Patents - The Changing Standard of Patentable Invention: Confusion Compounded

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COMMENTS

PATENTS — THE CHANGING STANDARD OF PATENTABLE INVENTION: CONFUSION COMPOUNDED — No problem in the law of patents has caused more confusion than the standard of patentable
invention. Lawyers and judges have struggled with this elusive concept for more than one hundred years. While it is frequently spoken of as a standard of invention, this is a misconception which unduly magnifies the problem. "The inventive concept is an abstraction impossible to define..." 1 Invention and patentability are not necessarily the same. The real question is not what is invention, but what is patentable. How great an advance over the prior art is required to warrant patent protection? It is a standard of patentability and not a standard of invention we are seeking.

In section 103 of the 1952 Patent Act, entitled "Conditions for patentability; non-obvious subject matter," Congress attempted to deal with the problem for the first time. 2 Although the avowed purpose of the section was to stabilize the law, 3 the attempt to "codify" the language used in some court decisions has led to much speculation as to the emphasis to be placed upon it. Thus the statute has added more uncertainty to the already vague and indefinite standard of patentability. While the liberalizing influence of the section has been stressed in legal literature, 4 the courts have, until recently, uniformly refused to recognize any change in the law. 5 In Lyon v. Bausch and Lomb Optical Co., 6 Judge Learned Hand carefully analyzed the problem and took the position that Congress intended to modify the standard then applied by the Supreme Court and revive that used twenty-five years ago. He stated that under recent Supreme Court decisions he would be compelled to find the patent invalid, but upheld it on the basis of his interpretation of the new statute. This comment is directed not only to Judge Hand's interpretation, but also to the effect that his decision has had, and may be expected to have in the future, both on the courts and Congress.

I. Patentability Prior to 1952

In order to view the 1952 Patent Act and the resulting interpretations in their proper perspective, it is necessary to consider the origin and evolution of the standard of patentability. In 1790

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1 Trabon Engineering Corp. v. Dirkes, (6th Cir. 1943) 136 F. (2d) 24 at 27.
3 S. Rep. 1979, 82d Cong., 2d sess., p. 18 (1952)
5 See section III infra.
Congress enacted the first patent statute, authorizing the issuance of patents for new and useful inventions. This remained the only statutory provision on the degree of novelty required for patentability until the 1952 act. Not until 1850 did the Supreme Court become cognizant of the word "invention" in the statute. In *Hotchkiss v. Greenwood* the Court enunciated for the first time the principle which was to become a stumbling block for judges, lawyers, and inventors. Justice Nelson, speaking for the majority, held a patent invalid since the advance embodied therein did not necessitate "... more ingenuity and skill ... than were possessed by an ordinary mechanic acquainted with the business. ..." This phrase became the basis of the requirement that an invention to be patentable must be more than merely new and useful.

One basic difficulty is inherent in this standard. Being subjective in nature it does not lend itself to easy or uniform application. The degree of skill attributable to an ordinary mechanic will vary according to the knowledge and experience of the person applying the test. For this reason several negative tests have been developed by which the absence of patentable invention may be determined. For example, a concept old in an analogous art is not patentable, nor is an aggregation or a mere rearrangement of parts. The omission of an element with its corresponding function is not patentable invention. While this is not a complete list of the tests applied, it is sufficient to illustrate how the patent office and the courts are striving for some definite standards to apply. Yet none of these tests are absolute. The basic subjectivity remains.

In recent years there has been a growing conviction that the Supreme Court has raised the standard of patentability. Judge Hand has referred to a "new doctrinal trend" which he

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8 11 How. (52 U.S.) 248 (1850).
9 Id. at 267.
11 Reckendorfer v. Faber, 92 U.S. 847 (1875).
13 In re Porter, (C.C.P.A. 1934) 68 F. (2d) 971.
14 See e.g. Grever v. United States Hoffman Co., (6th Cir. 1913) 202 F. 923, where a reversal of parts was held patentable due to the new and useful results.
was bound to follow.\textsuperscript{16} A substantial number of courts of appeals have concurred.\textsuperscript{17} Some support is lent this view by the high mortality rate of patents which come before the courts. A recent Patent Office survey of published decisions indicates that between 1925 and 1929 37.7 percent of patents before the courts of appeals were held valid and infringed, while only 33.4 percent were held invalid. In contrast only 18.2 percent were held valid and infringed between 1950 and 1954, while 60.7 percent were held invalid.\textsuperscript{18} Too much reliance should not be placed on these statistics to show a change in the standard of patentability. Several other explanations may demonstrate why patents fare less well today than twenty-five years ago. It has been suggested that the lower courts are misinterpreting Supreme Court decisions.\textsuperscript{19} Some feel that the skill of a mechanic has increased in this technological age.\textsuperscript{20} A third suggestion is that the Supreme Court, distrusting patents and the policy behind them, is applying the classic tests, but with greater severity.\textsuperscript{21} These divergent views illustrate the dual nature of the problem. One is the determination of the standard of patentability in law. The second is the application of the standard to the facts of a particular case. Although they are not entirely independent, a clear understanding of the existence of both is helpful in determining the proper context for the 1952 Patent Act.

\textsuperscript{16} Picard v. United Aircraft Corp., (2d Cir. 1942) 128 F. (2d) 632 at 636.
\textsuperscript{18} S. Hearings before the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary on the American Patent System, 84th Cong., 1st sess., p. 182 (1955). Since the Supreme Court hears few patent cases this writer believes that those statistics are inconclusive for comparative purposes. But see Frost, "The Patent System and the Modern Economy," Study of the Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary of the Senate, 84th Cong., 2d sess., p. 59 (1956), where the statistics of cases heard by the Supreme Court were used to show that it is at least arguable that the decisions today are no less favorable than those rendered earlier.
\textsuperscript{19} Balluff, "Do Recent Supreme Court Opinions Raise the Standard of Invention and Are Lower Courts Misinterpreting Such Opinions?" 34 J.P.O.S. 847 (1952).
The Supreme Court has never expressly raised the standard of patentability. Nor do its opinions indicate an intention to raise the standard as such. In Cuno Corp. v. Automatic Devices Corp., the case most frequently cited as adopting a new and higher standard, the court relied on the older authorities, referring specifically to the “mechanical skill” test of Hotchkiss v. Greenwood. To be sure the court did use the now famous term, “flash of creative genius.” However, that idea appeared in the cases as early as 1880 and there is no indication that the Court in the Cuno case thought it was introducing a new concept. The phrase has not appeared in subsequent Supreme Court opinions and the lower courts have refused to give it a literal interpretation. The Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp. decision is also cited frequently for the proposition that the standard of patentability has been raised. Yet it should be emphasized that it is the concurring opinion of Justice Douglas which has caused the most concern. The opinion of the Court, written by Justice Jackson, who previously had decried the indiscriminate invalidation of patents, does not evince an intention to raise the standard.

On the other hand, there are indications that, while no formal change has been made in the standard applied by the Supreme Court, it is being applied with greater severity. In the past ten years the Supreme Court has held valid and infringed only two of the fifteen patents which came before it. The fact that the Supreme Court grants certiorari in so few cases refutes the theory that the lower courts are applying a higher standard than would the Court. Additional support for this view is evidenced by the fact that not since 1935 has the Supreme Court reversed a finding of invalidity.

22 314 U.S. 84 (1941).
24 See Densmore v. Scofield, 102 U.S. 375 at 378 (1880), where the court used term “flash of thought.”
29 The last reversal which this writer has been able to find after a diligent search is Smith v. Snow, 294 U.S. 1 (1935), reh. den. 294 U.S. 732 (1935).
The language in patent opinions, while not changing the technical standard, does indicate an attitude opposed to basic tenets of the patent system.30 This attitude is based on two principal factors. First, some feel that a patent, being in the nature of a monopoly, is fundamentally opposed to the spirit of the antitrust laws and our free enterprise system.31 This group believes that the public benefits every time a patent is held invalid. Such a belief, however, results from a misconception of the operation of the patent system.32 The second factor is a fear that patent rights are frequently abused and is a result of failure to distinguish the proper scope of the patent from such abuses. The extent of this fear and confusion is illustrated by Russell v. Comfort,33 where relief for infringement was denied although the facts show no relationship between the abuse and the patent. It was this judicial attitude which confronted Congress when it included section 103 in the 1952 Patent Act.

II. The 1952 Patent Act

The express purpose of the 1952 Patent Act was "to revise and codify the laws relating to patents..."34 The use of those two words raises the question as to what parts are revisions and what parts are codification. In section 102 Congress restated the law of novelty. Section 103, however, is new to our statutory law and reads as follows:35

"A patent may not be obtained though the invention

32 But see Frost, "The Patent System and the Modern Economy," Study No. 2 of the Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary of the Senate, 84th Cong., 2d sess., p. 60 (1956), where it is urged that a finding of invalidity results in a disservice to the public in that a decision for validity induces desirable research. See also Bush, "Proposals for Improving the Patent System," Study No. 1 of the Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary of the Senate, 84th Cong., 2d sess., p. 15 (1956).
is not identically disclosed or described as set forth in section 102 of this title if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

The second sentence of this section clearly abolishes any remnant of the "flash of genius" test, if it ever existed. There is no confusion on this point. But what did Congress intend to achieve by the first sentence of the section? Research in the legislative history of the act leads to conflicting conclusions. Speaking of the entire act, the House Report refers to "minor procedural and other changes deemed substantially noncontroversial and desirable." While it may be said that a change in the standard of patentable invention is desirable, nevertheless it certainly cannot be called uncontroversial. In contrast, the same report also speaks of section 103 as one of the "major changes or innovations."

The terminology of section 103 is that used in Hotchkiss v. Greenwood, which has been a part of the common law of patents for more than one hundred years. The congressional reports recognize this fact:

"That provision paraphrases language which has often been used in decisions of the courts, and the section is added to the statute for uniformity and definiteness. This section should have a stabilizing effect and minimize the great departures which have appeared in some cases."

Any attempt to analyze this section as either codification or revision seems futile. Congress realized it was stating old law in statutory form, but did so with a definite purpose in mind, viz., to stabilize the law. It is submitted that Congress recognized that judicial animosity toward patents had resulted in a more strict application of the old standard in many cases. It was hoped that a congressional declaration of the standard could prevent

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38 Id. at 5.
39 Note 8 supra.
the departures arising from this harsh application without any
change in the basic standard. This interpretation is reinforced
by the enactment for the first time of two other common law
concepts which had fallen prey to the stern judicial attitude,
the presumption of validity and the right of action for contributory
infringement. 41

III. Judicial Attitude Prior to Bausch &
Lomb Decision

Although it is interesting and illuminating to search for
legislative intent, judicial interpretation is the final determinant
of the effect of the statute. Prior to the Bausch & Lomb42 de­
cision the courts uniformly referred to section 103 as a codifica­
tion.43 It is questionable, however, whether much weight should
be given to these decisions. The two decisions most frequently
cited for the proposition that section 103 is merely a codification
of existing law are Stanley Works v. Rockwell Mfg. Co.44 and
General Motors Corp. v. Estate Stove Co.45 Both cases contain
such statements, but they are mere dicta, for, although the courts
did attempt to discover the intent of Congress, the act was ex­
pressly found inapplicable in both instances. In Wasserman v.
Burgess & Blacher Co.,46 another case which apparently ruled
section 103 to be a codification, relied solely on the two previous
decisions and gave no independent consideration to the problem.
The patent involved in Pacific Contact Laboratories v. Solex
Laboratories47 was held valid and infringed, making that decision
authority only for the fact that the standard had not been raised.
In New Wrinkle v. Watson48 the court found a lack of patentable
invention under any view of the criteria established by the new
act.

Vincent v. Suni-Citrus Products Co.49 is another case where
the court expressly found the Patent Act inapplicable. Yet al­
though the court believed the act was essentially a codification,
it also recognized the need for uniformity in lower court decisions. It further referred to the codification of a "better" view on patentability. This again illustrates the weakness in attempting to solve the problem by calling the act a codification or a revision. Some circuits have been more favorable toward patents than others. The Fifth Circuit, which decided the *Suni-Citrus* case, is one of those which has been favorable to patents.\(^{50}\) The degree of change wrought by section 103 must be determined with respect to these pre-existing views. For this reason neither *Interstate Rubber Products Co. v. Radiator Specialty Co.*\(^{51}\) nor *Application of O'Keefe*\(^{52}\) can be considered strong authority for the proposition that section 103 contemplates no change in patentability. The latter case was decided by the Court of Customs and Patent Appeals which has never recognized the "new doctrinal trend."\(^{53}\) In the *Interstate* decision the Court of Appeals for the Fourth Circuit speaks of codification of a standard that has been used for one hundred years. In view of the favorable attitude of that court toward patents it is probably true that no change was intended with respect to their former decisions, which have been fairly consistent for that period.\(^{54}\)

Thus it may safely be said that prior to 1955, although all indications were that the 1952 Patent Act would be interpreted as making no change in the standard of patentability to be applied by the courts, there was no direct court of appeals decision so holding.

IV. Effect of Bausch & Lomb Decision

Judge Learned Hand's decision in *Lyon v. Bausch & Lomb Co.*\(^{55}\) was the first judicial recognition that Congress intended to restore the classical tests of patentability from which the courts had departed to some extent in the preceding twenty-five years. While this writer believes it more likely that Congress intended only to eliminate the influence of the intangible judicial attitude opposed to patents which had caused a harsh application of the

\(^{50}\) See S. Hearings before Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary on the American Patent System, 84th Cong., 1st sess., p. 178 (1955). For the period from 1948 to 1954, a review of percentage of patents held valid and infringed showed the following: 4th Cir., 37%; 5th Cir., 36.7%; 9th Cir., 24.5%; 10th Cir., 21.9%; 7th Cir., 19.0%; 6th Cir., 15.4%; 1st Cir., 11.5%; 8th Cir., 8.4%; 3d Cir., 7.5%; 2d Cir., 2.6%.

\(^{51}\) (4th Cir. 1954) 214 F. (2d) 546.

\(^{52}\) (C.C.P.A. 1953) 202 F. (2d) 767.

\(^{53}\) In re Shortell, (C.C.P.A. 1944) 142 F. (2d) 292.

\(^{54}\) See note 50 supra.

\(^{55}\) Note 6 supra.
old standards, this decision nevertheless restores the promise originally seen in section 103. It remains to be seen whether this decision will have any persuasive effect on other courts.

Although the opinion has received great notoriety, it is too early to determine its fate. The "somewhat more lenient standard" seems to have run into difficulty in the Second Circuit where it originated. Three recent cases have held patents invalid while ostensibly, though somewhat reluctantly, applying that standard. In a fourth case, Judge Frank, who wrote the opinion, stated that he had serious doubts about the correctness of the ruling. The Court of Appeals for the Sixth Circuit had an opportunity to reexamine its dicta in General Motors Corp. v. Estate Stove Co., but reaffirmed its earlier position without considering Judge Hand's decision. Similarly, the Seventh Circuit has ignored the decision in finding nothing novel in section 103.

On the other hand, the District of Columbia Circuit, referring to Bausch & Lomb, stated that it could "... safely assume that the Patent Act of 1952 was intended to restore 'the law to what it was when the court announced the definition of invention.' " The Tenth Circuit, although not referring to the Bausch & Lomb decision, indicated a similar feeling when it said, "It may well be that the Congress intended to roll back the philosophical standards of patentability typified by Cuno Engineering Corp. v. Automatic Devices Corp., ... and Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Co. ..."

At present the decision appears to have had its most pronounced effect in the Third Circuit. Prior to Judge Hand's decision, that court in dicta had considered section 103 a codification, causing no change in the standard of patentability. In R. M.

59 Vermont Structural Slate Co. v. Tatko Brothers Slate Co., (2d Cir. 1956) 233 F. (2d) 9 at 11, n. 3.
60 Note 45 supra.
64 Blish, Mize and Silliman Hardware Co. v. Time Saver Tools, Inc., (10th Cir. 1956) 236 F. (2d) 913 at 915.
Palmer Co. v. Luden’s, Inc.\textsuperscript{66} the court has at least modified its position, if not reversed it. The court felt that in view of the statements that the act was a codification, declarations that it “changed” the law were “perhaps” too strong. Nevertheless, Judge Kalodner, speaking for the majority of the full court, felt inclined to accept Judge Hand’s observations that there was a judicial tendency to expect an indefinite “more” within the old standards. He realized that the extent of the change wrought by section 103 depended upon the court’s pre-existing view on patentability, but did not indicate how this affected that court’s prior views.\textsuperscript{67} He was impressed by the congressional desire to stabilize the law and the inclusion of the presumption of validity in the statute. It appeared to him that the presumption was intended to achieve the stabilizing effect. Whether the case should be limited to a strengthening of the presumption of validity or whether it also indicates some relaxation of the courts’ harsh views on patentability is still in doubt.\textsuperscript{68}

V. The Future

The only statement that can be made with unquestioned accuracy about the standard of patentable invention is that it presents one of the most difficult problems in the law. Being subjective in nature it requires some value judgments and presents wide opportunities for variance. Prior to 1952 many courts indicated an attitude opposed to the basic philosophy of the patent system, which expressed itself in a harsh application of the standard of patentable invention. Congress was aware of this fact when it enacted the 1952 Patent Act and attempted to alleviate the problem and stabilize the law by including section 103 which codified language used in some prior cases. Until 1955 it appeared that the hope foreshadowed by the act would be extinguished by misconceived judicial interpretation. While the Bausch & Lomb decision and those which follow it again renew this hope, they do not represent an elixir. Taken literally they merely refer one to prior judicial statements defining a vague and

\textsuperscript{66} (3d Cir. 1956) 236 F. (2d) 496.

\textsuperscript{67} See note 50 supra. It would appear that this court previously entertained a very harsh attitude toward patents.

\textsuperscript{68} In Newburg Moire Co. v. Superior Moire Co., (3d Cir. 1956) 111 U.S.P.Q. 126, it was cited as stating a standard of patentability. It is not clear, however, what standard was set.
indefinite standard. They do not eliminate the uncertainty of the standard or prevent judicial determinations based on an individual judge’s philosophy toward the patent system.

Congress again has indicated an awareness of the problem. In 1955 the O'Mahoney Subcommittee of the Senate began a study of the patent laws and their operation. One of the principal concerns of that study has been the standard of patentability. The committee has expressed concern over the problem of the great divergence between an issued patent and a valid patent. Two principal types of solutions have been suggested. The first would eliminate the inventive concept as a prerequisite to patentability and establish a recording system similar to the copyright law. The second would replace the subjective test of patentability with an objective test. Neither approach has been generally accepted, the former because it misplaces the emphasis of the patent system and the latter because it introduces too much rigidity into the system. Yet, while there is a desire to keep flexibility in the standard of patentability, there is also a demand in some quarters for “freshly defined criteria of invention.”

What the ultimate results of the O'Mahoney Subcommittee's study will be is not certain. Several private research studies for that subcommittee are still in preparation. It is clear, however, that the subcommittee stands behind the basic philosophy of the patent system. It is this writer’s belief that the basic problem lies not in

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69 See Smith, “Recent Developments in Patent Law,” 44 Mich. L. Rev. 899 (1946), for exposition of the view that the “new doctrinal trend” was but a reversion to stricter standards of an earlier period.

70 The Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary of the Senate.


the standard of patentable invention but in this philosophy toward patents and the patent system. If the problem is going to be solved, it will not be by a statutory definition of invention, but by a thorough understanding of the operation of the patent system and a realization by those who apply the laws that the patent laws are not inconsistent with the antitrust laws and that there are independent realms of protection granted by each. In this respect the congressional study may lead to a clarification of the confused standard of patentable invention.

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