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JUDICIAL LEGISLATION—PATENT LAW—HAS THE DOCTRINE OF CONTRIBUTORY INFRINGEMENT BEEN REPUDIATED?

When leaders quarrel the rank and file may flounder; and, in their recent decision of Mercoid Corp. v. Mid-Continent Investment Co., the justices of the Supreme Court have created confusion for lawyers. Four of the seven opinions clearly express intent to promulgate a new rule of law; two deny that intent; one is indefinite; and the purpose of the Court as a whole is left in doubt. Though the decision affects only the patent law, the process of decision concerns every lawyer.

It has long been the accepted rule that, when actionable infringement of a patent occurs, anyone who consciously and purposely aids in

1 (U.S. 1944) 64 S. Ct. 268, 88 L. Ed. 262.
the infringement is himself liable for what is commonly called "contributory" infringement. The rule is nothing anomalous, of course; it is the conventional doctrine respecting torts. As one court put it, "In dealing with this subject of contributory infringement, it might be observed that we are dealing with a phase of the general subject of torts. An infringer is a tort-feasor. A contributory infringer is one whose action contributes to the infringement." In the Mercoid case the Supreme Court seems to have thrown this well-established rule into the discard, without explanation or examination of its merits.

The proceeding began with suit by Mid-Continent Investment Co. against Smith, alleging infringement by defendant of a patent owned by plaintiff. The invention was the combination in a heating system, of a combustion chamber, means for feeding fuel thereto, a thermostatic switch designed to start or stop operation of the fuel feeding mechanism as room temperature changes, and another thermostatic switch designed to start operation of the fuel-feeding mechanism, regardless of room temperature, should furnace temperature fall so low as to indicate need for refueling. No one of these four elements, combustion chamber, feeding mechanism, or either switch, was patented; the invention was the combination of the other three with the furnace-temperature operated switch. On an issue of the validity of the patent, wherein it was admitted that the several parts of the combination were individually old and unpatentable, the patent for the combination itself was declared valid by both the trial and appellate courts, and the defendant was held guilty of infringement.

A year or so later, Mid-Continent sued the Mercoid Corporation for contributing to infringement of that same patent. Mid-Continent, although owner of the patent, did not itself manufacture the patented combination, but had made the Minneapolis-Honeywell Regulator Company its exclusive licensee, and that company was brought into the case as a party plaintiff. The defendant, Mercoid Corporation, had admittedly sold thermostatic switches to manufacturers of the patented

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2 Leeds & Catlin Co. v. Victor Talking Machine Co., (No. 2), 213 U.S. 325, 29 S. Ct. 503 (1909); Fehr v. Activated Sludge, Inc., (C.C.A. 7th, 1936) 84 F. (2d) 948, "Municipal sewage plant extension contractors, supplying materials and work with knowledge of and intent to aid in city sewage commission's infringement of sewage purification patents, held liable as contributory infringers" (Syll.); Lincoln Engineering Co. v. Stewart-Warner Corp., (C.C.A. 7th, 1937) 91 F. (2d) 757, "The supplier of an element in a valid combination embodied in a patent might be guilty of infringement, though element was not patentable, and was old. . . . An infringer and a contributory infringer are tort-feasors" (Syll.).


4 Smith v. Mid-Continent Investment Co., (C.C.A. 8th, 1939) 106 F. (2d) 622. Smith's defense in these proceedings had been provided by the Mercoid Corp., although the latter did not appear as a party in the case.
combination with knowledge that they were to be used in the combination without permission of the patentee. Thus, if the manufacturers were in truth infringers, Mercoid was a contributory infringer, and was sued as such.

Just what constitutes "infringement," as distinct from impliedly authorized and therefore legitimate "repair" of a patented device or combination, has always been an exceedingly difficult problem for the courts. The precise line of distinction has not been drawn and, as a rule of law, probably never can be drawn. The general, broad differentiation is that "durable parts and elements of a patented combination may be mended or repaired, but not replaced, and quickly perishable or consumed elements may be replaced." "To go beyond such mending is reconstruction and infringement." It would have been logically possible, though hardly sound factually, for the Court, in the Mercoid case, to have dismissed the plaintiff's action on the ground that the switches supplied by defendant were legitimate "repair" parts only, hence no "infringement" had occurred. Then, since there was no infringement, there could have been no contributory infringement. There is not the slightest suggestion of such reasoning in the Court's opinions, however.

Another possible and clearly applicable reason for a decision adverse to the plaintiff is the well-established rule that a patentee who attempts by the terms of his licenses to monopolize materials not covered by his patent loses his right in equity to any remedy against infringers. This rule had its inception when Henry v. A. B. Dick Co. was overruled in Motion Picture Patents Co. v. Universal Film Mfg. Co. Rightly or wrongly, beginning with the Motion Picture decision, judicial notions of wise economic policy have been asserted as premises, without pretense of supporting data or real evaluation, affirmed, reasserted, and extended to the point that a patentee who attempts to restrict permissible use of his invention to some related use of un-


6 224 U.S. 1, 32 S. Ct. 364 (1912).

The previous doctrine of the Dick Co. decision had been upset by "distinction" in Bauer v. O'Donnell, 229 U.S. 1, 33 S. Ct. 616 (1912). That the distinction was virtually an overruling is obvious from the fact that the four majority judges in the Dick case—only seven took part—were all opposed to the decision in Bauer v. O'Donnell, and the majority in that later case included the three dissenters of the earlier one.
patented materials finds himself unable to enforce contracts embodying the limitation. He is not only without remedy against licensees who thumb noses at the license limitations, but is even precluded from action against outright infringers who make no pretense of ever having been licensees. The ultimate effect of these progressive decisions has been practically to deprive a patentee who attempts to limit his licensees' use of unpatented materials of all value of his patent. Obviously, where there is no enforceable right against a primary infringer there can be none against contributory infringers. They are the necessarily non-existent relations of the little man who is not there.

In the Mercoid case, the trial court found as a fact that Mid-Continent and Minneapolis-Honeywell had tried to monopolize unpatented switches by restricting their licensees to use, in the patented combination, of switches bought from Minneapolis-Honeywell. On this finding of fact the court followed established law in refusing remedy to the plaintiffs. The circuit court of appeals, however, expressly repudiated this finding of fact, saying,

"...the District Court erred in holding that Mid-Continent's method of doing business with respect to the patent is the practical equivalent of granting a written license with the condition that the patented system may be practiced only with combustion stoker switches purchased from Mid-Continent's licensee, and in further holding that such conduct amounted to an unlawful combination in restraint of trade ... and an attempt on their part to suppress competition."

"We think the District Court's holdings in this respect are erroneous." The district court's premise for denying plaintiff's remedy against the contributory infringer having been thus cut from under its reasoning, its decree was reversed; there was, in fact, no reason why plaintiffs

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11 Mid-Continent Inv. Co. v. Mercoid Corp., (C.C.A. 7th, 1943) 133 F. (2d) 803 at 810.
should not recover if the appellate court’s finding of fact were accepted. But the Supreme Court, in its turn, declared that “There was ample evidence to sustain the findings of the District Court that respondents endeavored to use the license agreement so as to prevent the sale or use of combustion stoker switches in these heating systems unless they were the switches made by Minneapolis-Honeywell and purchased from it or its sub-licensees.” Accordingly that Court affirmed the district court’s action in refusing relief to the plaintiffs.

Thus far, therefore, the decision was wholly conventional; in full accord with the well-established precedents. Defendant might unquestionably have contributed to an undeniable actual infringement, yet have been held not liable because of plaintiff’s unlawful attempt to monopolize unpatented materials. And there the whole matter could be rested, were it not for contrary assertions by the several justices. If these be taken at face value, the decision was intended to go further and to repeal, as it were, the whole doctrine of contributory infringement.

Justice Frankfurter expressly concurs in the proposition that a patentee who attempts to monopolize unpatented materials will be given no relief against infringers of his patent, nor against persons who supply the infringers with materials for such a purpose. But having said that, he goes further and, without making clear his reason for so asserting, he charges the majority with having gone out of its way to abolish the contributory infringement rule. He writes:

“To be sure, the doctrine of contributory infringement may be misconceived and has been misapplied. That is the fate of all shorthand statements of complicated ideas, whether in law or in the natural sciences. But the misapplication of a formula into which a complicated idea is compressed and thereby mutilated is a poor excuse for rejecting the idea. It will be time enough to define the appropriate limits of the doctrine of contributory infringement when we are required to deal with the problem. Until then litigants and lower courts ought not to be embarrassed by gratuitous innuendoes against a principle of the law which, within its proper bounds, is accredited by legal history as well as ethics. The long and on the whole not unworthy history of our judicial administration admonishes us against expressing views on matters not before us. The history of this Court especially admonishes us against the evils of giving opinions not called for... The duty of not going beyond the necessities of a case is not a lifeless technicality. The experience of centuries is behind the wisdom of not deciding, whether explicitly or by atmospheric pressure, matters that do not come to the Court with the impact of necessity.”

12 Mercoid Corp. v. Mid-Continent Inv. Co., 64 S. Ct. 268 at 277.
One might fairly assume this to have been no more than an unjustified slap at a majority opinion which he had misconceived. Certainly the opinion of Justice Douglas does no more than rest on the conventional rule; nothing therein could be used as authority for any proposition that a patentee who does not attempt to monopolize unpatented material will be refused remedy against either infringer or contributory infringer. The doctrine of contributory infringement was not necessarily involved in the particular case and was not repudiated, either expressly or in fact, by the Douglas opinion. But Justice Black’s reply to the Frankfurter charge precludes the possibility of dismissing the charge as mere surplusage.

Justice Black makes it clear that whatever Douglas had in mind, he himself did intend to throw into the discard the whole preexisting and well-established rule of contributory infringement. Slapping back at Justice Frankfurter, he says,

“... It seems to me that the judicial error of discussing abstract questions is slight compared to the error of interpreting legislative enactments on the basis of a court’s preconceived views on ‘morals’ and ‘ethics.’

“If there is such a wrong as contributory infringement, it must have been created by the federal patent statutes. Since they make no direct mention of such a wrong, its existence could only be rested on inferences as to Congressional intent. In searching for Congressional intent we ordinarily look to such sources as statutory language and legislative history. The dissent in question mentions neither of these guides; in fact, it mentions no statute at all. Instead, the chief reliance appears to be upon the law of torts, a quotation from a decision of a lower federal court which held that no infringement was shown, and the writer’s personal views on ‘morals’ and ‘ethics.’ Not one of these references, unless it be the latter, throws enough light on the patent statutes to justify its use in construing these statutes as creating, in addition to a right of recovery for infringement, a more expansive right judicially characterized as a ‘formula’ of ‘contributory infringement.’ And for judges to rest their interpretation of statutes on nothing but their own conceptions of ‘morals’ and ‘ethics’ is, to say the least, dangerous business.

“... With this in mind, I wish to make explicit my protest against talking about the judicial doctrine of ‘contributory infringement’ as though it were entitled to the same respect as a universally recognized moral truth.”

Apparently, then, in Justice Black’s philosophy, the tort of in-

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13Id. at 274-275.
fringement, unlike other torts, does not involve in liability those who consciously and purposely contribute to its commission. Justice Murphy specifically concurred in the Black opinion, and presumably, therefore, in its proposition of law.

Justice Jackson in his turn asserts that any patent for a combination creates “an abstract right in an abstruse relationship between things in which individually there is no right—a legal concept which either is very profound or almost unintelligible, I can not be quite sure which.”

So he concludes, “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—whatever such a totality may be worth.” This conclusion, whether itself very profound or almost unintelligible, is at least what Max Beerbohm might have called “inenubilous.” But apparently Justice Jackson, wondering if the Court ought not to repudiate also the established law of patentability of a combination, does repudiate the doctrine that infringement of a valid combination patent can be participated in by persons who assist the infringer and thereby contribute to the infringement.

Perhaps the situation is saved by the opinion of Justice Roberts, Justice Reed joining, that the decision as a whole indicates no more than the old rule, that “if the purchaser and user could not be amerced as an infringer certainly one who sold to him . . . cannot be amerced for contributing to a non-existent infringement.”

Nevertheless, that was not the opinion of Justice Black, nor of Justice Murphy concurring, nor, apparently of Justice Jackson. Neither was it Justice Frankfurter’s notion of what the majority opinion stands for. Thus we have four of the six justices who expressed themselves on the matter declaring that the decision upsets the long established doctrine that one who contributes to infringement of a valid patent is himself liable to the patentee. If the Court, as a court, really intended so drastic and definite a change in the law, it is most unfortunate that the legislation should have been promulgated through personal, individual opinions, without any presentation of justifying data, evaluation of merits, or explanation of motive. But if, on the other hand, the Court had no intent to do what its individual members say it intended, one must regret that its personal dissensions should give rise to such uncertainty.

“I think,” opined Justice Roberts, “the opinion may create confusion respecting contributory infringement.”

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14 Id. at 277. 16 Id. at 275.
15 Id. at 278. 17 Id. at 275.

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