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PATENTS—PATENT GRANT BY PRIVATE LAW—CONSTITUTIONALITY OF GRANT AFTER EXPIRATION OF TIME LIMIT—An army officer invented a radar system before World War II but was prevented from patenting it by his superior officers for security reasons. In 1945 his application for a patent was rejected because it was not filed within the time limit embodied in section 102(b) of the Patent Code.¹ Congress, in 1950, enacted Private Law 1008² to waive the statutory time limit for the officer's patent application. The act provided that a patent should issue from the 1945 application if the invention met all the other statutory requirements of the Patent Code. The act provided also that the patent right should not be enforced against those using or manufacturing the device before the patent was issued except to the extent of payment by the users of reasonable royalties. The patent issued in 1957 and plaintiff, as assignee of the patent, brought this action for infringement against the defendant, who had manufactured the patented device before passage of Private Law 1008 and was continuing that manufacture at the time of the suit. Defendant moved for a declaration of invalidity of the private law and for a permanent injunction restraining enforcement. Before a three-judge district court, *held*, motion denied. Under prior legislative and judicial practice, the concept of exclusiveness

¹ 35 U.S.C. § 102(b) (1958).

² 64 Stat. A243 (1950).

reflected in the patent clause of the Constitution has been shown to be flexible enough to include protection for intervening rights. However, the rights of the public to an invention in the public domain have never been considered as vested rights and may be rescinded discriminatorily if there exists a state of facts that reasonably justifies it. *Radio Position Finding Corp. v. Bendix Corp.*, 205 F. Supp. 850 (D. Md. 1962), *aff'd per curiam*, 371 U.S. 577 (1963).

As upheld by the court in the principal case, Private Law 1008 had two effects. First, the statutory requirement that a patent application must be made within one year was waived for this particular patentee. In order for the patent to issue, however, the invention had to fulfill all other statutory requirements of the patent laws. Second, although the patent rights were to be retroactive to the patentee's 1945 application, the rights could not be enforced against those using or manufacturing the device prior to the passage of Private Law 1008, except to the extent of requiring a reasonable royalty payment for the right of manufacture during that period and until the patent expires. This, in effect, provided for a compulsory licensing of the patent rights to those who were using and manufacturing the device prior to the passage of the private law. The result of the act was to correct the inequities to the patentee caused by the military situation at the time of invention, while also protecting the rights of prior users.

Congressional action by private law to relieve an inventor is not unprecedented when a patent application has been frustrated by circumstances not within the inventor's control. In both *Graham's Adm'r v. Johnson* (the *Fire Extinguisher Case*),³ and *Page v. Holmes Burglar Alarm Tel. Co.*⁴ private acts were upheld that provided for the issuance of patents long after the statutory time limit for application had run. Both cases provided substantial precedent for the specific holdings in the principal case. Both held that the public has no vested interest in an invention that is within the public domain. The private acts upheld in the *Holmes* and *Fire Extinguisher* cases contained provisions similar to the one in the principal case protecting the rights of intervening users, thereby providing for nonexclusive patent grants.

The patent clause of the Constitution⁵ authorizes Congress to grant to inventors for a limited time the "exclusive rights" to their discoveries. The principal case is a major instance of judicial determination of the scope of the "exclusive rights" grant. Congress has provided on occasion, both by general statute⁶ and by private act,⁷ for the issuance of patents which, due

³ 21 Fed. 40 (C.C.D. Md. 1884).

⁴ 1 Fed. 304 (S.D.N.Y. 1880).

⁵ U.S. CONST. art. I, § 8.

⁶ At present only the reissue provision in the patent statute provides for the protection of intervening rights. 35 U.S.C. § 252 (1958). Previously the extension provision protected intervening rights, but it has been deleted from the present code. For the last enactment of the extension statute, see 64 Stat. 316 (1950), giving extension rights to veterans of World War II.

⁷ See 15 Stat. 356 (1868) for a private act similar to the one in the principal case.

to the reservation of the rights of prior users of the patented item, were not grants of exclusive rights to the patentee. In the reported cases involving these statutes, no indication of doubt exists as to congressional power to grant nonexclusive patents that provide for the protection of prior users' rights.⁸ The historical policy of the patent laws provides an explanation for the unquestioned acceptance of nonexclusive patent grants. On grounds of public policy, monopolies were not favored by the common law,⁹ but patent grants to inventors were a recognized exception on the premise that they promoted invention.¹⁰ This reasoning was literally adopted in the Constitution, which provides that "exclusive rights" may be granted "to promote the progress of science and the useful arts." It is natural that the drafters of the Constitution, fully cognizant of both the common-law aversion to monopolies and the frequent granting of patents to inventors, would state the patent policy explicitly in order to prevent any misunderstanding as to the use of the grant of exclusive rights. To accomplish its stated purpose of promoting invention, the patent clause should be construed as a plenary grant of power to Congress to secure to inventors exclusive rights, or any appropriate lesser degree of dominion.

The defendant's second claim, that Private Law 1008 is invalid because it is a deprivation of vested rights and therefore unfair, is refuted by a consideration of the nature of the public's right to an invention in the public domain. At common law the inventor had no natural right to control of his invention, any exclusive right being purely statutory.¹¹ The public was fully able to take advantage of the invention unless the inventor could protect the invention by secrecy. Such is still the case until the inventor acts to invoke the benefits of the patent laws. The common-law courts, although generally opposing all monopolies, recognized that the policy underlying patent grants did vitiate the public's right to an invention even if it had been in the public domain.¹² Early American patent laws had no time limit for securing a patent, such as the bar embodied in section 102(b) of the Patent Code, the inventor being able to apply for a patent at any time after the invention.¹³ Since its inception the statutory

⁸ The judicial practice of enforcing laws in which the patent grant is nonexclusive has been common. However, the courts have never been called on to decide the issue. See *Dable Grain Shovel Co. v. Flint*, 137 U.S. 41 (1890); *Agawam Co. v. Jordon*, 74 U.S. (7 Wall.) 583 (1868); *Bloomer v. McQuewen*, 55 U.S. (14 How.) 539 (1852); *McClurg v. Kingsland*, 42 U.S. (1 How.) 202 (1843); *Evans v. Jordan*, 13 U.S. (9 Cranch) 199 (1815). The courts themselves have required compulsory licensing of patent rights in antitrust violations. *E.g.*, *United States v. National Lead Co.*, 332 U.S. 319 (1947).

⁹ See 1 ROBINSON, PATENTS 1-28 (1890).

¹⁰ See AMDUR, PATENT FUNDAMENTALS 51 (1948); 1 ROBINSON, *op. cit. supra* note 9, at 9, 10.

¹¹ See AMDUR, *op. cit. supra* note 10, at 51; 1 ROBINSON, *op. cit. supra* note 9, at 37; 1 WALKER, PATENTS 1152 (1937).

¹² See 1 ROBINSON, *op. cit. supra* note 9, at 9. This policy was codified in the Statute of Monopolies, 21 Jac. 1, c. 3 (1623), and in the Constitution of the United States.

¹³ 1 Stat. 318 (1793).

time bar has varied from two years to the present one-year limitation. During the period between invention and issuance of a patent the public is free to use the invention, but loses this privilege after the patent is granted. It is evident, therefore, that the length of time an invention has been in the public domain has never served to vest the public's right to the invention; the right is always subject to termination by the legislative grant of patent. The time limitation contained in the statute is only a condition to the government's grant of exclusive rights to the patentee and may be removed or changed as Congress may see fit. Congress is not bound by its prior legislative acts if a constitutional grant of authority may be implemented by other means.¹⁴

Private Law 1008 did no more than enable a patent to be secured by waiving the statutory time bar. To be invalid as a denial of due process, as claimed by defendant, the effect of the act must be so discriminatory as to shock the sense of fair play.¹⁵ If there exist facts that reasonably justify the effect, the act cannot be unconstitutional as being discriminatory.¹⁶ The rationale for the patent grant is clearly stated, however, and if this purpose is plainly not fulfilled the grants are not justifiable and are therefore discriminatory. One of the major traditional implementations of the patent policy in promoting science is that of disclosure of the invention to the public.¹⁷ However, in the present case this implementation is of no consequence, since knowledge of the invention was already in the public domain and had been exploited by others. Because it is not universally applicable in all patent cases, disclosure would appear to be of only secondary importance as a justification and therefore not controlling in the principal case in the determination of the discriminatory character of Private Law 1008.

Hence the justification for the act must derive from the second means of implementing the general purpose of the patent laws: the incentive to the inventor that is provided by his opportunity, for economic gain, to exploit the invention without competition.¹⁸ Although the efficacy of the patent

¹⁴ See *Bloomer v. Stolley*, 3 Fed. Cas. 730 (No. 729) (1850). The patent grant is often said to be a contract between the patentee and the public. See 1 ROBINSON, *op. cit. supra* note 9, at 23. The patent laws are an offer to grant a patent in return for the consideration of disclosure and the inventor's activity. Under this theory the time limitation is a condition to the offer that may be waived by the offeree. The court in the principal case analogized the bar to a statute of limitations and, on the authority of *Campbell v. Holt*, 115 U.S. 620 (1885), felt that the bar itself could vest no right and might be removed at the discretion of the legislature.

¹⁵ *Galvan v. Press*, 347 U.S. 522 (1954).

¹⁶ *McGowan v. Maryland*, 366 U.S. 420 (1961); *Kotch v. River Port Pilot Comm'r*, 330 U.S. 552 (1946).

¹⁷ *Transparent-Wrap Mach. Co. v. Stokes & Smith Co.*, 329 U.S. 637 (1947); *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945); *Blanchard v. Sprague*, 3 Fed. Cas. 648 (No. 1518) (C.C.D. Mass. 1839); see 1 ROBINSON, *op. cit. supra* note 9, at 57-62 (1890).

¹⁸ See 1 ROBINSON, *op. cit. supra* note 9, at 56; VAUGHN, *THE UNITED STATES PATENT SYSTEM* 29 (1956).

grant as an incentive has been questioned by writers¹⁹ and courts²⁰ alike, it remains the primary justification of the grant. To negate the reasonable justification for the issuance of a patent, therefore, would require positive proof of the fallaciousness of the incentive theory—a difficult if not impossible task given the subjectivity of the subject matter. The long historical acceptance of the truth of the incentive theory makes it extremely doubtful that any weight of evidence would lead a court to deny its validity and strike down the patent laws on the basis that they do not promote science. Any change in the patent laws on such grounds would have to come from Congress.

The decision in the principal case presents no startling new principles of patent law, but it does substantiate some accepted practices. From accepted premises of patent theory, the court reached a correct result. Absent constitutional amendment, or change in the basic patent laws by a Congress convinced that present patent laws do not reach desired results, this decision will remain valid precedent.

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¹⁹ The major criticism of the incentive premise is that invention would probably occur anyway. The inquiring scientific mind does not need economic incentive and, indeed, forgoes the reward in many cases. See VAUGHN, *op. cit. supra* note 18, at 106. Another attack is that made on the effect of patents on scientific research. It has been felt that too many research laboratories are confining their work to practical application rather than engaging in basic research, in the hope of finding patentable inventions. This effect is especially noticeable in the large corporate laboratories, where the thrust is toward invention that may be protected by patents; it has also been discovered in the university laboratories, where the patent royalties are used to support the activities of the laboratory. This limits research to the creation of functional ideas based on old knowledge rather than a search for new and basic knowledge. See Melman, *Impact of the Patent System on Research*, SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND COPYRIGHTS OF THE SENATE COMMITTEE ON THE JUDICIARY (Study No. 11, 1958).

²⁰ "Interestingly enough, apparently many scientists like Faraday care little for monetary rewards; generally the motives of such outstanding geniuses are not pecuniary." Frank, Circuit Judge, in *Katz v. Horni Signal Mfg. Co.*, 145 F.2d 961 (2d Cir. 1944).