "each element was necessary to the operation of the other," "an entirely novel principle was disclosed, the disc not only performed a new function, but performed it in combination with another new element."

I do not believe that minor and insignificant changes to goods for the sole purpose of attempting to distinguish it from staple articles of commerce and where the change is not a requirement of the patent, make of such articles, things of the class of the phonograph record or disk as we know it today and which constituted the contributing infringing article of the Leeds & Catlin case. There the "elements" or "parts" making up the patented combination bore evidence in themselves of being novel—novel as a part as was the whole combination when assembled.

When an ordinary staple article of commerce can be made adaptable for use in a patented combination, not by any demand of the patent itself, but merely by an expression of choice by one who practices or promotes the practice of the patented invention I do not believe that in the light of the Leeds and Catlin case or the Kerosene Lamp case, later referred to, that such modified staple articles of commerce thus become "especially made" so as to be characterized as "Elements which were novel; not possessing utility without the other; performing a new function in combination with another new element, etc.," such as could be ascribed to the disk of Leeds and Catlin or the burner mechanism of the patented lamp.

The kerosene-lamp patent, as explained in the earlier hearings on H. R. 5988, related to a combination of elements comprising a base, a chimney, and a new and improved burner mechanism. It has been pointed out that when one, not licensed to do so, attempted to make and sell all but the chimney and thus selling not the whole of the patented combination (all the elements of the patent claim), claim he did not infringe, the court found no difficulty in finding that what the defendant had done was a virtual infringement and held him liable. There certainly is no issue to be made with such a holding.

However, while this example was cited by a proponent of the bill to show the first case of contributory infringement arising out of selling a part of a whole patented combination, no one has raised the question as to the propriety of such a patentee attempting to so prevent the sale of the chimney. To be sure, like the phonograph disk, the new elements—the novel elements involved in the cited lamp case, were those unlawfully being made and sold, but what of the chimney? If the chimney were a standard article of commerce, would one be free to make and sell it for assembly in the patented combination? And, if the lamp base were so designed (not as required by the patent, but by choice of the manufacturer), the chimney would likewise have to be made special to be mounted upon it. This required shape of the chimney could thus itself be said to be especially made and adapted for use in the patented combination, and so distinguish it from other commercially available chimneys. The necessary shape of the chimney base to fit the lamp base may be such as to render it without other use.

I do not believe that such a change in the character of a staple article of commerce reclassifies it as one which a patentee can expand his combination patent monopoly to cover. There can be many instances where existing articles of commerce can be used, some of which I have had experience with, but which by necessitating some slight change the standard article becomes especially made to permit charges of contributory infringement to be made.

The purpose of obtaining "use" or "combination" patents on the part of many is to attempt to obtain a monopoly in some element of the combination upon which he otherwise could not obtain one. It is an attempt to do that with a patent which otherwise he could not. If the kerosene-lamp patentee were a glass manufacturer, his interest could readily be in gaining a monopoly in the use of glass for manufacturing the chimney.

Mr. Swingle, as disclosed in the record of the hearings on H. R. 5988, contended the bill did not go far enough to legalize a situation where a manufacturer of aluminum foil in developing a new use for the foil, such as in the making of milk-bottle caps, should be privileged to license out the patented method of cap making on the basis of a license grant requiring the purchase of

from the manufacturer as a requisite to use of the patented
this were made possible, the aluminum-foil manufacturer could
of other aluminum foil by the cup maker and obtain in effect a
for that use, although a patent could not be had on the aluminum
ough-use patents to acquire a large aluminum-foil volume, the
manufacturer could secure a monopoly in the manufacture of
gh he had a patent on it, since his patent-assured volume would
ssured volume (not protected by patented use) to enable him to
mpetitor in such markets to virtually obtain a complete monopoly.
present form is intended to prevent this practice (Carbice do-
the "especially made or adapted for use" provisions, seems to
or such practices to be legally restored, for the foil, as used in
y may be required to be of a special thickness or size to be
machine not particularly required in that form elsewhere or it
coated or carry imprint of customer identification such that in
n a patented machine would be marked.
on that the real difficulty in defining contributory infringement
ay in which one can express what is to be understood as coming
ning of especially made and adapted for use in infringement
which will not grant more to the patentee than that to which he is
nd which will not encourage abuses which through public re-
ing damaging attacks upon our patent system.
be possible for any interpretation to be placed on such a phrase
give to a patentee the right to embrace within his monopoly
e elements or materials—old, unpatented or patented—which
lly made or adapted for use" by virtue of a choice or demand
nejecting the patent. If the character of the thing used is de-
one who practices or promotes the practice of the patent and
f the patentee through his patent teachings and from which
scribed to it so that, as such, it becomes a requisite to the proper
ation of the patent, I do not believe it should be as an element
ee's right to embrace it within his patent monopoly. If we
g elements such as the phonograph record of the Leeds v. Catlin
e, setting proper limits for those things which can be said to be
, etc."
limits to "especially made," enactment of such a bill into law
great incentive for groups of individuals or manufacturers to
to be supplied to the public patented products not of themselves
er unpatented products except that these things would be pro-
whereby monopolies of one kind or another could be set up. As
has had many patents issued and is familiar with many patents
I can point out that one with knowledge of the art and a re-
ran readily patent many inconsequential arrangements upon
n nevertheless be obtained for such exploitation even though
resent a great advance in the art.
ther aspect to this objection to including "elements," not prop-
hin the patentee's patent monopoly. This is with reference to
s.
nces, the "element" of a combination patent which a patentee
n sold, as contributing to infringement is, per se, patented by
as the element, per se, remains patented, both patentees may
other on a mutually agreed basis. The exclusive rights granted
pire after 17 years and thereafter it becomes the property of
Assuming that the combination patent was granted at a later
ntee on the element, per se, as well as the public, may lose
e element, per se, when the patent thereon expires. The pat-
bination may thus assume a monopoly on a thing upon which
ired. The patentee on the element, per se, who had to be re-
ber as long as his patent existed, may be forced to pay tribute
expires. The public may well be obliged to pay more for an
per se, a patent has expired than they were obliged to pay
tition may well be lessened if not removed.
we should also give consideration to the effect of a definition
nfringement upon the replacement of parts in a patented com-
the definition wipe out the present rule that an expendable
ented combination may be replaced without infringement? It

is conceivable that if it did, it would become highly profitable for some companies to accept recognition, or a pool, of certain patents as a means of becoming the sole source for parts in the repair of their products. What this could mean in cost to the public and the effect upon competitive parts makers, today is not difficult to imagine. One need not look further beyond the automotive field, radio, and home-appliance goods, to realize the possibilities and the effect of dealing only with designated suppliers.

I have tried to point out possible effects of the proposed bill based upon personal knowledge and experience with the patent system. In 1913 I applied for my first patent, and since that time more than 125 patents have carried my name. More than 80 of these have not expired, and I still have pending applications and new inventions on the way. The greater majority of my inventions have attained commercial use, and I have been further associated not only with their development, but with the manufacture, exploitation and sale of my inventions as chief engineer and chairman of the board of the Mercoid Corp., Chicago, Ill. I have also had experience with patent litigation on numerous occasions during the past 25 years.

The Mercoid Corp.'s business is based on patents, the rights thereunder being obtained by license with others and myself. As an individual, I have never chosen nor deemed it necessary to file suit for infringement of any of my patents, except in one instance on a joint invention many years ago in which case the defendant agreed to cease the infringement. The Mercoid Corp., however, has not escaped suits for infringement, and is fully conscious of the varied attempts to utilize patents to control the sale of various commodities. The corporation's successful defense of such suits has not been limited to the principle upon which the United States Supreme Court decided the recent Mercoid cases, but rather, in the differ instances, on the ground of invalidity and non-infringement.

The late Judge Evans, United States Circuit Court of Appeals, Seventh Circuit, in his study of the disposition of patent cases by the courts shows a total of 462 opinions from October 1930 to May 1941. During that period more than 900,000 patents existed, including expiring and issued patents.

Of the patents in litigation, about three-fourths were held invalid or not infringed, so that it is good reason to conclude that the defendants' reasons for fighting infringement suits were not frivolous, and it is therefore to be expected that the outcome of such suits can be adverse to the patentee for the Patent Office when granting issue of the patent may not have available that information in the hands of people familiar with the art.

There were 81 cases held valid and infringed or less than 1 in 11,000 patents and assuming these to have been deliberate infringements, it can still be said that there is strong approval and respect for the inventor and his patent. There are more than 600,000 patents in force and nearly 150,000 pending applications with a rate of filing of patent applications greater than ever, showing that we have a healthy and active group of inventive forces operating under our present system.

As much as it may be desirable on the part of some to have a statutory definition of contributory infringement, I view with much skepticism the attempts to so define it and with great apprehension the results which may follow the enactment of the chosen worded bill. This patent system of ours, it would appear, seems to be functioning quite well, and nothing seems to have particularly stifled the inventive minds of the Nation either by virtue of a questionable degree of reward which a patentee may expect or by the method to which he may have to resort to exploit his patented invention.

Mr. McCABE. I am sorry. I thought perhaps you might want to ask me more questions, because I am very sincere in trying to be of assistance in the sense of getting a good revision. I hope you will remove the objectional provisions in section 231 (b), (c), and (d) in the bill.

Mr. BRYSON. Thank you very much.

Without objection the committee will resume its hearings at 2 o'clock.

(At 12:10 p. m. a recess was taken until 2 p. m. of the same day.)