

October 1976

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Recommended Citation

Homer J. Schneider, *Patent Law*, 53 Chi.-Kent L. Rev. 408 (1976).

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PATENT LAW

HOMER J. SCHNEIDER*

The 1975-1976 term of the Court of Appeals for the Seventh Circuit marked a continued progress in the field of patent law in delineating guidelines for determination under 35 U.S.C. § 103¹ of obviousness or unobviousness, the ultimate question in resolving patentability. The term also marked a continued attempt to require trial court adherence to the factual inquiry steps set forth by the United States Supreme Court a decade ago in *Graham v. John Deere Co.*² This past term also was very much the year of Justice Stevens, who, as Judge Stevens, wrote a disproportionately large number of the patent opinions (four). These opinions are destined for more than usual attention in view of his elevation to the United States Supreme Court. Judge Stevens also filed the only dissenting patent opinion this year.³ If there is a replacement for the place vacated by Justice Stevens, it is Judge Tone, also the author of four patent opinions this year.

The 1975-1976 term involved seventeen patent-related decisions,⁴ although some were procedural or otherwise peripheral to substantive patent law issues. Statistics might be arranged to support the argument that the Court of Appeals for the Seventh Circuit advances the tougher or less "liberal" approach to patentability.⁵ It seems more accurate and significant to observe that the Seventh Circuit is an experienced patent law court whose judges have not fused their proclivities as to warrant either a pro- or anti- patent label for the court as a whole. Perhaps most significantly, the Seventh Circuit has been conscientious enough to deliver quality as well as quantity in patent opinions.

35 U.S.C. § 103 AND THE JUSTICE STEVENS LEGACY

The Problem

Most interesting in Justice Stevens' substantial patent legacy to the

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1. 35 U.S.C. § 103 (1970). The text of section 103 appears at note 7 *infra*.

2. 383 U.S. 1 (1966).

3. *Feed Serv. Corp. v. Kent Feeds, Inc.*, 528 F.2d 756, 764 (7th Cir.), *cert. denied*, 97 S. Ct. 183 (1976).

4. The 1975-1976 patent opinion term for the purposes of this review began with *E-T Indus., Inc. v. Whittaker, Corp.*, 523 F.2d 636 (7th Cir. 1975), *cert. denied*, 97 S. Ct. 182 (1976), decided Sept. 25, 1975, and ended with *Louis A. Grant, Inc. v. Keibler Indus., Inc.*, 191 U.S.P.Q. (BNA) 424 (7th Cir. 1976) decided July 14, 1976. All cases with patent-related issues were included in the count and all are noted in the text of this article.

5. Sprowl, *Patent Law*, 51 CHI.-KENT L. REV. 527, 527 (1974).

Seventh Circuit last term was his attempt in *E-T Industries, Inc. v. Whittaker*⁶ to help trial courts make better use of the United States Supreme Court's guidelines for nonobviousness than the Court has itself. Under 35 U.S.C. § 103,⁷ a new and useful invention to be patentable must not have been obvious at the time it was made to a person of ordinary skill in the art. The unobviousness condition codified one of the judicial glosses placed on the word "invention" in the pre-1952 statutes, which required only that an "invention" be new and useful to be patentable.⁸ Section 103 was designed to regularize the patentability determination. While the therapy has kept the patient alive, it has not restored him to health.

The requirement of standing in the shoes of a person of ordinary skill in the art before the invention was made, without being prejudiced by the present knowledge of the invention, creates almost insuperable difficulties.⁹ The most reliable judicial method of determining obviousness or non-obviousness developed prior to the Patent Act of 1952.¹⁰ Judges would attempt to immerse themselves in the state of the art as it actually existed at the time of the invention and become conversant in a field of technology which may have been entirely foreign to them.¹¹ This is neither a quick nor simple process. The United States Supreme Court's verbal prescription for this approach to 35 U.S.C. § 103 appeared in 1966 in *Graham v. John Deere Co.*,¹² a decision which construed section 103 for the first time since its enactment in 1952. The following excerpt is the most recited in modern patent opinions:

6. 523 F.2d 636 (7th Cir. 1975), *cert. denied*, 97 S. Ct. 182 (1976).

7. 35 U.S.C. § 103 (1970) reads in pertinent part:

A patent may not be obtained . . . 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.

8. The evolution of the obviousness test is recounted in *Graham v. John Deere Co.*, 383 U.S. 1, 10-17 (1966). *Hotchkiss v. Greenwood*, 52 U.S. (11 How.) 248 (1850), is credited with the origin of the condition for patentability of "more ingenuity and skill . . . than were possessed by an ordinary mechanic acquainted with the business." *Id.* at 267.

9. Inventions that are in fact not new may well not be obvious to a real world person of ordinary skill in the art; the hypothetical person of the unreal world of 35 U.S.C. § 103 is presumed to have all prior knowledge of the relevant arts available to him. Justice Stevens has noted the conceptual difficulty of a hypothetical ordinary person having such an extraordinary background. *Malsbary Mfg. Co. v. Ald, Inc.*, 447 F.2d 809, 813 (7th Cir. 1971) (dissenting opinion). A basis for conceptualizing the inventor's presumed full knowledge of the prior art in his field of endeavor under section 103 was suggested by Judge Rich of the Court of Customs and Patent Appeals. He pictured the inventor as working in his shop with the prior art references hanging on the walls around him. *In re Winslow*, 365 F.2d 1017, 1020 (C.C.P.A. 1966). Judge Rich later emphasized that the investor was not to be presumed to have full knowledge of prior art outside his field of endeavor, but only to have the ability to select and utilize such knowledge as would be expected of a man of ordinary skill in the art to which the inventive subject matter pertains. *In re Antle*, 444 F.2d 1168, 1171-72 (C.C.P.A. 1971).

10. 35 U.S.C. §§ 1-293 (1970).

11. *E.g.*, *Reiner v. I. Leon Co.*, 285 F.2d 501, 504 (2d Cir. 1960), *cert. denied*, 366 U.S. 929 (1961).

12. 383 U.S. 1 (1966).

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.¹³

This fact-finding procedure establishes the relevant background facts for making the obviousness/nonobviousness choice; the choice itself is a legal conclusion.¹⁴ The procedure for weighing the factual data to arrive at the correct legal conclusion remains unstated. The difficulty in promulgating rules for recognizing the unobvious is apparent, but the problem has been amplified by the attractiveness of catch-phrase substitutes which oversimplify an inevitably difficult test.¹⁵

*The E-T Industries Rebuttable Presumption of
Obviousness—An Approach to "Combination" Patents*

In *E-T Industries*, Judge Stevens attacked the problem of evaluating the so-called "combination invention."¹⁶ Most inventions are viewed as combinations of recognizable elements because of the legal requirement that the patentee define his invention in words which describe means or steps rather than advantages or differences.¹⁷ If the invention is analyzed in terms of separately known elements and the description of the invention removes any mystery as to how the elements cooperate, the almost inevitable hindsight view of the invention is that it must have been obvious.¹⁸ The Seventh Circuit

13. *Id.* at 17. The next two sentences of the opinion are a center of controversy: Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.

Id. at 17-18. Does "secondary" mean secondary in order of consideration or secondary in importance? Suffice it to say that, for the purposes of this article, the problems in employing the three-step direction of the first quoted portion of the opinion to reach a legal determination have not been resolved by a consensus on the applicability of the latter quoted portion.

14. *E-T Indus., Inc. v. Whittaker Corp.*, 523 F.2d 636, 641 (7th Cir. 1975), *cert. denied*, 97 S. Ct. 182 (1976).

15. The "flash of creative genius" requirement in *Cuno Eng'r Corp. v. Automotive Devices Corp.*, 314 U.S. 84 (1941), *modified*, 314 U.S. 587 (1942), exemplifies the judicial rhetoric to which the Patent Act of 1952 responded. The Court in *Anderson's-Black Rock Inc. v. Pavement Salvage Co.*, 396 U.S. 57 (1969), still looked for a "synergistic effect" in which the effect of the whole was greater than the sum of its parts.

16. 523 F.2d at 641-42.

17. 35 U.S.C. § 112 (1970) reads in pertinent part: "The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention."

18. The most devastating precedent, from the standpoint of the inventor whose invention is perceived as a new combination of old elements, is still the *A & P* case, *Great Atlantic & Pacific Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147 (1950), in which the court stated that "[c]ourts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements." *Id.* at 152. Justices White and Brennan provided the most recent indication of Supreme Court views on the subject in a dissenting opinion to the denial of a petition for writ of certiorari in *Roanwell Corp. v.*

Court of Appeals, in *E-T Industries*, made the assumption that the combination of known elements seemed obvious upon inspection.¹⁹ The invention at issue involved a car wheel with radial slots for carrying any of a family of fitted inserts with hole locations to match the mounting bolt radius circle of a particular auto make. The court of appeals analyzed the legal conclusion of nonobviousness of the combination made by Judge McLaren in the district court as resting on the finding that "Beith [the inventor] went in a direction opposite to the direction that was taken by those having ordinary skill in the art" by risking weakening of the wheel structure in order to make the relatively large openings for carrying the inserts.²⁰ The appellate court then framed the correct legal test to be followed after a trial court makes the *Graham*²¹ factual findings:

[t]hat judgment involves a three-step consideration: first, whether each element of the invention is obvious; second, if so, whether the combination is obvious; and third, if the combination seems obvious in itself, whether the rejection of the contrary teaching in the prior art requires a different conclusion.²²

The court of appeals concluded that the inhibition against enlarging holes in a structural member was not a controlling teaching of the prior art.²³ There were also teachings that modifications could be made in design or material strength to overcome the loss of strength due to large wheel apertures. The district court had therefore fatally erred in its assessment of the prior art facts and its decision was reversed.²⁴

The immediate significance of the *E-T Industries* precedent is the explicit warning that *United States v. Adams*²⁵ is to be restrictively construed. *Adams* was decided concurrently with *Graham* and is the only modern United States Supreme Court case in which patent validity has been upheld. In *Adams*, the various battery elements of the patented combination were long known but the prior art taught that such a type of combination was so useless as to deter investigation of the Adams combination until Adams did so.²⁶ There may or may not be a danger that *Adams* will be used as a peg on

Plantronics, Inc., 192 U.S.P.Q. 65 (BNA) (U.S. Dec. 6, 1976) (No. 76-488). The Court of Appeals for the Second Circuit had affirmed a judgment of patent validity by a district court which had "made no finding that the combination produced a synergistic or other nonobvious result." *Id.* at 65 (dissenting opinion). The tenor of the dissent is reflected by the following language: "When a device consists of a mere aggregation of segments of the prior art, there is an increased danger that a patent will withdraw into its monopoly what is already known and add nothing to the sum of useful knowledge." *Id.*

19. 523 F.2d at 636.

20. *Id.* at 640.

21. See text accompanying note 13 *supra*.

22. 523 F.2d at 641. The first step appears to be surplusage, or at least to depend upon an unstated definition of the invention elements.

23. *Id.* at 643.

24. *Id.*

25. 383 U.S. 39 (1966).

26. *Id.* at 45-48, 51-52.

which to hang spurious contrary-to-the-art unobviousness arguments. The far greater danger may lie in the court's tacit approval of a superficial pre-judgment of obviousness in the second step of the *E-T Industries* test.

The Subsequent Treatment of E-T Industries by the Court

Following Judge Stevens' departure, the Seventh Circuit cited *E-T Industries* in deciding *Airtex Corp. v. Shelley Radiant Ceiling Co.*²⁷ and *Pederson v. Stewart-Warner Corp.*²⁸ By the time of the *Pederson* decision, the United States Supreme Court, in *Sakraida v. Ag Pro, Inc.*,²⁹ reversed, more or less out-of-hand, a decision by the Court of Appeals for the Fifth Circuit which held valid a patent characterized as a new combination of old elements. *Sakraida* confirmed to cynics that the *Graham* procedure meant little so long as a judgment of invalidity confirmed that a "strict" legal test for patent validity had been applied. But the greater failure of *Sakraida* is that it offered to lower courts no rule of law for dealing with the problems of administering the law affecting the obviousness/nonobviousness determination.

In *Airtex*, the court of appeals affirmed the district court's holding that the *Airtex* patent was invalid for obviousness.³⁰ *Airtex* had patented a radiant heating and cooling panel in which the copper tubing carrying the heating or cooling liquid was soldered rather than mechanically fastened or resin-bonded to the reverse side of an aluminum ceiling panel. Solder would predictably provide the desired superior heat transfer; the problem had been the manufacturing side effects of the soldering operation. The appellate court, speaking through Judge Castle, applied the three-step *E-T Industries* test.³¹ Since the elements as analyzed were individually old, there was no need of a first step determination. Applying the second step, the court held that the combination of the elements was "unequivocally" obvious.³² Applying the third step, the court asserted that the problem of panel flatness distortion associated in the past with the difference in thermal expansion of the different metals in a non-yielding soldered bond was not so serious as to deter investigation. In other words, the prior art itself indicated that the problem was not insurmountable and that it was not purposeless to attempt to surmount it.³³

In *Pederson*, Judge Tone affirmed the lower court holding of patent

27. 536 F.2d 145 (7th Cir. 1976).

28. 536 F.2d 1179 (7th Cir. 1976).

29. 425 U.S. 273 (1976).

30. 536 F.2d at 156.

31. *Id.* at 150; see text accompanying note 22 *supra*.

32. *Id.* at 150-51.

33. *Id.* at 151-52.

invalidity.³⁴ *E-T Industries* was cited merely for the proposition that “obviousness is a question of law,”³⁵ and the *Graham* three-step approach was acknowledged as the first determination to be made pursuant to the new United States Supreme Court decision in *Sakraida*.³⁶ This decision clarifies to an extent what the Seventh Circuit once called a mixed question of fact and law.³⁷ However, the manner in which the law is to be applied to the facts or in which the facts are to be weighed remains to be comprehensively prescribed.

A Side Excursion—Juries in Patent Cases

Pederson invites a brief excursion into the subject of juries in patent cases. By and large, courts have been reluctant to entrust to juries the task of relating an indefinite law of patents to an unsorted fact matrix.³⁸ *E-T Industries* and *Pederson* can be interpreted as a signal to Seventh Circuit trial judges that juries are to have more limited roles in patent cases than indicated by such Seventh Circuit precedents as *Panther Pumps & Equipment Co. v. Hydrocraft, Inc.*³⁹ In *Pederson*, Judge Decker in the trial court entered judgment for the defendant notwithstanding a jury verdict of validity and infringement.⁴⁰ The patent centered on a mechanism for coupling the flexible drive shaft of a snowmobile tachometer through a gear train to a conical bushing inserted in the end of the hollow drive shaft of the snowmobile. The prior art showed the elements to be old, but the speed indication had not previously been taken directly off a drive shaft nor had the elements been precisely combined as in the patent. Whatever the merits of the plaintiff’s invention, however, the opinions of neither the district court nor the court of appeals reflect much appreciation of a problem solved or advantage gained.

The plaintiff-appellant in *Pederson* argued that Judge Decker, in taking the case away from the jury, erred in failing to make a finding as to the level of ordinary skill in the art.⁴¹ The court of appeals ruled that the burden had been

34. 536 F.2d at 1183.

35. *Id.* at 1180.

36. *Id.*

37. *Armour & Co. v. Wilson & Co.*, 274 F.2d 143 (7th Cir. 1960). The court in *Armour*, sitting en banc, stated that “[w]e look at the findings of fact as to invention in the way that such factual determinations are generally reviewed. We examine the standard of invention applied to the facts as we had done in other areas.” *Id.* at 157 (original emphasis).

38. See generally Zarley, *Jury Trials in Patent Litigation*, 20 DRAKE L. REV. 243 (1970); *Pederson v. Stewart-Warner Corp.*, 536 F.2d 1179 (7th Cir. 1976) (the court, while recognizing the right to entrust factual determinations to a properly empaneled jury, re-enunciated the rule that a final determination of “obviousness” rests with the court).

39. 468 F.2d 225 (7th Cir.), cert. denied, 411 U.S. 965 (1972). In *Panther Pumps*, the jury’s general verdict that the plaintiff’s patents were valid and infringed was affirmed. The result would seem to speak more loudly than Judge Stevens’ observation in *Panther Pumps* that patent lawyers have “wisely avoided” jury trials. *Id.* at 228 n.9.

40. 400 F. Supp. 1262, 1270 (N.D. Ill. 1975).

41. 536 F.2d at 1181.

on the plaintiff to ask the trial court to submit an appropriate special interrogatory to the jury,⁴² even though under *Panther Pumps* the trial court's refusal to submit special interrogatories was affirmed as within the trial court's discretion.⁴³ Yet if the jury's general verdict of validity is presumed to be supported by factual findings under *Graham* favorable to that verdict, further ground rules ought to be set before courts enter judgments notwithstanding the jury's verdict. Perhaps an increase in jury trials would result in compelling further judicial legislation in the obviousness area in composition of jury instructions notwithstanding the court's suggestion in *Panther Pumps* that jury trials are wisely avoided in patent litigation. Whether or not *E-T Industries* was a successful attempt to bridge the gap between the *Graham* findings and the legal conclusions, the attempt was essential. The basic problem is the unsatisfactory and incomplete statement of the law and not whether it is applied to the facts by a jury rather than a judge.

OTHER SECTION 103 OPINIONS THIS YEAR

A Very Few Statistics

In view of the present state of the law and the heavy case load of the court, the question of the depth of appellate review to be expected of obviousness/nonobviousness determinations is an especially interesting one, particularly when the *Graham* steps have been recited in the lower court opinion. Six Seventh Circuit section 103 opinions last term, in addition to *E-T Industries*, *Airtex*, and *Pederson*, are informative.

Statistics are not as good a measure of judicial attitudes concerning the obviousness/nonobviousness determination as are the cases themselves. Nevertheless, considering the three cases previously discussed and the six others to be reviewed, a demonstration of numerically even-handed justice in the Seventh Circuit is evidenced: in five cases, the patent rights were below held valid, in four, invalid. Four of the five validity judgments were affirmed, as were all of the invalidity judgments. Perhaps better indicating judicial attitudes towards patents, there were no cases in which a holding of obviousness was reversed. The opposite holding, a clear-art reversal of a holding of unobviousness, occurred only once. The statistical lesson for patent litigants at the appellate level is the same old truth, namely, being an appellee is much better than being an appellant.

Cases Affirming Judgments of Nonobviousness

The first of the four decisions which affirmed patent validity did so on a

42. *Id.* It is intriguing to speculate upon the composition of an appropriate interrogatory. What would one ask beyond the *Graham* factual inquiries?

43. 468 F.2d at 228. The trial court in *Panther Pumps* had made it clear that it thought the use of thirty-two interrogatories would confuse the jury. 468 F.2d at 228 n.7.

special basis. In *Mercantile National Bank of Chicago v. Howmet Corp.*,⁴⁴ the surgical device patent held valid below by Judge Eschbach had been previously held valid by the court of appeals against another defendant.⁴⁵ Judge Tone, speaking for the court of appeals, stated that for reasons of stability and judicial economy, the court in the future would limit itself in such cases to considering whether additional facts not previously before the court required a different conclusion.⁴⁶ Thus, in the second challenge, the lower court was not required to repeat the *Graham* three-step factual analysis which had been made in the earlier determination. Furthermore, the party attacking the validity of the patent previously held valid had the burden of persuading the court that a "material distinction"⁴⁷ existed between the case at bar and the earlier one.⁴⁸

The problem of determining whether new evidence is material without reconsidering the entire section 103 issue is not simple. However, the opinion in *Howmet* seems to confirm that the determination of patent validity was conscientiously made. Under developing case law, a first adjudication of patent *invalidity* is approaching an *in rem* invalidity determination.⁴⁹ Thus, it seems only fair that some measure of *stare decisis* operate in adjudications of patent validity decisions. It is crucial to due process that a later defendant has his full day in court. If he establishes significant new facts bearing upon the *Graham* analysis, the validity presumption based upon the earlier validity determinations would seem to have no more weight than has the statutory presumption of validity in the face of significant prior art not considered by the Patent Office.

In *CTS Corp. v. Piher International Corp.*,⁵⁰ validity of one patent under section 103 was affirmed, but the judgment of validity of a second patent was reversed and remanded for a new trial on the "on sale" defense of 35 U.S.C. § 102(b).⁵¹ The style of Judge Stevens' opinion regarding the

44. 524 F.2d 1031 (7th Cir. 1975), *cert. denied*, 424 U.S. 957 (1976).

45. *Mercantile Nat'l Bank of Chicago v. Quest, Inc.*, 431 F.2d 261 (7th Cir. 1970), *cert. denied*, 401 U.S. 956 (1971).

46. 524 F.2d at 1032.

47. *American Photocopy Equip. Co. v. Rovico, Inc.*, 384 F.2d 813, 815-16 (7th Cir. 1967), *cert. denied*, 290 U.S. 945 (1968).

48. 524 F.2d at 1032. In *Columbia Broadcasting Sys., Inc. v. Zenith Radio Corp.*, 537 F.2d 896 (7th Cir. 1976), decided last term and discussed in the text accompanying notes 145-47 *infra*, the court of appeals adopted as its own the opinion below of the late Judge McLaren and held valid a previously litigated patent. While validity under section 103 was not an issue on appeal, the weight to be given a previous finding of validity in a prior suit brought by the patentee against another defendant in another circuit was considered at length by the district court. Specifically, the district court noted that public interest was served by consistent rulings of validity as well as of invalidity and "that a prior finding of validity should be given as much weight as possible consistent with the dictates of due process." 391 F. Supp. 780, 786 (N.D. Ill. 1975).

49. *See Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation*, 402 U.S. 313 (1971).

50. 527 F.2d 95 (7th Cir. 1975), *cert. denied*, 424 U.S. 978 (1976).

51. 35 U.S.C. § 102(b) (1970) provides in part: "A person shall be entitled to a patent

validity of the first patent is in marked contrast to most of his other opinions. The technical fact arguments of the parties are directly addressed without reliance upon precedents or statutes or mention of the respective roles of the trial and appellate courts.⁵² Although the elements of the patented variable resistor were old, the court did not comment on that fact.

The third and, in a way, the most unusual of the four decisions affirming patent validity, is *Feed Service Corp. v. Kent Feeds, Inc.*⁵³ The appeal was from a judgment for plaintiff in a bench trial for infringement of a patent of a liquid feed supplement for cattle featuring urea, a nitrogen source, and alcohol. The proposed findings and conclusions subsequently submitted by plaintiff were adopted in toto by the trial court without opinion.⁵⁴ The defendant did not submit any findings and conclusions. The court of appeals, speaking through Judge Hastings, acknowledged the shortcomings of the trial court procedures and stated: "We . . . do not give them our unqualified blessing," but "[w]e [must] take the case as we find it."⁵⁵ A "qualified blessing" might be the mercifully quick end for the loser. After bench trials in many, if not most, patent cases, both parties proceed to brief whatever fact and law issues are apparent and arrange the mass of evidence admitted "for what it is worth." Almost invariably the parties also submit proposed findings and conclusions without indication from the court of its ultimate conclusions.

In *Feed Service*, the appellate court did not fault the trial court's judgment that the patent was valid. The findings adopted by the trial court recited the *Graham* steps that the prior art lacked any teaching of the alcohol and urea combination and that the court had resolved conflicting oral testimony.⁵⁶ However, the court of appeals reversed the judgment of infringement. Such a judgment is more directly related to the findings of facts than an invalidity judgment and hence is usually more immune from reversal under rule 52(a) of the Federal Rules of Civil Procedure which permits facts to be set aside only if clearly erroneous. On the face of it, construing a patent narrowly enough to save it from invalidity would seem to be the judiciously conservative approach. In reality, however, a narrowly-construed patent may be rendered as worthless by the narrow construction as surely as if it had been found invalid.

The product found by the lower court in *Feed Service* to infringe was a fermented molasses feed supplement containing urea and, due to the intended

unless—. . . (b) the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States"

52. 527 F.2d at 99-102.

53. 528 F.2d 756 (7th Cir.), *cert. denied*, 97 S. Ct. 183 (1976).

54. *Id.* at 759.

55. *Id.*

56. *Id.* at 761.

fermentation, alcohol. The court of appeals construed the plaintiff's claims to the supplement as limited to the addition of alcohol as such to the rest of the formulation and to exclude alcohol when present as a result of fermentation of the molasses.⁵⁷ If there were teachings in the patent or the prior art to support this construction, the opinion does not reveal them. Judge Stevens dissented from the reversal of the infringement finding and viewed the incorporation of fermented molasses as an addition of alcohol.⁵⁸ Considering that by the decision date, Judge Stevens had become Justice Stevens, his "first" patent opinion after becoming a Supreme Court Justice is a good one.

Finally, in *Ortho Pharmaceutical Corp. v. American Hospital Supply Corp.*,⁵⁹ the court of appeals affirmed a judgment of validity of the Speck patent to a blood coagulation test reagent. The court of appeals opinion by Senior District Judge Perry is largely directed to the facts of the section 103 issue. The invention lay in the successful use of ellagic acid to accelerate blood clotting. The problem had been the tendency of ellagic acid to precipitate out of solution at the lower level of pH (greater acidity) required for the coagulation testing. Speck found that if ellagic acid was dissolved first in sodium hydroxide (high pH) it would stay in solution if the pH level was then lowered by an acid addition. The plaintiff's medical expert testified that he had thought dissolving ellagic acid in sodium hydroxide was "stupid" and that he was "horrified" to learn it was done until he learned the procedure actually worked. Against this positive evidence of unobviousness, the prior art publication of one Dr. Ratnoff that ellagic acid could be used for the clotting test did not explain away the fact that Dr. Ratnoff did not succeed in getting or keeping the acid in solution.⁶⁰ A few "good" facts, it seems, speak more loudly than volumes of precedents.

Cases Affirming Judgments of Obviousness

In *Chicago Rawhide Manufacturing Co. v. Crane Packing Co.*,⁶¹ the Seventh Circuit affirmed the district court's holding that the Hatch patent to a rotary seal assembly was obvious despite strong evidence of prompt and widespread commercial success. The opinion of Judge Stevens expressly acknowledged the implicit argument of commercial success facts—that persons skilled in the art had an incentive to fill the demand and their failure to have done so earlier confirms that the inventor's solution was not obvious.⁶² The district court had discounted the nonobviousness inference in view of

57. *Id.* at 763-64.

58. *Id.* at 764.

59. 534 F.2d 89 (7th Cir. 1976).

60. *Id.* at 93.

61. 523 F.2d 452 (7th Cir. 1975), *cert. denied*, 423 U.S. 1091 (1976).

62. *Id.* at 459.

evidence that a patented rotary seal used by the Caterpillar Tractor Co. only in its own equipment was kept off the general market by Caterpillar's decision not to license others to sell the seal. The court of appeals agreed with Judge McLaren in the district court that the success of the Hatch seal reflected the election of Caterpillar not to fully exploit the potential market for its own seal rather than that the Hatch seal was unobvious with respect to the Caterpillar seal.⁶³ Judge Stevens acknowledged respect for the plaintiff's contribution to the art and conceded misgivings with the result below. Nevertheless the court was unwilling to reverse the conclusion of obviousness on the written record as an error of law in view of the better opportunity of the trial court to evaluate the obviousness issue.⁶⁴ The reluctance contrasts with the willingness of the court to reverse Judge McLaren's holding in the contemporaneous *E-T Industries* case that the Beith wheel invention was unobvious and therefore validly patentable.⁶⁵

The statutory presumption of patent validity was analyzed in *Chicago Rawhide*.⁶⁶ The discussion is especially significant in view of the difficulty of accommodating both the public interest in a full judicial consideration of patent validity defenses and the growing need for conserving judicial time. The grant of a patent by the Patent Office is often not accorded the judicial respect which quasi-judicial decisions of other federal administrative agencies receive. Judicial criticism of the Patent Office in recent years has focused on the failure of the ex parte prosecution proceedings in the Patent Office to bring to light all relevant prior art for consideration before a patent is granted.⁶⁷ It is a rare trial on the section 103 issue in which the usually highly-motivated alleged infringer cannot raise a question as to whether the Patent Office based its decision on incomplete prior art. But to determine whether the Patent Office should have decided differently usually requires a de novo examination by the trial court.

In *Chicago Rawhide*, the plaintiff seems to have protested too much. It argued that the statutory presumption of validity⁶⁸ was strengthened when the prior art relied upon by the defendant urging invalidity in the trial court was the same as that considered by the Patent Office. The court of appeals

63. *Id.*

64. *Id.* at 460-61.

65. See text accompanying notes 16-24 *supra*.

66. 523 F.2d at 457-59.

67. See, e.g., *Deep Welding, Inc. v. Sciaky Bros., Inc.*, 417 F.2d 1227, 1234-35 (7th Cir. 1969), *cert. denied*, 397 U.S. 1037 (1970).

68. 35 U.S.C. § 282 (1970) provides in part:

A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting it.

observed that the prior art patent which one of the inventors considered most relevant at trial had not been called to the attention of the Patent Office; but the court did not stop there. Judge Stevens went on to note that the presumption of validity was not bootstrapped to some higher level by evidence favorable to validity so as to require more than clear and convincing evidence to prove invalidity.⁶⁹ The opinion did not consider the quantum of proof constituting “clear and convincing,” but did point out that the requirement was based upon “the technical expertise possessed by the Patent Office and not generally possessed by federal judges.”⁷⁰ But when pertinent prior art is shown not to have been considered by the Patent Office, the very basis for the existence of the presumption of validity is dissipated. The court’s analysis stops short of a flat holding that a prima facie showing to the trial court of any relevant art not considered by the Patent Office examiner transfers the burden of coming forward with the evidence of patentability on the patentee, but the distance to that holding is not great. Doubts will continue to be generated in interpreting a bobtailed Patent Office record whereby the bases of the examiner’s rejections are on the record but not the bases for his withdrawal of rejections. Doubts also arise in determining whether an alleged pertinent, new reference reflects one of the deficiencies of the ex parte practice in the Patent Office or one of the excesses of the adversary system in the courts. No easy solution is in sight.

In *Lewis A. Grant, Inc. v. Keibler Industries, Inc.*,⁷¹ the court affirmed per curiam a judgment of invalidity for obviousness of two patents on demolition equipment for prying loose and removing hardened slag from the bottom of steel soaking pit furnaces. The claims were directed to the mechanical supporting and clamping arrangement of the demolition tool necessary for operation from outside the pit. The patentee’s experts were familiar with the soaking pit cleaning problem, but were for the most part unsophisticated in mechanical design; the defendant’s witnesses were skilled in mechanical design but not with the problems of cleaning soaking pits. The appellate court held that the trial court in *Grant* had meticulously followed the *Graham* three-step inquiry.⁷² Controlling the outcome was the trial judge’s finding in the third step that the level of ordinary skill in the art to which the invention pertained was that of a person with training in engineering or with equipment design experience.⁷³ This determination controlled the outcome because it resolved whose experts should be believed. Engineers skilled in machine design, once made aware of the special problems of steel mill

69. 523 F.2d at 458.

70. *Id.*

71. 191 U.S.P.Q. (BNA) 424 (7th Cir. 1976).

72. *Id.* at 425.

73. *Id.*

soaking pit maintenance, will find mechanical design solutions more obvious than will a person skilled in soaking pit technology but not in machine design. This is not to quarrel with the decision of either the district court or the appellate court, but only to suggest that a key to a rational and fundamentally sound approach to the obviousness/nonobviousness determination may lie largely in the hands of the trier of fact in making the third-step determination of the *Graham* inquiry. Perhaps this last of the term's patent opinions, and a per curiam opinion at that, contains the germ of a more rational future development of the law in administering 35 U.S.C. § 103.

LOSS OF RIGHT TO PATENT AN INVENTION

Both the patent and the invention it covers must survive certain initial tests to reach the ultimate test of obviousness or nonobviousness. The principal initial hurdle confronting the invention itself is that it be novel, i.e., that it is new relative to what is already available to the United States public.⁷⁴ This is a bedrock principle and, of course, if the invention is not in some respect new, it cannot possibly be unobvious. The principal initial hurdle confronting the act of patenting is whether the right to patent a presumably otherwise patentable invention has been lost or defeated subsequent to making the invention.⁷⁵ The principal loss of right test is that the patent application covering that invention be filed not more than a year after certain public acts by the inventor or others.⁷⁶ The bare bones of most of these essentially judicially-created tests are defined in one cryptic statutory collection, 35 U.S.C. § 102.⁷⁷ The statute enjoys a conceptually apt overall title,

74. 35 U.S.C. § 102(a) (1970); 35 U.S.C. § 101 specifies that the invention be "new." Section 102(a), (e), and (g) define prior art acts which defeat novelty. See note 77 *infra*.

75. 35 U.S.C. § 102(b), (c) & (d) define "loss of right" conduct by the patent applicant who may have been the first inventor of an otherwise patentable invention; see note 77 *infra*. *Pennock v. Dialogue*, 27 U.S. (2 Peters) 1 (1829), is an admirable introduction by Justice Story to this aspect of American patent jurisprudence.

76. 35 U.S.C. § 102(b) (1970).

77. 35 U.S.C. § 102 (1970) provides:

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

“Conditions for Patentability; Novelty and Loss of Right to Patent.” It otherwise obscures different and sometimes competing policies of the many decisions behind the different permutations of different categories embraced in the language of the subsections.

Distinctions between the novelty tests (most readily associated with section 102(a)) and the loss of right tests (most readily associated with section 102(b)) may be more apparent than real because of problems of proof and choice of tactics in applying the statute. For example, the invalidity defense most commonly relied upon is found in section 102(b), which requires that the application for patent be filed not more than one year after certain “public” acts.⁷⁸ If those public acts also occurred prior to the invention date of the patent being tested, the defense under “novelty” section 102(a) would be complete. In proceeding under section 102(b), the defendant need not be concerned with plaintiff’s invention date. The inventor in such a case could not have filed for a patent before he made his invention; he lost no right that he ever had. In some decisions interpreting 35 U.S.C. § 102, the inventor’s right to patent his new invention is defeated for reasons best described as a current appraisal of the balance of relevant public policy considerations. The basic public policy as to patents remains the constitutional one of promoting the progress of the useful arts.⁷⁹ Whether that progress is served rather than frustrated by patent-defeating interpretations of 35 U.S.C. § 102 or prior precedents is a matter of importance. Four Seventh Circuit opinions involve this area; two of them, both by Judge Stevens, deserve special scrutiny as to these public policy considerations.

*Dunlop Holdings Ltd. v. Ram Golf Corp.*⁸⁰ affirmed the trial court holding that the Dunlop golf ball patent was invalid because under 35 U.S.C. § 102(g)⁸¹ “before the applicant’s invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it.” This decision breaks new ground. Prior invention by another is, indirectly, the most common of reasons for denying a patent. However, the defense is seldom directly relied upon except in interference litigation in which it is determined which party, each believing himself to be the first, and original

(g) before the applicant’s invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

78. *Id.* (b).

79. “The Congress shall have the Power . . . To promote the Progress of . . . useful Arts, by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries” U.S.CONST. art. I, § 8, cl. 8. This reading of the spliced copyright and patent clause is followed in *Graham*, 383 U.S. at 5 n.1.

80. 524 F.2d 33 (7th Cir. 1975), *cert. denied*, 424 U.S. 958 (1976).

81. See note 77 *supra*.

inventor, is entitled to the patent.⁸² In effect, the interference loser is denied a patent because the winner's prior invention is "prior art" to him. The interference law is a good idea gone wrong because the attempt to determine actual inventorship dates, rather than to resort to the more arbitrary priority of filing date, is hedged about by so many rules and safeguards that it has become a monument to excessive delay and expense. Invalidity evidence under section 102(b) speaks for itself either as the same invention or part of the section 103 prior art, and proof of the prior making of the invention by a prior inventor is obviated. The fact that the court of appeals was challenged to affirm the patent invalidity under section 102(g) makes the case of special interest. Was a useful purpose served by accepting the challenge?

In *Dunlop*, the plaintiff's patent was directed to a golf ball cover made of certain synthetic materials having exceptional resistance to golf club cuts. The pertinent example is a duPont copolymer named "Surlyn," specifically referred to in the patent. The Dunlop patent application was filed February 2, 1966. Dunlop was limited to its February 10, 1965, British filing date for establishing a date of invention.⁸³ A third party, Butch Wagner, was proven at trial to have made the same invention in the United States prior to February 10, 1965. In the spring or summer of 1964 he learned that a new duPont material, Surlyn, was available for purchase and he used some in his experiments with golf ball covers. By the fall of 1964, Wagner had furnished friends and potential customers with some sample balls employing a cut-resistant Surlyn cover. The invention was publicly used in the sense that the balls were played and their superior cut-resistance appreciated. Wagner kept the "secret" of the invention (the identity of the cover material) to himself. By February 1965, Wagner had received orders for several thousand balls. Wagner continued to experiment with the covers, but died in October 1965, without having evidenced any intent to reveal to the public the identity of the material which made his golf ball covers cut-resistant.

The "public use" defense was not considered by the district court, except to state that nonsuppression of the invention by Wagner under 35 U.S.C. § 102(g) could be found by analogy from the concept of public use under 35 U.S.C. § 102(b).⁸⁴ Having determined the patent void under section 102(g), the district court found it unnecessary to review the "public use" and "on sale" defenses raised by defendant Ram under section 102(b). As

82. 35 U.S.C. § 102(g) sets forth the judicially developed rules for determining priority. An appreciation of the great distance covered in the judicial development in interferences of some of the section 102(g) concepts can be appreciated by reading *Automatic Weighing Mach. Co. v. Pneumatic Scale Corp.*, 166 F. 288 (1st Cir. 1909).

83. 524 F.2d at 34 n.4.

84. *Dunlop Holdings Ltd. v. Ram Golf Corp.*, 188 U.S.P.Q. (BNA) 383, 387-88 (N.D. Ill. 1974).

postured for appeal, the issue was not whether the patent was invalid under the section 102(a) defense of “known or used” prior to the invention or under the section 102(b) defense of public use more than a year before filing; rather, whether the suppression or concealment of a prior invention under section 102(g) was negated by the “public use” facts.⁸⁵

The court of appeals affirmed invalidity by the same circuitous route employed by the district court. The specific problem with which the court of appeals concerned itself was whether the “noninforming” aspect of the Wagner public use sufficiently negated suppression or concealment under section 102(g).⁸⁶ The court reasoned that it did. Justifying invalidity under section 102(g), Judge Stevens reviewed the precedent behind statute sections 102(b) and 102(g), starting with *Gayler v. Wilder*.⁸⁷

Gayler established the proposition that a patent may be properly granted to an original inventor who is not literally the first inventor, but without whom the public would not have received the benefit of the invention.⁸⁸ The case turned on the “lost art” notion that even though the patented invention had previously existed, it had never become public knowledge and so had to be rediscovered to advance the art.⁸⁹ “Lost art” is about as profitably argued as the identity of unidentified flying objects. The more realistic second inventor issue since 1850 has been whether a non-informing practice of the invention by its first-in-time inventor bars a later inventor from being recognized as a first inventor under the patent law. *Gillman v. Stern*⁹⁰ has been an influential precedent in holding that a strictly secret practice does not bar recognition of a later invention.

However, the fact that the normal commercial exploitation does not inform the public of the nature of the invention does not necessarily mean the invention is not in the public domain. The conceptual difficulties in regarding a noninforming commercial use or a secret commercial use as a public use are readily resolved when the use is that of the prospective patentee who by delay in filing his patent application presumably intended to delay delivering the full disclosure of his invention to the public.⁹¹ Delay of the applicant in filing his patent application is excused, however, if his public use of the invention before filing was incidental to his primary purpose of experimenting or perfecting his invention.⁹² While there seems to be no reason why the second

85. *Id.* at 388.

86. 524 F.2d at 35-37.

87. 51 U.S. 477, (10 How.) 509 (1850).

88. *Id.* at 496-97, (10 How.) at 521-22.

89. *Id.* at 496, (10 How.) at 522.

90. 114 F.2d 28 (2d Cir.), *cert. denied*, 311 U.S. 718 (1940).

91. *Egbert v. Lippmann*, 104 U.S. 333, 336-38 (1881); *Metallizing Eng'r Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 520 (2d Cir.), *cert. denied*, 328 U.S. 840 (1946).

92. *Elizabeth v. Pavement Co.*, 97 U.S. 126, 134-35 (1877). The experimental use exception is not expressed in section 102(b) or elsewhere in 35 U.S.C.

inventor should not be barred from a patent by the public aspects of an experimental use by a first inventor, a more discriminating use of precedent relied upon by the court would be helpful. Indeed, *Dunlop* itself was cited by the court in an opinion two months later in support of the proposition that a section 102(b) defense may be predicated on evidence that the invention was *disclosed* in a product sold by someone other than the patentee more than a year before the filing date.⁹³ The further explanation that "[i]n such cases, the statutory purpose is to preclude the award of a patent to a person who is not actually the inventor"⁹⁴ illustrates the manner in which questions can be begged since the *Dunlop* inventor was an actual (although second) inventor and since the section 102(b) loss of right is predicated on late filing.

A recent opinion of Judge Rich of the Court of Customs and Patent Appeals in *Palmer v. Dudzik*,⁹⁵ which was distinguished on minor factual grounds in *Dunlop*, illustrates a striking contrast in judicial philosophy. In *Palmer*, the initial election of the assigns of Palmer, the prior inventor, to use the yarn machine invention in their own factory without publicizing the fact of the invention was held to be concealment under section 102(g) with the consequence that Dudzik, a later inventor, was entitled to the patent on the invention.⁹⁶ Palmer had filed a patent application after learning of Dudzik's activity and an interference was declared in which the section 102(g) issue arose. The decision of the Court of Customs and Patent Appeals departed from the more usual interference decision which permits the do-nothing first inventor spurred by the patent activities of a later but first-to-file inventor to take the patent away from the second inventor.⁹⁷

Judge Rich would resolve doubts about the efficacy of a non-informing use to effectively promote the progress of the useful arts by granting a patent to the inventor who first moves to bring full knowledge of the invention into the public domain.⁹⁸ Judge Stevens would resolve doubts about the justification for the economic cost of patents in achieving progress of the useful arts by supporting the first inventor against the threat of patent domination by a second inventor even though the first inventor elects to exploit his invention without disclosing it. The *Dunlop* opinion reasons that the noninforming exploitation of the Wagner ball, in promoting progress of the useful arts, is a

93. *CTS Corp. v. Piher Int'l Corp.*, 527 F.2d 95, 102 (7th Cir. 1975), *cert. denied*, 424 U.S. 978 (1976).

94. *Id.* at 102.

95. 481 F.2d 1377 (C.C.P.A. 1973).

96. *Id.* at 1385.

97. In an early and often cited case, *Mason v. Hepburn*, 13 App. D.C. 86 (1898), the first-in-time inventor who put his invention on the shelf for many years was not entitled to an award of priority vis-a-vis the second, but first to file, inventor. Usually, however, long delay in filing after actually completing the invention has not been interpreted as suppression or concealment in interferences; e.g., *Brown v. Edeler*, 110 F.2d 858 (C.C.P.A. 1940).

98. 481 F.2d at 1387.

fair substitute for the enabling disclosure provided by a patent.⁹⁹ At bottom, such reasoning depends upon the court's assumption that the secret of the Wagner ball would be uncovered by potential competitors long before the time a patent on that invention would have expired.¹⁰⁰ This is no more than a prejudgment by which section 102(g) was strained to make it available as a substitute for a defense under section 102(a) or (b). Whether such a significant conclusion is correct in a particular fact situation would seem to call for at least a consideration of the facts at trial.

The "on sale" validity defense of 35 U.S.C. § 102(b) may have been pushed a step further in *CTS Corp. v. Piher International Corp.*¹⁰¹ A United States customer on a trip to Spain had placed an order in January 1969, with defendant's Spanish factory for a trial run of potentiometers. The plaintiff's trimmer patent on what might have been the same invention as the subject matter of the order was not filed until March 16, 1970, more than a year later. However, the loss of right statute calls for the invention to be "on sale *in this country* more than one year prior to the date of the application for patent in the United States."¹⁰² Some trimmers were shipped from Barcelona on March 3, 1969, more than a year before the filing, and received by the United States customer in April, less than a year before the filing. The lower court had excluded evidence regarding the identity of the Spanish trimmers received in the United States in April, apparently on the basis that such evidence was irrelevant as to any trimmer which was on sale in this country before March 16, 1969. Judge Stevens, speaking for the court of appeals, ruled that the defendant should have had an opportunity to prove that the Piher trimmer embodied the CTS patented invention ordered. The case was remanded for a new trial on the on sale defense, apparently with the judgment that the offer to sell on foreign soil to prospective purchasers from the United States was within the meaning of "on sale in the United States."¹⁰³ There are no easy answers, of course, in construing a statute designed to accommodate national interests in the context of what is sometimes an international technological development. A fuller discussion of the policy balances which are considered in such opinions would help in the development of corrective judicial or congressional legislation.

Applicability of the "on sale" invalidity defense of 35 U.S.C. § 102(b) to a fact summary was carefully reviewed in *Red Cross Manufacturing Corp. v. Toro Sales Co.*¹⁰⁴ The district court had granted the defendant's motion for

99. 524 F.2d at 37.

100. *Id.*

101. 527 F.2d 95 (7th Cir. 1975), *cert. denied*, 424 U.S. 978 (1976).

102. 35 U.S.C. § 102(b) (1970) (emphasis added).

103. 527 F.2d at 105.

104. 525 F.2d 1135 (7th Cir. 1975).

summary judgment based on the “on sale” and “public use” defenses.¹⁰⁵ The appellate decision to reverse and remand does not extend the law, but it is a warning of the problems inherent in summary judgment resolutions of facts for conclusive validity or invalidity determinations.

In *Red Cross*, the plaintiff, a manufacturing supplier to Sears Roebuck & Co., constructed four successive prototypes of a compost shredder. Sears buyers observed the progress of the development and encouraged plaintiff Red Cross to pursue it. On October 1, 1969, Sears formally committed itself by giving Red Cross a purchase order for more than a thousand shredders. Red Cross filed a patent application on the shredder sold to Sears on September 11, 1970, less than a year after the sale. However, the fourth prototype had been displayed at the home of a Red Cross employee to Sears personnel on September 8, 1969, three days before the critical date. Red Cross had also arranged to have a motion picture photographer present to make a film of the prototype for Sears’ use, and on September 9, 1969, Red Cross submitted its estimate of tooling cost to Sears.

The court of appeals, speaking through Judge Fairchild, had no reservations that the nonsecret, commercially oriented activities put the fourth prototype legally “on sale” and “in public use” before the critical date of September 11, 1969.¹⁰⁶ The court of appeals was not satisfied from the limited summary judgment record that the fourth prototype on sale before September 9, 1969, was actually the same invention of the claims of the later patent as required for a section 102(b) defense. The court, in remanding for further proceedings, indicated it would find no fault with the same judgment reached on the same record after trial, but it emphasized that the parties should have an opportunity to introduce further evidence.¹⁰⁷

In a sense, the opinion is a reminder of the coming of age of the section 103 defense as separate from the shortcut section 102(b) defense. Here, the defendant, like most who plead a section 102(b) defense, also pleaded obviousness under section 103. In *Red Cross*, the summary judgment challenge was on section 102 only and the court of appeals recognized that whatever differences existed between the claims and the construction of the fourth prototype may have been insufficient for the patent to survive a section 103 obviousness challenge.¹⁰⁸ Since the judicial procedure presented in *Graham*¹⁰⁹ for the obviousness/nonobviousness decision is hardly adaptable to a summary proceeding, the message from the court of appeals to litigants

105. *Id.* at 1137.

106. *Id.* at 1140.

107. *Id.* at 1143.

108. *Id.*

109. 383 U.S. at 17-18.

might well be that the presence of a section 103 defense mitigates against consideration before trial of a section 102(b) defense. The closely related obviousness issues would still be left for trial if the section 102(b) invention identity test is not met.

*Ropat Corp. v. McGraw Edison Co.*¹¹⁰ presented the special problem of whether a utility patent on a corn popper should be void for double patenting with respect to an earlier expiring ornamental design patent on features of the same popper. The double-patenting prohibition is against the grant of more than one patent to an inventor for one invention lest the period of patent monopoly be extended beyond the statutory term. The remedy is invalidation of a later-to-expire of two such same-invention patents. The doctrine is a judicial development of *Miller v. Eagle Manufacturing Co.*¹¹¹ and has not been defined or even explicitly recognized in title 35 of the United States Code. If it were, it might logically fit in section 102 where the identity of the "invention" to be patented is considered, since the usual question is whether the later-expiring patent covers the same invention as the earlier-expiring patent of the same inventor or owner.

Writing for the court of appeals in *Ropat*, Judge Castle affirmed that the utility patent was invalid over the design patent and asserted that the law of double-patenting in this precise situation "is plagued by a dearth of case law."¹¹² He might have less charitably complained of a plague of rules, since the double-patenting prohibition is second only to interference law as a maddeningly complex response to a simplified statement of a problem.

The Patent Office is governed in its treatment of double-patenting by the Court of Customs and Patent Appeals, which in recent years has interpreted the statutory language of 35 U.S.C. § 101 that an inventor may obtain "a" patent for his invention in any of the certain useful art categories, as a right to one, but only one, patent for one invention. This is on the theory that the grant of the first patent exhausts the monopoly power, so that a second patent cannot be validly granted, whether or not it would extend the time duration of the inventor's monopoly. Since a separate statute creates ornamental designs as a patentable subject matter category,¹¹³ on its face a patent for a design is not one for the exact same invention as a patent to a useful art category. However, where the invention of a pending patent application is not identical to, but is obvious in view of, that claimed in an issued patent of the same inventor or owner, the judicial bar to extension of monopoly is recognized by the Court of Customs and Patent Appeals as barring the rejection of the

110. 535 F.2d 378 (7th Cir. 1976).

111. 151 U.S. 186 (1894); see generally "Double Patenting" and the 1952 Patent Act, 10 IDEA 389 (1966).

112. 535 F.2d at 381.

113. 35 U.S.C. § 171 (1970).

pending application.¹¹⁴ Judge Castle cut the Gordian knot by looking to the practical effect in interpreting the rule "that double patenting exists if the feature in which the novel esthetic effect resides is the identical feature which produces the novel function so that a structure embodying a mechanical invention would of necessity embody the design, and vice versa."¹¹⁵ The essence of the court's position is that a design patent and a utility patent need not claim every incidental feature of the other in order for both to claim the "same invention."

The Seventh Circuit has thus served effective notice that a party availing itself of the alternative design and utility patent approaches to protection, where the patents are likely to be viewed as directed to the same feature or function, does so at the risk of having the later-to-expire patent held invalid. The arguments of patentee in *Ropat*, that the design patent did not disclose a cooking burner in the base of the corn popper or point out the functional significance of the larger cover and smaller base, are true so far as they go. The question is whether the public or the patentee should have to bear the difficult burden of determining whether there is any substance behind the differences in the forms of claims to different legal categories of patentable subject matter, of which the ornamental design is the most recent and least successful addition.¹¹⁶ In the absence of a statutory treatment of the time-honored judicial double-patenting concept and a statutory guide for harmonizing the short-term design patent with the longer term utility patent, the *Ropat* decision makes practical sense.

LEAR V. ADKINS DEVELOPMENTS

The Seventh Circuit's contribution this year to the "creative compromise" hoped for by the United States Supreme Court in *Lear, Inc. v. Adkins*¹¹⁷ was to watch and wait in *USM Corp. v. Standard Pressed Steel Co.*¹¹⁸ The Court in *Lear* removed barriers to the judicial test of patent validity by abandoning the doctrine of estoppel of licensees to challenge validity in order to unmuzzle licensees.¹¹⁹ Licensees are often the only individuals with enough economic incentive to risk the test. Enforcement of a license provision requiring that royalties be paid pending any judicial validity determination was also held in *Lear* to be inconsistent with the policy of

114. *In re Hargraves*, 53 F.2d 900 (C.C.P.A. 1931); *Application of Thorington*, 418 F.2d 528, (C.C.P.A. 1969), *cert. denied*, 397 U.S. 1038 (1970).

115. 535 F.2d at 381. Judge Castle relied on *In re Hargraves*, 53 F.2d 900 (C.C.P.A. 1931), and *Application of Du Bois*, 262 F.2d 88 (C.C.P.A. 1958).

116. All but two design patents considered by the Court of Appeals for the Seventh Circuit as of 1960 had been held invalid. *See Amerock Corp. v. Aubrey Hardware Mfg. Inc.*, 275 F.2d 346, 349 n.1 (7th Cir. 1960).

117. 395 U.S. 653, 668 (1968).

118. 524 F.2d 1097 (7th Cir. 1975).

119. 395 U.S. at 370.

facilitating validity challenges.¹²⁰ In Seventh Circuit cases of recent years, licensees have also been unmuzzled to the extent of being allowed to attack the validity of patents they had acknowledged valid in a consent judgment.¹²¹

In *USM*, the plaintiff, a licensee under an earlier consent judgment, again challenged validity. However, it sought to maintain its licensee status under that consent judgment which gave Standard the right to cancel the license and thus expose USM to an action for infringement, should USM default on royalty payments.¹²² Plaintiff USM was willing to pay royalties pendente lite upon assurance that it would be repaid if the patent were found invalid, which assurance Standard would not give. Judge McMillen in the district court denied USM's motion to have Standard preliminarily enjoined from terminating the license on the ground that it had an adequate remedy at law.¹²³ The defendant-licensor had also moved below for a partial summary judgment on the validity issue on the ground of res judicata of the consent decree. Judge McMillen also denied this motion, observing that res judicata had been so emasculated by recent decisions in this circuit as to make summary judgment unavailable.¹²⁴ Only the decision denying plaintiff-licensee's motion was appealed.

The court of appeals affirmed the denial of the preliminary injunction.¹²⁵ Judge Tone emphasized that, contrary to the assumptions of both parties, possession of the royalties while the litigation was pending did not determine who was entitled to keep them. Judge Tone noted that the entitlement issue need not even be reached by the trial court unless it was determined (a) whether the patent was invalid and, if so, (b) whether the consent judgment was res judicata.¹²⁶ The opinion took pains to note two Sixth Circuit cases which had been decided subsequent to Judge McMillen's ruling below. *Atlas Chemical Industries, Inc. v. Moraine Products*,¹²⁷ while absent a consent decree setting, affirmed the right of the licensee to moneys attributable to royalties accruing during litigation resulting in an invalidity holding. In *Schlegel Manufacturing Co. v. USM Corp.*,¹²⁸ USM was again a consent decree licensee under other patent rights. The Court of Appeals for the Sixth Circuit held that USM was barred by res judicata from relitigating the issue of validity of the licensed patent.¹²⁹ The Sixth Circuit noted that the purposes of

120. *Id.* at 673.

121. *E.g.*, *Kraly v. National Distillers Chemical Corp.*, 502 F.2d 1366 (7th Cir. 1974); *Business Forms Finishing Serv., Inc. v. Carson*, 452 F.2d 70 (7th Cir. 1971).

122. 524 F.2d at 1098.

123. 184 U.S.P.Q. (BNA) 476, 477 (N.D. Ill. 1974).

124. *Id.* at 477-78.

125. 524 F.2d at 1100.

126. *Id.*

127. 509 F.2d 1 (6th Cir. 1974).

128. 525 F.2d 775 (6th Cir. 1975), *cert. denied*, 425 U.S. 912 (1976).

129. *Id.* at 781.

Lear would be thereby served because licensees would be encouraged by res judicata to fully and promptly litigate the validity issue once sued rather than foreclose themselves by a consent decree.¹³⁰

The difference thus far between the premises of the Sixth and Seventh Circuits is profound. The former takes the view that unilateral repudiation of a consent judgment is no less than repudiation of a judgment after trial; the latter has taken the view that consent judgments are hardly more enforceable than private agreements admitting validity. In reality, trial courts are not financed and staffed to insist that all pleaded patent cases be tried rather than compromised or to reopen a settled controversy at the convenience of one of the parties. The Seventh Circuit's position on consent judgments in patent cases is due for a new resolution.

OTHER PATENT-RELATED CASES

A substantial amount of patent litigation centers on the special patent venue statute which requires that venue in a civil action for patent infringement, if not in the district where the defendant resides, shall lie "where the defendant has committed acts of infringement and has a regular and established place of business."¹³¹ Forum shopping is a patent life-and-death matter to many litigants. This is underlined by *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*¹³² which recognizes a lottery aspect of patent determinations in making determinations of invalidity res judicata. The Court of Appeals for the Seventh Circuit, speaking through Judge Sprecher, liberalized its construction of the "regular and established place of business" requirement in *Dual Manufacturing & Engineering, Inc. v. Burris Industries, Inc.*¹³³ Judge McGarr below held that defendant did not have a regular and established place of business in the Northern District of Illinois.¹³⁴ The defendant was a North Carolina furniture manufacturer. Its self-employed Chicago representative used a showroom leased by the defendant in the Merchandise Mart in Chicago. Defendant's name was on the window, in a buyer's guide directory, and on the self-employed representative's card. The representative sold exclusively for defendants, was compensated solely by sales commissions, and paid the showroom receptionist. Judge McGarr relied largely upon *Grantham v. Challenge Cook Bros., Inc.*,¹³⁵ which recited a catalog of activities insufficient to establish a place of business under the

130. *Id.*

131. 28 U.S.C. § 1400(b) (1970).

132. 402 U.S. 313 (1971); see Halpern, *Blonder-Tongue: A Discussion and Analysis* (pts. 1-3), 53 J.PAT. OFF. SOC'Y 761, 763, 771 (1971), (pt. 4), 54 J.PAT. OFF. SOC'Y 5 (1972).

133. 531 F.2d 1382 (7th Cir. 1976).

134. 188 U.S.P.Q. (BNA) 505, 507 (N.D. Ill. 1975).

135. 420 F.2d at 1182.

statute, including “maintaining an independent businessman as a sales representative on a commission basis.”¹³⁶

In reversing, the court of appeals noted that the business representative in the district worked as exclusively for the defendant as if he had been a full-time salaried employee and that the defendant otherwise exercised exclusive control over the premises. The court of appeals also determined that the additional requirement of acts of infringement within the district had been satisfied.¹³⁷ The court held that the demonstrations of the accused device, along with systematic and continuous solicitation of orders, constituted selling, despite the fact that none of the sales were actually consummated in the district.¹³⁸

Finally, *Arvin Industries, Inc. v. Berns Air King Corp.*¹³⁹ demonstrates that in claim interpretation cases the same reasons given for one interpretation can often be given with equal facility for the opposite. The district court in *Arvin* held that the patent claim’s “generally planar” language defining the shape of the heat reflector of the licensed patent covered the licensee’s structure. The patent illustrated a planar reflector surface, the accused structure had a slightly curved surface, and the file wrapper reference which had led the patent applicant to add the “generally planar” language showed a much more tightly curved surface. Where does day end and night begin? In the district court, Judge Decker, in a well-reasoned opinion, construed “generally” as permitting a minor deviation from planarity and found no file wrapper estoppel on the basis that patentability did not require a precise limitation of the surface curvature.¹⁴⁰ The court of appeals, in an equally well-reasoned opinion by Judge Tone, held just the opposite and remanded the case.¹⁴¹ One analysis which may be helpful in determining the direction the wind blows is that the district court’s view implicitly reflects the theory that the apparent central idea of the invention determines the scope of the claims relative to specific structure not before the applicant or Patent Office when the claim language was chosen. The court of appeals’ view implicitly reflects the theory that the patentee must be bound by the words he chooses if prospective defendants are to be able to rely upon the claims in determining their rights.

In conclusion, two cases are mentioned here for subject matter content only. The court of appeals decided per curiam in *Tapeswitch Corp. of America v. Recora Co.*¹⁴² that an order dismissing a complaint for infringe-

136. *Id.* at 1185.

137. 531 F.2d at 1388.

138. *Id.* at 1389.

139. 525 F.2d 182 (7th Cir. 1975).

140. 180 U.S.P.Q. (BNA) 560, 563 (N.D. Ill. 1973).

141. 525 F.2d at 185.

142. 527 F.2d 1013 (7th Cir. 1976).

ment which sought an injunction was appealable under 28 U.S.C. § 1292(a)(1) was an interlocutory order denying an injunction, despite the fact that counterclaim antitrust and misuse claims remained in the case. The fact that 28 U.S.C. § 1292(a)(4) is a special provision for patent infringement cases does *not* remove patent cases from the purview of the more general rule of § 1292(a)(1).¹⁴³

In *Columbia Broadcasting System, Inc. v. Zenith Radio Corp.*,¹⁴⁴ the court of appeals reversed the portion of the district court decision awarding prejudgment interest on damages for patent infringement. The patent damage statute does not refer to interest in terms suggesting that it runs before damages are liquidated.¹⁴⁵ The Seventh Circuit (but not every circuit) permits prejudgment interest in "exceptional circumstances." In reversing here, the court of appeals limited "exceptional circumstances," as in the "exceptional case" attorney fees statute, to those involving "a clear showing of bad faith or fraud which would constitute a gross injustice if not remedied."¹⁴⁶

143. *Id.* at 1014.

144. 537 F.2d 896 (7th Cir. 1976).

145. *Id.* at 897.

146. *Id.*; see 35 U.S.C. § 285 (1970).