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Robert C. Dorr

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NOTE

PATENT LAW—PATENT VALIDITY: The Public is the Third Party

*It is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly*¹

INTRODUCTION

A controversial issue in the field of patent law is whether the judiciary, absent specific congressional legislation, should sanction the growing and diverse means for attacking the validity of patents.² The Supreme Court in recent cases³ has reasoned that the primary purpose in allowing an inventor the exclusive right to his discovery for 17 years⁴ is to foster scientific advancement for the direct benefit of the public. The public, it has therefore been argued, has the right to be protected from the abuses of invalid grants of patent monopolies through the express repeal of such patents by the judiciary.

Those critical of such a direct role by the Supreme Court, however, would find no repeal power in the judiciary unless Congress had specifically enacted such power.⁵ Since 1836, Congress

¹Pope Mfg. Co. v. Gormully, 144 U.S. 224, 234 (1892).

²An example of this controversy is the statement by Mr. T. L. Bowes, Esq., chairman of the Patent Law Section of the American Bar Association, before the Corporate Patent Seminar in Cooperstown, New York, on September 23, 1973:

Too many judges have reached the stage where a patent is considered a monopoly, and since monopolies are bad, patents are bad and any excuse available . . . should be used to limit their effectiveness or invalidate them.

As reported in Carl Byoir & Assoc., Inc., Press Release, Oct. 4, 1973, Patent System in Deep Trouble. See Fogt & Hollabaugh, *Glaxo and its Ramifications: The Campaign to "Wreck and Rebuild" Continues*, 8 LES NOUVELLES 127 (1973); Sutton, *Glaxo: The New Role for the Justice Department*, 55 J. PAT. OFF. SOC'Y 478 (1973); BNA PAT., T.M. & COPYRIGHT J., No. 131, C-1 (June 7, 1973); BNA PAT., T.M. & COPYRIGHT J., No. 112, A-1 (Jan. 25, 1973).

³See *United States v. Glaxo Group Ltd.*, 410 U.S. 52 (1973); *Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation*, 402 U.S. 313 (1971); *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

⁴35 U.S.C. § 154 (1970).

⁵ [O]ur Constitution gave no power to the executive, but gave all to Congress; and the power it gave to Congress was the power to create by legislation a system according to its own judgment. . . . The essence of our patent system is that what is not authorized by the act is *ultra vires*.

Brief for Appellee at 339, *United States v. American Bell Tel. Co.*, 128 U.S. 315 (1888); see *Mahn v. Harwood*, 112 U.S. 354, 358 (1884). Unlike that in England, the patent system in America "is founded exclusively on statutory provisions." *Shaw v. Cooper*, 32 U.S. (7

has enacted only one condition under which a patent may be subsequently repealed: the interposition of a successful defense of invalidity in an infringement proceeding.⁶ At all other times a patent is presumed valid when issued.⁷

The issuance of invalid patents is a major and growing problem. In 1972, a record 77,908 patents were granted by the Patent Office.⁸ Generally a patent examiner spends only 15 hours analyzing an application;⁹ he is also given considerable latitude in the interpretation of what constitutes *inventiveness*.¹⁰ As a result of the crush of applications, the enormous backlog of applications, the lack of examiner morale, and the length of turnover time, invalid patents are frequently issued.¹¹ Studies indicate that on the average 64 percent of all patents challenged in court are found to be invalid.¹²

Pet.) 292, 319 (1833); *accord*, James v. Campbell, 104 U.S. 356, 359 (1881). See also Mr. Justice Rehnquist's dissenting opinion in United States v. Glaxo Group Ltd., 410 U.S. 52, 64 (1973).

⁶35 U.S.C. §§ 281-82 (1970). An infringement proceeding occurs when, for example, X manufacturer produces and sells a product covered by Y's patent. Y sues X for infringement of Y's patent rights and X defends by claiming that Y's patent is invalid.

⁷35 U.S.C. § 282 (1970).

⁸King, *Patent Office Affairs*, 1973 AM. PAT. L. ASS'N BULL. 406, 407.

⁹Commenting upon the shortcomings of such a limited time for application analysis, one authority has observed that:

It seems to be amply clear that if the present state of affairs is permitted to continue unchecked, then one simply cannot look for improvement in the validity of patents which are issued by the Patent Office.

Weissman, *An Editorial Comment on Patent Invalidity*, 55 J. PAT. OFF. SOC'Y 282, 283 (1973).

¹⁰Graham v. John Deere Co., 383 U.S. 1, 18 (1966). The following quotations from two Supreme Court cases emphasize the inconsistent interpretation of "inventiveness" by the Patent Office:

A patent . . . simply represents a legal conclusion reached by the Patent Office. Moreover, the legal conclusion is predicated on factors as to which reasonable men can differ widely.

Lear, Inc. v. Adkins, 395 U.S. 653, 670 (1969).

To be honest, this Court is rather amazed to find a patent as flimsy and as spurious as this one has been granted by the Patent Office. Clearly, the Patent Office is still not applying the strict constitutional standard required in all patent cases.

Ken Wire & Metal Prods. v. Columbia Broadcasting Sys. Inc., 338 F. Supp. 624, 628 (S.D.N.Y. 1971).

¹¹Graham v. John Deere Co., 383 U.S. 1, 18 (1966). However, over the past few years the Patent Office has been engaged in improving these conditions. In 1972, 103,000 patent applications were filed. The backlog for that year was 200,000, the lowest in 20 years. The turnaround time for the average patent is now 24 months, the shortest in 50 years. Gottschalk, *The Patent Office Today . . . Alive and Well and Looking Ahead*, 1973 AM. PAT. L. ASS'N BULL. 259, 262.

¹²This figure was reported from one study of 669 reported cases from the circuit courts

Typical of the harms to the public caused by such invalid patents are the elimination of free competition,¹³ the restraint of trade,¹⁴ the repression of knowledge,¹⁵ and higher prices for consumers.¹⁶ Similar harms to the public were encountered in 17th century England when corrupt officers of the King issued invalid monopoly grants. Such abuses led to the enactment of the Statute of Monopolies by Parliament.¹⁷ Similarly, Congress in the late

of appeal and the Court of Claims during the period from 1961 to 1970. Horn & Epstein, *The Federal Courts' View of Patents—A Different View*, 55 J. PAT. OFF. SOC'Y 134, 139, 146 (1973). An earlier study (1948-54) based on 429 patent cases found 62.7 percent were held invalid by the United States Court of Appeals. Ladd, *Business Aggression Under the Patent System*, 26 U. CHI. L. REV. 353, 353-54 n.4 (1959).

¹³Kidwell, *Patent-Right Interchange and Antitrust Policy: Defining the Interface*, 43 U. COLO. L. REV. 373 (1972). Kidwell presents an analysis of the techniques used by holders of invalid patents to work the patent monopoly to their advantage. Kidwell begins with an example which illustrates the flavor of patent abuses:

An interesting example of such behavior is set forth in *United States v. Vehicular Parking, Ltd.* One of the defendants in that case, prior to the creation of the patent pool, had written a letter which said in part:

The parking meter business is new and seems to offer ample opportunity for profit. From my study of the Patent aspects it seems that very little has been done to create a Patent monopoly.

The letter went on to suggest the pooling of certain specified patents to accomplish the monopoly. In a later letter he informed the other defendants that the "Doyle Patent" contained the broadest claims:

These claims are not such, however, as should be put into litigation because I am afraid they might be invalidated by certain prior art. At present they are accorded a prima facie validity which could be used to advantage in discouraging competition.

And in this instance the weak patents plus threats of litigation were used successfully to establish price maintenance and other anticompetitive practices within the industry under the umbrella of a patent pool.

Id. at 369 (footnote omitted).

¹⁴See, e.g., Keating, *The Patent Monopoly Versus Antitrust Activism: Open Warfare or Armed Truce?*, 77 DICK. L. REV. 1, 9 (1972).

¹⁵For the evidence is strong that our system tends to frustrate invention and tie up technology so the public can not benefit from it. 119 CONG. REC. S5378 (1973) (remarks of Senator Hart). See also Chope, *Conflicts Between Patents and the Antitrust Laws*, 49 J. PAT. OFF. SOC'Y 819, 821 (1967).

¹⁶Since the owner of a patent has a monopoly, his prices tend to be higher due to the lack of competition.

This illegal monopoly exaction from the public can often be of great magnitude, as witnessed by the invalid tetracycline antibiotic patent issued as a result of fraud on the Patent Office. One witness estimated that the \$100 million plus damage settlement offered by the tetracycline offenders represents only 10 cents on the dollar of the damage done to the public. . . . That \$100 million alone—the minimum damage caused the public by just one invalid patent—is nearly double the annual appropriation of the U.S. Patent Office.

119 CONG. REC. H2866 (1973) (remarks of Representative Owens).

¹⁷D. FALCONER, W. ALDOUS & D. YOUNG, *TERRELL ON THE LAW OF PATENTS* 3 (1971)

19th century also legislated against many abuses caused by monopolies,¹⁸ but constitutionally-authorized patent monopolies have escaped much of the corrective legislation.¹⁹

The armor of patent monopolies is being pierced by the judiciary in allowing greater leeway to attack patent validity in anti-trust proceedings, in infringement actions by patentees, in licensee cross-actions in defense of royalty claims, and so forth.²⁰ In so doing, the courts have relied heavily on a developing body of law based on concepts of public policy. Such *protection of the public* arguments appear to be the result of a judicial revitalization of the old common law remedies originally adopted in response to monopoly abuses during the Elizabethan Era.

After examining the common law basis of the patent system and demonstrating that the evolution of the present patent system has involved a departure from and reunification of the patent system with common law, this note will present authority and support for the proposition that the government should have the capability, as a roving advocate for the public, to challenge patent validity.²¹

I. COMMON LAW HERITAGE

The practical beginnings of the patent system occurred during the 16th century reign of Queen Elizabeth I with the issuance of *letters-patent* and *letters-patent for inventions* by the Crown.²² In order to encourage the creation and growth of new industries the Crown issued legal monopolies authorized by *letters-patent*.²³

[hereinafter cited as TERRELL].

¹⁸For the relationships between antitrust and patent law see W. BOWMAN, PATENT AND ANTITRUST LAW (1973); G. FOLK, PATENTS AND INDUSTRIAL PROGRESS (1942); R. NORDHAUS & E. JUROW, PATENT-ANTITRUST LAW (1961); Feuer, *The Patent Monopoly and the Anti-Trust Laws*, 38 COLUM. L. REV. 1145 (1938); Ladd, *Business Aggression Under the Patent System*, 26 U. CHI. L. REV. 353 (1959).

¹⁹Note, *Invalid Patents: Removing Statutory Protection From Improperly Granted Monopolies*, 21 CASE W. RES. L. REV. 247, 248 (1970).

²⁰*Id.* at 247-78.

²¹Others who have advocated this approach are 2 W. ROBINSON, THE LAW OF PATENTS FOR USEFUL INVENTIONS § 725, at 471 (1890) [hereinafter cited as W. ROBINSON]; Feuer, *The Patent Monopoly and the Anti-Trust Laws*, 38 COLUM. L. REV. 1145, 1176 (1938); Note, *Revocation of a Patent by Government Suit*, 48 YALE L.J. 1095 (1939).

²²TERRELL, *supra* note 17, at 2.

²³ [L]etters patent, that is, open letters, *literae patentes*: so called because they are not sealed up, but exposed to open view, with the great seal pendant at the bottom; and are usually directed or addressed by the king to all his subjects at large.

2 W. BLACKSTONE, COMMENTARIES 346 (Christain ed. 1822). Practically, the holder of a

Thus activities such as the importation of tea, the manufacture of soap, and the sale of playing cards were granted as monopolies to select individuals. The first adjudication of a *letters-patent* was the *Case of Monopolies*²⁴ wherein the King's Bench held that a grant by the Crown was invalid if:

1. it prevented a craftsman from carrying on his trade;
2. it raised the price of a commodity; or
3. the Crown was deceived or mistaken in granting the patent.

Soon thereafter, the first case concerning the legality of a *letters-patent for invention*, the *Clothworkers of Ipswich Case*,²⁵ held that patents for inventions were a *special* monopoly not subject to restrictions of other patents provided that they were not contrary to law or harmful to trade or to the state. Thus the *letters-patent for inventions* became a different type of monopoly with fewer common law restrictions than the standard *letters-patent* monopoly.

At common law, three methods were available for challenging the validity of *letters-patent for inventions*, and all were based on the writ of *scire facias*:²⁶

- (1) When the King by his letters-patent has by different patents granted the same thing to several persons, the first patentee shall have a *scire facias* to repeal the second; (2) When the King has granted a thing by false suggestion, he may by *scire facias* repeal his own grant; (3) When he has granted that which by law he cannot grant, he *jure regis*, and for the advancement of justice and right, may have a *scire facias* to repeal his own letters-patent.²⁷

In 1623 the issuance of *letters-patent* by corrupt officials caused the King to invoke his *in terrorem* powers and to summarily repeal 20 patents.²⁸ Many remaining *letters-patent* were also

letters-patent acquired a crown-authorized monopoly on a certain industry or enterprise. The *letters-patent* was notice to the world of this privilege.

²⁴Darcy v. Allen, 1 Web. Pat. Cases 1, Noy 173, Moore K.B. 671, 11 Co. Rep. 84b (1602).

²⁵Godbolt 252; 1 Abb. Pat. Cases 6 (1615).

²⁶ A judicial writ, founded upon some matter of record, such as a judgment or recognizance and requiring the person against whom it is brought to show cause why the party bringing it should not have advantage of such record, or (in the case of a *scire facias* to repeal letters patent) why the record should not be annulled and vacated.

BLACK'S LAW DICTIONARY 1513 (4th ed. 1968).

²⁷Mowry v. Whitney, 81 U.S. (14 Wall.) 434, 439 (1872), citing 4 Coke's Inst. 88, Dyer 197-98, 276, 279.

²⁸TERRELL 3; see also Note, *supra* note 21, at 1097-98, where it is observed that:

attacked in the courts where the King as *parens patriae* challenged their validity.²⁹ Also in 1623 Parliament passed the Statute of Monopolies³⁰ which, based on the principles expressed in the Magna Carta,³¹ further restricted monopolies. *Letters-patent for inventions*, otherwise excepted from these restrictions, were nevertheless subject to the important proviso that:

they be not contrary to the law, nor mischievous to the state, by raising prices of commodities at home, or hurt of trade, or generally inconvenient.³²

In summary, *letters-patent* were monopolies granted by the Crown to foster industrial development, and the rights and remedies of such monopolies, for the most part, developed at common law. Special restrictions, however, were statutorily imposed by Parliament (as witnessed by the Statute of Monopolies) when abuses became intolerable. On the other hand, *letters-patent for inventions* were early recognized as a unique monopoly essential for industrial progress and were not subject to the same restrictions as *letters-patent*. It is important to note, however, that *letters-patent for inventions* were not allowed to restrain trade, raise prices, nor harm the public. This philosophy concerning

The power of the crown to repeal its grants summarily without judicial proceedings, hanging *in terrorem* over the owners of early English patents, served as a deterrent to flagrant abuse.

²⁹Note, *supra* note 21, at 1098. See also *Dollar Sav. Bank v. United States*, 86 U.S. (19 Wall.) 227, 239 (1874):

It may be considered as settled that so much of the royal prerogatives as belonged to the King in his capacity of *parens patriae*, or universal trustee, enters as much into our political state as it does into the principles of the British constitution.

³⁰21 Jac. 1, ch. 3 (1623).

³¹The Statute of Monopolies created no new right either in the Crown or the people; it was simply declaratory of the common law enacted into statute law . . . and reiterated those principles of the Magna Carta . . . which declared that the liberties of his subjects shall not be infringed or broken by royal usurpation

1 A.W. DELLER, *WALKER ON PATENTS* 34 (2d ed. 1964).

And we have granted unto them, on the other part, that neither we nor our heirs shall procure or do anything whereby the liberties in this charter contained shall be infringed or broken; and *if anything be procured by any person contrary to the premises it shall be had of no force nor effect.*

Magna Carta, 9 Henry 3, ch. 37 (1225) (emphasis added).

³²Statute of Monopolies, 21 Jac. 1, ch. 3, 6 (1623). See also *United States v. Line Material Co.*, 333 U.S. 287, 330-31 (1948) (dissenting opinion), where it is observed that:

That Section [section 6] has become the foundation of the patent law securing exclusive rights to inventors not only in Great Britain but throughout the world.

harm to the public continued in the United States until the early 1800's.³³

Abuses caused by the English *letters-patent* monopolies were strongly detested in America. The American Revolution was precipitated at least in part by popular resentment of the East India Company's monopoly on tea.³⁴ The Madison-Pinckney proposals for the adoption of the concept of *letters-patent for inventions*,³⁵ however, were readily received as necessary for the encouragement of industry and for the benefit of the public good.³⁶

The framers of the Constitution, in tune with the feelings of the general population, avoided the words "patent" and "monopoly" in the final draft, although the words were present in earlier drafts.³⁷ Article I, section 8 of the Constitution nevertheless established a legal monopoly for patent holders by granting Congress the power:

[t]o promote the Progress of Science and the useful Arts by Securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The patent clause thereby empowered Congress to bestow complete, constitutional monopolies on inventors.³⁸

Under the power granted by the patent clause, Congress passed the Letters-Patent Act of 1790³⁹ (hereinafter referred to as the 1790 Act) which was a codification of the doctrines espoused in the British common law decisions.⁴⁰ The argument that the American patent system is solely of statutory fiat is weak, since the origin of the American patent system as embodied in the 1790 Act was a *reformulation of common law tradition*.

One deviation of the 1790 Act from common law, however, was section 5,⁴¹ which provided that *any* citizen could, upon mo-

³³See text accompanying note 48 *infra*.

³⁴G. FOLK, *supra* note 18, at 117.

³⁵THE FEDERALIST No. 43 (A. Hamilton); see 1 J. ELLIOT, DEBATES ON THE FEDERAL CONSTITUTION 496 (1866).

³⁶Note, *supra* note 21, at 1097.

³⁷*Id.*

³⁸It was doubtless to this knowledge of the common law and statuteable rights of authors and inventors [referring to the Statute of Monopolies], that we are to attribute this constitutional provision.

3 J. STORY, COMMENTARIES ON THE CONSTITUTION OF THE UNITED STATES § 1147 (1933).

³⁹1 Stat. 109.

⁴⁰W. ROBINSON § 725, at 470; see Cullen & Vickers, *Fraud in the Procurement of a Patent*, 29 GEO. WASH. L. REV. 110, 111 (1969).

⁴¹That upon oath or affirmation made before the judge of the district court,

tion, prompt a district court judge to compel a patentee to show cause why his fraudulently obtained patent should not be revoked.⁴² Apparently, this provision was passed in the democratic fervor of the times. In England such power rested in the Crown under the writ of *scire facias*, but the Congress of 1790 placed that power in the free and independent citizenry. The 1790 Act was subsequently revised twice, but the essence of section 5 was maintained.⁴³

Patent adjudications under these acts were argued with constant reference to the then maturing English patent law. Chief Justice Marshall in 1818 published a treatise,⁴⁴ as an appendix to a case,⁴⁵ which summarized both the English common law and the Letters-Patent Act of 1800 and noted American law's heavy reliance on English developments. In 1813 Circuit Court Judge Story concluded that American patent law was the same as English common law.⁴⁶ Eleven years later in *Ex parte Wood*,⁴⁷ Justice Story, then on the Supreme Court, wrestled with the deviation of section 5 from common law and held that the wording of section 5 was in the nature of *scire facias*.

Justice Story was concerned in *Ex parte Wood* about the

where the defendant resides, that any patent which shall be issued in pursuance of this act, was obtained surreptitiously by, or upon, false suggestion, and motion made to the said court, within one year after issuing said patent, but not afterwards, it shall and may be lawful to and for the judge of said district court, if the matter alleged shall appear to him to be sufficient, to grant a rule that the patentee . . . show cause why process should not issue against him . . . to repeal such patents; and if sufficient cause shall not be shown to the contrary, . . . the said judge shall order process to be issued And in case no sufficient cause shall be shown to the contrary judgment shall be rendered by such court for the repeal of such patents; and if the party at whose complaint the process issued, shall have judgment given against him, he shall pay all such costs as the defendant shall be put to in defending the suit, to be taxed by the court, and recovered in such manner as costs expended by defendants, shall be recovered in due course of law.

Patent Act of 1790, § 5, 1 Stat. 109.

⁴²In the 1790-1820 time frame it was economically feasible for a citizen to act as a *private attorney general*. But see note 50 and accompanying text *infra* for today's conditions.

⁴³The first revision was in 1793 where section 5 became section 10. 1 Stat. 318. The second revision was in 1800 with no change to section 10. 2 Stat. 80.

⁴⁴See note 81 *infra*.

⁴⁵*Evans v. Eaton*, 16 U.S. (3 Wheat.) 454, 519 (1818).

⁴⁶29 F. Cas. 1120, 1122 (No. 17,600) (C.C. Mass. 1813).

⁴⁷22 U.S. (9 Wheat.) 603, 610 (1824):

On the other hand, if the process was to be in the nature of a *scire facias*, all the words [of section 5] are sensible and operative, and describe the proper progress and proceedings upon such a writ.

protection of the public and the harm caused by invalid patents. He reasoned that if a citizen did not challenge a patent via an action based on section 5 (which had a 3-year limitation) that "still, the public have a perfect security"⁴⁸ in that anyone could violate the patent with impunity and, when sued for the violation, he could then show the patent to be invalid under the common law infringement defense action. Story confidently stated that the public was totally protected from patent abuses:

Many patents, under this section, have already, in such suits, been adjudged void; so that the danger of extensive imposition or injury is wholly chimerical.⁴⁹

Perhaps Justice Story's full protection philosophy with its reliance on infringement proceedings is chimerical when compared to the 1968 cost of 50 thousand dollars⁵⁰ to litigate a patent:

Because of the potential for having to defend a suit for patent infringement the mere issuance of even an invalid patent is often sufficient to permit the holder to exclude competitors. . . . Thus the advantages which flow to the holder of an invalid patent operate to a very large extent to injure competitors and to restrain trade. . . . [T]he holders of invalid patents traditionally have managed to escape the proscriptive reach of the law.⁵¹

Today, infringement proceedings primarily represent the struggle between large corporations for patent control rather than any concern for the protection of the public. Industrial power, patent complexity, and litigation costs have rendered Story's protection inadequate, although the object of his theorizing—public protection—certainly remains viable.

In summary, a paramount concern of English common law and early American patent law was the protection of the public from the evils of patent monopolies. One such evil was the issuance of invalid patents. Although American patent law is statutory in nature, the early court decisions relied on common law

⁴⁸*Id.* at 614.

⁴⁹*Id.*

⁵⁰*Hearings on S. 1042 before the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Comm. on the Judiciary on Patent Law Revision, 90th Cong., 2d Sess., at 616 (1968) (statement of Henry J. Cappello, President, Space Recovery Research Center, Inc., and consultant on patent policy for the National Small Business Association). Judge Frank observed in 1942 that "the expense of defending a patent suit is often staggering to the small businessman."* *Picard v. United Aircraft Corp.*, 128 F.2d 632, 641 (2d Cir. 1942).

⁵¹Note, *supra* note 19, at 248. A thorough discussion of this problem appears in *Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation*, 402 U.S. 313, 334 (1971).

doctrines. Indeed, Justice Story relied on the Statute of Monopolies (in the absence of specific authority in the 1800 Act) to render a patent void when challenged in an infringement action:

If the public were already in possession and common use of an invention fairly and without fraud, there might be sound reason for presuming that the legislature did not intend to grant an exclusive right to anyone to monopolize that which was already common. There would be no *quid pro quo*, no price for the exclusive right or monopoly conferred upon the inventor. . . .⁵²

In conclusion, a primary concern in the origin of the American patent system was protection of the public. The next section discusses the denial of that protection.

II. DENIAL OF COMMON LAW

In *Wood v. Williams*,⁵³ Story's concern for the protection of the public through the combined coverage of section 5 and infringement litigation was reiterated. The issue in *Wood*, however, was whether the United States could be brought in as a party under section 5 to challenge the validity of any rights claimed or denied under the patent laws. *Wood* held that, in view of Story's reasoning, the matter was purely between citizens. This case subsequently became precedent for denying the right of the government to sue in patent validity actions.

In 1836, however, Congress revised the patent laws to encourage invention.⁵⁴ The Patent Act of 1836 omitted section 5. Unfortunately, the committee reports and the various debates which might have illuminated the legislative reasons for leaving out this

⁵²*Pennock v. Dialogue*, 27 U.S. (2 Pet.) 1, 23 (1829).

It has been observed that:

Since *Pennock* . . . was decided in 1829 this court has consistently held that the primary purpose of our patent laws is not the creation of private fortunes for the owners of patents, but is to "promote the progress of science and the useful arts."

Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U.S. 502, 510-11 (1917).

⁵³30 F. Cas. 485, 486 (No. 17,968) (D.E.D. Pa. 1834):

On a careful review of the patent laws of the United States, I have found no indication of an intention, that the United States are to be brought in as a party to a litigation, respecting the validity of any rights claimed or denied under those laws.

⁵⁴The act of 1836 was evidently intended for the benefit of inventors, and was the offspring of a public sentiment in their favor which increased rather than diminished during the ensuing forty years. In less than three years afterward the act of 1839 was passed, every other provision of which was marked by the same liberal spirit toward inventors, and was manifestly designed for the furtherance of their interests.

1 W. ROBINSON, *THE LAW OF PATENTS FOR USEFUL INVENTIONS* § 357, at 506 n.2 (1890).

major deviation from common law were never recorded.⁵⁵ The effect of this omission was not determined until 1871, when *Mowry v. Whitney*⁵⁶ held the omission to be an implied repeal by Congress; that is, Congress thereby intended that a private citizen could no longer bring an action to repeal fraudulently obtained patents.

With respect to patent validity challenges in the courts, the 1836 Act has remained unchanged to date. The last statutory enactment in 1952 incorporated no substantial or controversial changes and hence was speedily enacted.⁵⁷ In April 1965, President Johnson established the President's Commission on the Patent System and instructed it to conduct a comprehensive survey and to recommend improvements.⁵⁸ The President's Commission subsequently made 35 recommendations⁵⁹ for reform, and the Senate finally reported a bill in October 1971 implementing 14 of the proposed changes.⁶⁰ Although President Nixon in his March 1972 technology message called for a "strong and reliable patent system,"⁶¹ there has nevertheless been no congressional action on the 1971 bill or subsequent reform.⁶²

Under the 1836 Act, the infringement proceeding provided the only means whereby a patent could be repealed. With the omission of section 5, therefore, Story's complete *protection of the public* logic failed and likewise the restriction of *Wood* failed. Nonetheless, the precedent established by *Wood* that the government lacked the power to sue for patent repeal was upheld.⁶³

With this background, District Judge Gasch in 1969 adamantly denied any authority in the government to challenge patent validity:

[I]t would be impetuous for this Court to set about curing the ills of both the patent system and the antitrust laws in a "wreck and

⁵⁵Cullen & Vickers, *supra* note 40, at 112 n.12.

⁵⁶1 U.S. (14 Wall.) 434 (1872).

⁵⁷Rich, *Commentary—Proposed Patent Reforms, 1967*, 36 GEO. WASH. L. REV. 95, 96 (1967).

⁵⁸Exec. Order No. 11,215, 3 C.F.R. 123 (Supp. 1965).

⁵⁹REPORT OF THE PRESIDENT'S COMMISSION ON THE PATENT SYSTEM 5-8 (1966).

⁶⁰S. 643, 92d Cong., 1st Sess. (1971).

⁶¹Owens, *supra* note 16, at H2866.

⁶²*Id.*

⁶³*United States v. Colgate*, 21 F. 318 (C.C.S.D.N.Y. 1884); *United States v. Gunning*, 18 F. 511 (C.C.S.D.N.Y. 1883); *Attorney General ex rel. Hecker v. Rumford Chem. Works*, 32 F. 608 (C.C.D.R.I. 1876); *United States v. Frazer*, 22 F. 106 (D.C.N.D. Ill. 1884).

rebuild" fashion by fertilizing a dormant power in the Department of Justice to challenge patents collaterally for any reason.⁶⁴

Congressional legislation protecting the public from the evils of invalid patents has been nonexistent since 1836. This absence of reform, as will be discussed in the next section, has effected a narrow return to common law by the judiciary, based on the right of the government to challenge patents obtained by fraud.

III. RETURN TO COMMON LAW

The Supreme Court, in *Field v. Seabury*,⁶⁵ anticipated in dicta that the government had authority, whether or not expressly granted by Congress, to maintain suits to challenge patent validity. Fifteen years later Justice Miller, in *Mowry v. Whitney*,⁶⁶ also in dicta, found authority in the government to attack an invalid patent under the same conditions for which a writ of *scire facias* would have been issued at common law. After reviewing the requirements for a *scire facias*, Miller stated:

The *scire facias* to repeal a patent was brought in chancery where the patent was of record. And though in this country the writ of *scire facias* is not used as a chancery proceeding, the nature of the chancery jurisdiction and its mode of proceeding have established it as the appropriate tribunal for the annulling of a grant or patent from the government.⁶⁷

Justice Miller continued:

If, on the other hand, an individual finds himself injured, either specially or as part of the general public, it is no hardship to require him to satisfy the Attorney-General that the case is one in which the government ought to interfere either directly by instituting the suit, or indirectly by authorizing the use of its name, by which the Attorney-General would retain such control of the matter as would

⁶⁴United States v. Glaxo Group Ltd., 302 F. Supp. 1, 15 (D.D.C. 1969), *rev'd*, 410 U.S. 52 (1973).

⁶⁵60 U.S. (19 How.) 323 (1856).

In England, a bill in equity lies to set aside letters patent obtained from the King by fraud . . . and it would in the United States; but it is a question exclusively between the sovereignty making the grant and the grantee.

Id. at 332.

⁶⁶81 U.S. (14 Wall.) 434 (1872).

⁶⁷*Id.* at 440. *Mowry* relied on the following rationale:

Nor is fraud in the patentee the only ground upon which a bill will be sustained. Patents are sometimes issued unadvisedly or by mistake, where the officer has no authority in law to grant them . . . In such cases courts of law will pronounce them void.

United States v. Stone, 69 U.S. (2 Wall.) 525, 535 (1864).

enable him to prevent oppression and abuse in the exercise of the right to prosecute such a suit.⁶⁸

Mowry was decided, however, upon another issue, and the sweeping dicta was ignored until *United States v. American Bell Telephone Co.*⁶⁹ (*Bell I*), when Justice Miller gave final recognition to the idea that the government may sue for repeal of a patent obtained by fraud:

That the government, is authorized both by the Constitution and the statutes to bring suits at law and in equity . . . is so clear that it needs no argument⁷⁰

Later, in *United States v. American Bell Telephone Co.*⁷¹ (*Bell II*), Justice Fuller agreed:

In [*Bell I*], it was decided that where a patent for a grant of any kind issued by the United States has been obtained by fraud, by mistake or by accident, a suit by the United States against the patentee is the proper remedy for relief⁷²

Finally, in *United States v. American Bell Telephone Co.*⁷³ (*Bell III*), Justice Brewer concurred:

[The government] has a standing in court either in the discharge of its obligation to protect the public against a monopoly it has wrongfully created, or simply because it owes a duty to other patentees to secure to them the full enjoyment of the rights which it has conferred by its patents to them.⁷⁴

Seabury, *Mowry*, and the *Bell* trilogy thereby revived one of the common law *scire facias* remedies by recognizing that the government may challenge the validity of a *fraudulently* procured patent. Certainly the other *scire facias* remedies, with the government acting as *parens patriae*, should likewise be revived to challenge patents obtained by mistake or accident that caused harm or injury to the public. The dicta in these cases are broad, with much concern for the protection of the public, and therefore should not be construed as permitting only one narrow remedy.

Other areas of law have recognized common law remedies, especially for the protection of the public. In matters of statutory construction, for example, the Supreme Court has stated:

⁶⁸81 U.S. (14 Wall.) 434, 441 (1872).

⁶⁹128 U.S. 315 (1888).

⁷⁰*Id.* at 370.

⁷¹159 U.S. 548 (1895).

⁷²*Id.* at 555.

⁷³167 U.S. 224 (1897).

⁷⁴*Id.* at 265-66.

[W]here a statute creates a right and provides a particular remedy for its enforcement, the remedy is generally exclusive of all common-law remedies.

. . . [These] are not rules for the conduct of the State. It is a familiar principle that the King is not bound by any act of Parliament unless he be named therein by special and particular words. . . . It may be considered as settled that so much of the royal prerogatives as belonged to the King in his capacity of *parens patriae*, or universal trustee, enters as much into our political state. . . .⁷⁵

The Supreme Court has also held that when statutory crimes are silent as to elements, remedies, and defenses, the courts can resort to common law holdings.⁷⁶ In the area of government grants, Chief Justice Marshall held that the only authority to challenge a grant issued by the government resides in the government acting through the courts to ascertain the validity of the grant.⁷⁷

In the area of land patents,⁷⁸ *United States v. Beebe*⁷⁹ recognized a duty of the government to institute judicial proceedings to vacate invalid patents, and *United States v. San Jacinto Tin Co.*⁸⁰ placed this power in the United States based on a direct derivation from English common law (citing *Mowry*).

Yet in spite of these Supreme Court decisions recognizing the government's common law remedies for the protection of the public, the right of the government to challenge patent validity, except for fraud on the Patent Office, has not been recognized by the courts. Such reasoning, while admitting a common law heritage,⁸¹ ignores the rights of the public to be protected from the abuses of invalid patents.

IV. MODERN PUBLIC POLICY DECISIONS

During the late 19th century, abuses from industrial monopolies became intolerable and Congress enacted corrective legisla-

⁷⁵*Dollar Sav. Bank v. United States*, 86 U.S. (19 Wall.) 227, 238-39 (1873).

⁷⁶*Morissette v. United States*, 342 U.S. 246 (1952).

⁷⁷*Trustees of Dartmouth College v. Woodward*, 17 U.S. (4 Wheat.) 518, 698 (1819).

⁷⁸Cases on land patents and patents for inventions often considered their common basis in the government grant. See *United States v. American Bell Tel. Co.*, 167 U.S. 224, 239 (1897); *United States v. American Bell Tel. Co.*, 128 U.S. 315, 364 (1888); *Mahn v. Harwood*, 112 U.S. 354, 358 (1884).

⁷⁹127 U.S. 338, 342 (1888).

⁸⁰125 U.S. 273, 281 (1888).

⁸¹The Patent Acts of the United States are in a great degree, founded on principles and usages which have grown out of the English Statute on the same subject.

Marshall, *On the Patent Laws*, 16 U.S. (3 Wheat.) 519 (1818).

tion in the form of the Sherman Antitrust Act.⁸² Primarily founded on the theory that a patent is a constitutionally protected monopoly, intricate relationships developed between patent and antitrust law.⁸³ For purposes of this note, it is important to recognize that the Justice Department has the authority to challenge those who restrain trade, monopolize the marketplace, and repress free competition.⁸⁴ These practices are similar to those which the King, as *parens patriae*, sought to eliminate at common law.⁸⁵ The holder of a patent monopoly, however, has generally escaped the corrective reach of antitrust law and, ironically, under the evolution of the patent system such abuses, harms, and injuries are protected even when the government invalidly grants them.⁸⁶

The courts have recently wrestled with this incongruity of logic as is witnessed in the following *public policy* decisions on patent validity. The trend of the rulings is to increase the means for attacking patent validity. *Kendall v. Winsor*,⁸⁷ in 1858, foreshadowed the modern public policy philosophy:

It is undeniably true, that the limited and temporary monopoly granted to inventors was never designed for their exclusive profit or advantage; *the benefit to the public or community at large was another and doubtless the primary object in granting and securing that monopoly.* . . . The rights and interests, whether of the public or of individuals, can never be made to yield to schemes of selfishness or cupidity⁸⁸

Justice Fuller in *Bell II* also demonstrated a precognition for the current public policy philosophy:

In instituting this suit, the government appeared on behalf of the public, and, as it were, in the exercise of the beneficent function of superintending authority over the public interests, and the rule of construction in such cases is properly regarded as affected by considerations of public policy.⁸⁹

In the past 40 years, many cases have made public policy arguments a part of viable patent law. In *Sola Electric Co. v.*

⁸²15 U.S.C. §§ 1-7 (1970).

⁸³A. STICKELLS, FEDERAL CONTROL OF BUSINESS ANTITRUST LAWS §§ 141-61 (1972); Keating, *supra* note 14.

⁸⁴15 U.S.C. § 9 (1970).

⁸⁵See text accompanying notes 29 and 32 *supra*.

⁸⁶See text accompanying note 51 *supra*.

⁸⁷62 U.S. (21 How.) 322 (1858).

⁸⁸*Id.* at 327-28 (emphasis added).

⁸⁹*United States v. American Bell Tel. Co.*, 159 U.S. 548, 554 (1895).

Jefferson Electric Co.,⁹⁰ where the licensee in an antitrust action attacked the validity of the patent under which he was licensed, the Court held the attack valid based on the interest of the public in free competition, even though the licensee had agreed not to sue. In another antitrust action, *United States v. United States Gypsum Co.*,⁹¹ the government was held to have the power to attack the validity of patents when the patents were used as a defense (*i.e.*, patent monopolies are constitutionally-authorized monopolies) to charges of antitrust violations.

The breakthroughs of *Sola* and *Gypsum* were solidified in *Sears, Roebuck & Co. v. Stiffel Co.*⁹² *Sears* involved an infringement action, brought by the holder of an invalid design patent, against Sears, Roebuck & Company for its marketing of an identical product at a retail price equal to the patentee's wholesale price. In finding the patent invalid, the court noted:

[S]haring in the goodwill of an article unprotected by patent is the exercise of a right possessed by all—and in the free exercise of which a consuming public is deeply interested.⁹³

Later, *Lear, Inc. v. Adkins*⁹⁴ posed the problem of whether, in a suit by the patentee for nonpayment of royalties, the licensee was estopped from challenging the validity of a patent under which he was licensed. The Court held in favor of the patent validity challenge, observing:

[S]urely the equities of the licensor do not weigh very heavily when they are balanced against the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain.⁹⁵

Similarly, in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*,⁹⁶ the Court held that in certain cases when a patent has been found invalid in a prior judgment, the patentee is estopped from pleading validity in a subsequent action.

These Supreme Court decisions have generated considerable comment by those concerned with the impact of such radical public policy decisions on the hitherto preminent doctrine that

⁹⁰317 U.S. 173 (1942); *accord*, *MacGregor v. Westinghouse Elec. & Mfg. Co.*, 329 U.S. 402 (1947); *Edward Katzinger Co. v. Chicago Metallic Mfg. Co.*, 329 U.S. 394 (1947).

⁹¹333 U.S. 364 (1948).

⁹²376 U.S. 225 (1964).

⁹³*Id.* at 231, *citing Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938).

⁹⁴395 U.S. 653 (1969).

⁹⁵*Id.* at 670.

⁹⁶402 U.S. 313 (1971).

once issued, a patent is valid and untouchable.⁹⁷ Although these rulings are aligned with common law dictates, they represent case-by-case adjudications in separate branches of the patent law field: infringement actions (*Sears*); antitrust suits (*Gypsum*); and licensee defenses (*Sola* and *Lear*). A return to the common law interest in protecting the public, however, is the apparent trend in recent cases.

Recently a controversial decision of the Supreme Court further emphasized this return. *United States v. Glaxo Group Ltd.*⁹⁸ has been accused of "sending shock waves through the fields of patent and antitrust law."⁹⁹ *Glaxo* held that the government in an antitrust action has the power to attack patent validity as a collateral issue whether or not the patentee raises the patent as a defense. The patent must, however, be shown to have a *nexus*¹⁰⁰ with the antitrust action. The Court, after reviewing *Bell I*, *Pope*, *Gypsum*, *Sola*, *Lear*, and *Blonder-Tongue*, held:

We think that the principle of these cases is sufficient authority for permitting the Government to raise and litigate the validity of the . . . patents in this antitrust case.¹⁰¹

The dissent, however, concluded that:

the sort of roving commission that the majority now authorizes whereby the Government may request a court to invalidate any patent owned by an antitrust defendant that in any way related to the factual background of the claimed antitrust violation cannot be regarded as a reasonably necessary extension of any of these principles.¹⁰²

The protection of the public from invalid patent monopolies and abuses by direct government challenges existed and was encouraged at common law. Unfortunately, the majority in *Glaxo* denied full application of the common law heritage by their chary holding:

[W]e do not recognize unlimited authority in the Government to attack a patent by basing an antitrust claim on the simple assertion that the patent is invalid . . . [n]or do we invest the Attorney

⁹⁷See note 2 *supra*.

⁹⁸410 U.S. 52 (1973).

⁹⁹BNA PAT., T.M. & COPYRIGHT J., No. 112, A-1 (Jan. 25, 1973).

¹⁰⁰"In this context, where the court would necessarily be dealing with the future enforceability of the patents . . ." 410 U.S. at 59. A good discussion of the *Glaxo* nexus is found in Comment, *The Governmental Challenge to Patent Validity After United States v. Glaxo Group Ltd.*, 50 CHI.-KENT L. REV. 145 (1973).

¹⁰¹410 U.S. at 58.

¹⁰²*Id.* at 69.

General with a roving commission to question the validity of any patent lurking in the background of an antitrust case.¹⁰³

Thus, instead of solidifying a return to a common law basis, the Court in *Glaxo* merely added another exception as to when a patent can be challenged for validity. History, logic, and a social concept of the public good dictate that the government has not only the power, but the duty to challenge invalid patents to the same extent that the owner of a truly valid patent has the common law and constitutional rights to a monopoly.

If the remedies of common law were to be revived by the Supreme Court to correct the abuses of invalid patents, would they be utilized by the government? The Antitrust Division of the Justice Department believes that they would:

We also believe that attacks on invalid patents will have a beneficial effect on the quality of patents generally . . . and thereby provide additional protection to the public against the burden of invalid patents. Therefore, where we believe the invalidity of a patent to be clear, we will not hesitate to attack it. And, of course, where we believe a patent has been procured by fraud, we will bring suit to cancel the patent grant.¹⁰⁴

The practicality of the Justice Department challenging patent validity not only in antitrust violations but also in a self-starting role on behalf of the public will be open to debate. Certainly some members of the judiciary¹⁰⁵ feel that the current Patent Office structure, with its 64 percent invalidity rate, is harmful to the public and injurious to commerce. Yet reform of the Patent Office by Congress appears to be only a remote possibility.¹⁰⁶ The answer lies in vesting in the Justice Department the common law right to challenge the government's own grant of a patent monopoly.

¹⁰³*Id.* at 59.

¹⁰⁴McLaren, *Patent Licenses and Antitrust Considerations*, 13 IDEA 61, 66 (1969). (Richard McLaren was Assistant Attorney General of the Antitrust Division when he delivered this speech to the Thirteenth Annual Public Conference of the PTC Research Institute held June 5, 1969, at George Washington University. Mr. McLaren is now a United States District Judge.)

¹⁰⁵The patent involved in the present case belongs to this list of incredible patents which the Patent Office has spawned. The fact that a patent as flimsy and as spurious as this one has to be brought all the way to this Court to be declared invalid dramatically illustrates how far our patent system frequently departs from the constitutional standards which are supposed to govern.

Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp., 340 U.S. 147, 158 (1950) (Mr. Justice Douglas, concurring).

¹⁰⁶Owens, *supra* note 16, at H2869.

CONCLUSION

A patent is a constitutional grant of a monopoly for a limited time after which the invention is freely available for public use and competition; it is not a creature of the Congress or of the Patent Office. Invalid patents, when obtained by fraud, mistake, or accident of the Patent Office, work injury and harm on the public through the restraint of free trade and competition and the creation of higher prices for consumer goods.

The patent is constitutionally bargained for. The public reaps the benefits of new ideas and inventions, but endures the detriment of the anticompetitive harm of a monopoly. The inventor receives the award of a market monopoly for his creativeness, but he suffers the detriment of making full public disclosure of his secrets.

When a monopoly is granted for an invalid patent, the consideration of the bargain fails and the public becomes the injured party. The government, as grantor of the patent, has an obligation to challenge invalid patents on behalf of the public. Such public rights have been ignored until recently when patent monopoly abuses, resembling those which led in part to the liberation of the United States from England, became intolerable to the Supreme Court. While the trend of these decisions is to increase patent validity attacks based on *public policy* reasons, the weapons are few and narrowly construed.

A uniform approach, recognizing the government's role as a roving public advocate to challenge invalid patents, is clearly grounded in common law and is the logical extension of the present public policy decisions. A return to common law is necessary since, in the government's grant to the inventor, the public is clearly the third party.

Robert C. Dorr

