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PATENTS - INFRINGEMENT - ESTOPPEL BASED ON PRIOR INTERFERENCE PROCEEDINGS

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PATENTS — INFRINGEMENT — ESTOPPEL BASED ON PRIOR INTERFERENCE PROCEEDINGS — The defendant was sued for infringement of certain

basic process patents held by plaintiff corporation covering the recording of sound upon motion picture film. The defendant had applied for a patent for substantially this invention, but had lost in interference proceedings declared between him and the plaintiff here, who had also applied at about the same time. Because of these acts of applying and contesting interference proceedings, plaintiff here claimed that defendant was now estopped to set up in defense to this suit the non-patentable nature of the invention. *Held*, that the patent was invalid for anticipation and that the defendant was not estopped to set up such invalidity. *Paramount Publix Corp. v. American Tri-Ergon Corp.*, (C. C. A. 2d, 1935) U. S. LAW WEEK, index p. 596 (Mar. 5, 1935).

It is possible to assign any of the situations in which an estoppel is commonly recognized to one of three categories, namely, estoppel by deed, by record, and *in pais*.¹ The first is applied to cases of land conveyances and has the effect of preventing one from denying his own solemn deed even though it is defective and a third party could attack it; this can have no reference here.² The second, estoppel by record, is analogous to *res judicata* in that it serves to prevent the retrial of issues already decided by a proper court and makes for certainty of adjudications; this likewise has nothing to do with the principal case since the validity of this patent appears never to have been in issue in any court.³ The third and broadest, estoppel *in pais*, is itself divided into two subdivisions, those based upon contract and those based upon an act of some other nature.⁴ The concept

¹ BIGELOW, ESTOPPEL, 6th ed., 8 (1913). The first two categories seem rather well defined; the third, however, acts as a catch-all and provides for the growth of the doctrine. *Ibid.*, 490. The lone Tennessee doctrine that "where one states on oath, in a former litigation . . . a given fact as true, he will not be permitted to deny that fact in a subsequent litigation, although the parties may not be the same" [*Tate v. Tate*, 126 Tenn. 169 at 212, 148 S. W. 1042 (1912)], may be put into the third category or considered an anomaly.

² BIGELOW, ESTOPPEL, 6th ed., c. 7 (1913). It binds, however, only parties to the conveyance (*ibid.*, 367) or their privies (*ibid.*, 372), and applies only to competents (*ibid.*, 369). While an analogy might be sought in that the applicant for a patent likewise solemnly swears to certain facts going to the patentability of his invention [I WALKER, PATENTS, 6th ed., § 169 (1929)], the situations are distinguished, if in no other way, by the fact that the purpose of this estoppel is to prevent circuitry of actions (a suit by grantor to recover would bring forth a suit by grantee on covenants) and there is no such situation in the principal case.

³ BIGELOW, ESTOPPEL, 6th ed., c. 1 (1913). Here all persons are bound by the facts of the record, though in some cases only parties are bound as to decisions reached. *Ibid.*, 36. Since the interference proceedings go only to determine priority between two rival applicants [I WALKER, PATENTS, 6th ed., 223 (1929)], even if its decision could be regarded as that of a court, it could not be used here. It has been strongly urged, however, by Walker [I WALKER, PATENTS, 6th ed., 226 (1929)] and by the federal court [*Melling v. Gordon Form Lathe Co.*, (D. C. N. D. Ohio 1926) 14 F. (2d) 437], that the matter of patentability should be passed upon in interference proceedings, and Patent Office Rule 93 (providing for a determination of priority between two claimants of the same *Patentable* invention) gives sufficient authority. If this were the practice, it would be comparatively easy to bind the defendant in the principal case under the head of estoppel by record.

⁴ BIGELOW, ESTOPPEL, 6th ed., 489 (1913).

of contract is not applicable here since no contract is involved,⁵ and therefore the entire reliance of the plaintiff in the principal case must have been based upon an estoppel *in pais* founded upon the acts of applying for a patent and contesting interference proceedings. However, the keynote of this concept is reliance to the detriment of the one claiming the estoppel placed by him in the estopped party,⁶ and there was here obviously no reliance by plaintiff, to his detriment or otherwise, based upon defendant's act of applying for a patent and contesting interference proceedings. Therefore, while from the standpoint of the much desired but sadly lacking certainty of rights secured by a patent this decision might seriously be questioned, the law of estoppel as it now exists would permit no other result. Still, it might be suggested that in the possible interest of relieving in some degree the uncertainty of a patent right, the court should give this matter express consideration,⁷ and, if possible, find a way to reach an opposite conclusion.⁸

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⁵ The only contract in the picture is found in the concept that a patent is a contract between the government in behalf of the public and the inventor [Century Electric Co. v. Westinghouse E. & M. Co., (C. C. A. 8th, 1911) 191 F. 350], but that contract, if the patent be so considered, has nothing to do with the defendant in the principal case.

⁶ Hamilton v. City of New Haven, 82 Conn. 208, 73 A. 1 (1909); Harris v. Woodard, 142 Ga. 297, 82 S. E. 902 (1914); Thompson v. Sioux Falls Nat. Bank, 150 U. S. 231 at 244, 14 S. Ct. 94 (1893); BIGELOW, ESTOPPEL, 6th ed., 604 (1913).

⁷ The court seems never to have given any but the most cursory attention to the matter. In the principal case the point was decided merely with the statement that the court has always so held, with a reference to an earlier case [Haughey v. Lee, 151 U. S. 282 at 285, 14 S. Ct. 331 (1894)] which itself did not consider the point further than to say "it certainly cannot be said to constitute estoppel." The only subsequent cases citing Haughey v. Lee, *supra*, on this point have done no more than adopt it without discussion. McCloskey v. Toledo Pressed Steel Co., (C. C. A. 6th, 1929) 30 F. (2d) 12; Traitel Marble Co. v. U. T. Hungerford Brass & Copper Co., (D. C. S. D. N. Y. 1929) 34 F. (2d) 670.

⁸ A possible opening might be found in the Tennessee doctrine (*supra*, note 1) based upon the oath incident to the application; while this would not affect the present rule with reference to attacks based upon lack of inventive quality or upon facts subsequently ascertained (the oath does not cover matters of inventive quality, and the Tennessee court excepts situations where facts are subsequently ascertained from the operation of its doctrine), it would change the present rule with reference to all other points of patentability. It might also be permissible for the court to make a deliberate extension of the field of estoppel *in pais* to this situation, justifying itself by the fact that this head of estoppel has been constantly growing during the last century [BIGELOW, ESTOPPEL, 6th ed., 490 (1913)] and by certain language somewhat stronger than dicta in an early case [Commercial Mfg. Co. v. Fairbank Canning Co., (C. C. N. D. Ill. 1886) 27 F. 78] indicating that a party might be bound by statements as to identity of domestic and foreign patents made in his oath unless they were shown to have been made by mistake, which language has been twice cited with approval by the federal courts. Tonduer v. Chambers, (C. C. W. D. Pa. 1889) 37 F. 333; Société Anonyme v. General Electric Co., (C. C. S. D. N. Y. 1899) 97 F. 604.