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Supreme Court of the United States

OCTOBER TERM, 1969

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Supreme Court, U. S.

MAR 13 1970

In the Matter of:

Docket No. 445

STANDARD INDUSTRIES, INC.

Petitioner,

vs.

TIGRETT INDUSTRIES, INC., et al.

Defendants.

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Place Washington, D. C.

Date March 2, 1970

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TABLE OF CONTENTS

1	<u>STATEMENTS OF:</u>	<u>P A G E</u>
2	I. Walton Bader, Esq., on behalf of the Petitioner	3
3	Lawrence G. Wallace, Office of the Solicitor General, on behalf of the United States as Amicus Curiae	15
4		
5	Ralph W. Kalish, Esq., on behalf of Respondents	33
6	Sidney Neuman, Esq., on behalf of American Patent Law Association as Amicus Curiae	60
7		
8	<u>REBUTTAL ARGUMENT OF:</u>	<u>P A G E</u>
9	I. Walton Bader, Esq., on behalf of Petitioner	72
10		
11		
12		
13		
14	* * * * *	
15		
16		
17		
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19		
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21		
22		
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IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM

STANDARD INDUSTRIES, INC.,)	
)	
Petitioner)	
)	
VS)	No. 445
)	
TIGRETT INDUSTRIES, INC., ET AL.,)	
)	
Respondents)	
)	

The above-entitled matter came on for argument at 10:25 o'clock a.m. on Monday, March 2, 1970.

BEFORE:

WARREN E. BURGER, Chief Justice
 HUGO L. BLACK, Associate Justice
 WILLIAM O. DOUGLAS, Associate Justice
 JOHN M. HARLAN, Associate Justice
 WILLIAM J. BRENNAN, JR., Associate Justice
 POTTER STEWART, Associate Justice
 BYRON R. WHITE, Associate Justice
 THURGOOD MARSHALL, Associate Justice

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PROCEEDINGS

MR. CHIEF JUSTICE BURGER: Number 445, Standard Industries, Incorporated, against Tigrett Industries.

Mr. Bader, you may proceed whenever you are ready.

ORAL ARGUMENT BY I. WALTON BADER, ESQ.

ON BEHALF OF THE PETITIONER

MR. BADER: Thank you, Your Honor, and may it please the Court: This case involves a patent license agreement which was entered into between the Petitioner, Standard Industries, and the Respondent Tigrett Industries.

The agreement provided that Standard Industries was to pay, in effect, a royalty of 5 percent of the covered product sales price, which is the way the contract read. And the contract provided also the usual warranty of title. The patent warrent, in fact, in the name of Tigrett Industries, but the assignment was a conditional one.

The agreement of assignment between Tigrett Industries and the inventor provided that the assignment would become absolutely void if Tigrett Industries made an assignment for the benefit of creditors.

Now, on December 29, 1964, after this contract had been entered into the Tigrett Industries assigned the patent involved to a subsidiary of the Petitioner, known as Jackson Furniture Company. The company is not a party to this litigation. And that assignment provided that the Jackson Furniture

1 Company, the purchaser, agrees to abide by all the obligations,
2 terms and conditions of the seller herein, Tigrett Industries,
3 Inc., as more specifically set forth in an agreement dated
4 July 19, 1961, which was the original assignment that I had
5 previously mentioned.

6 Thereafter, on December 22nd -- I'm sorry. There-
7 after on April 26, 1965 Tigrett Industries did make an assign-
8 ment for the benefit of creditors. And it was the position of
9 Standard Industries at thatpoint that the agreement became
10 absolutely void by reason of that fact.

11 Standard Industries then failed to pay royalties in
12 connection with the patent involve! and a suit was brought and
13 there were various claims that were made by Tigrett Industries
14 before the trial court. We don't have to do into those details.
15 They sought reformation of the contract; sought royalties on
16 every item that Jackson Furniture Corporation had made.

17 But, when the trial court got through, the trial
18 court held that there were two items that were subject to
19 royalties: one known as the "Play-a-Round"; the other known as
20 the "Golden Converter."

21 Insofar as the play-a-round is concerned, Standard
22 Industries does not contest the validity of that patent, nor
23 the coverage with respect to the patent applicable to the
24 play-a-round.

25 However, Standard Industries does contest any coverage

1 with respect to the patent involving the Golden Converter.
2 And that is the issue which I am going to address myself to for
3 a few moments.

4 It was conceded by the trial court and by the
5 Appellate Court that the patent involved, which is Patent No.
6 3,162, 865, did not have any claim that specifically covers
7 the structure. Because the claim of the patent, the broadest
8 claim in the case, required that there had to be a pair of space
9 openings in the baseplate of the plate and that drawstrings had
10 to pass through these space openings. The trial court, how-
11 ever, held that regardless of the fact that the terms of the
12 claim did not cover the structure, nevertheless, by reason of
13 an application, and I believe a misapplication, of the doctrine
14 of equivalence as the law presently stands at the present time,
15 that this patent still read: "On the Golden Convertible
16 Structure."

17 Now, I am not going to discuss in my argument, in
18 detail, whether or not the Court should announce a new doc-
19 trine with respect to the doctrine of equivalents.

20 Q Well, what is your position?

21 A I support the position of the Attorney General,
22 Mr. Justice Stewart.

23 Q Well, the Attorney General is not a party to
24 this case?

25 A No, but he filed an amicus brief.

1 Q Well, what about you, are you just adopting --

2 A I adopt the position taken by the Attorney
3 General in the amicus brief, Mr. Justice Stewart, and I also
4 wish to address some other remarks in connection with this.

5 Pointing out to the Court that the doctrine should be
6 abrogated, because this doctrine is actually causing a break
7 upon technology in the United States. The reason is this:
8 normally when a competitor wishes to go into a field where a
9 company has a dominating patent position, he will come to his
10 patent counsel and he will say: "These are the dominating
11 patents in the field. How can I avoid these patents?"

12 And what the patent attorney normally does, he
13 studies the claims of the patents involved and attempts,
14 through the engineers of the company involved, and technical
15 personnel, attempts to create structures which will avoid
16 patented claims. And this is what produces technical progress,
17 because the man produces a structure which, in many cases, is
18 superior to the patented structure --

19 Q Do you think the courts are really free to
20 reject the doctrine of equivalents?

21 A I think so, Mr. Justice Stewart, for this
22 reason: in the patent action --

23 Q Well, you might ask Mr. Justice White down
24 there.

25 (Laughter)

1 Q I'm Mr. Justice White.

2 A I'm sorry; I'm sorry.

3 Q That's all right.

4 But, didn't the Congress enact a new patent law in
5 1952?

6 A Yes, Mr. Justice White.

7 Q Just a couple years after the decision of this
8 Court on equivalents?

9 A Yes, Mr. Justice White, and I submit to the
10 Court that what the Court did was to abrogate the doctrine of
11 equivalents for this reason: there are two ways that you can
12 claim a structure. There is a, what we call "abstract claimo-
13 logy;" and there is concrete claimology. And these things are
14 different.

15 For example, if I wished to claim two gears which are
16 meshing together, if I claim this concretely, I will say "a
17 pair of interconnected gears." Now, that is the method that is
18 used by the Germans in claiming patents and in setting forth
19 claims. And the Germans give a very wide doctrine of
20 equivalents for such a structure. That is: a pair of gears
21 would also cover a belt and a pulley.

22 But, in our patent law, in view of the provision of
23 the Patent Act of 1952 which permitted claiming of means plus
24 a function, I submit that Congress intended to permit abstract
25 claims with no doctrine of equivalents. That is --

1 Q Well, they certainly never mentioned at all --
2 they certainly didn't expressly reject the doctrine of
3 equivalents, did they?

4 A No, Mr. Justice White, they did not.

5 Q They didn't even mention the Graver case in
6 any of the commentary or anything else.

7 A No; they did not. I admit to the Court that they
8 did not. This is basically the position that the Petitioner is
9 taking. Whether or not this position will be sustained by
10 the Court is, of course, something that --

11 Q Well, wouldn't it be extraordinary if Congress
12 intended to change something as recent as that? Something in
13 the legislative history would not indicate that they were
14 addressing themselves to that end.

15 A Well, Mr. Justice, in Halliburton versus Walker,
16 the Supreme Court specifically rejected claims drawn to
17 means plus a function. And, therefore, with that decision on
18 the books, it would be impossible to draw an abstract claim
19 that would be held valid by the Court in view of the Halliburton
20 case.

21 And the Patent Act of 1952, when they put in the
22 illustration that claims could be made by means plus a function,
23 they did that in order to permit this kind of abstract claim.
24 And I submit to the Court that since it now is no longer
25 necessary to have a doctrine of equivalents in order to properly

1 claim a subject matter, that Congress, by implication did say
2 that the doctrine of equivalents no longer had any application.
3 And that is the Petitioner's position on that matter.

4 We don't have -- the case here does not have to
5 bottom itself on that issue.

6 Q In fact, that issue has never been raised or
7 litigated or even mentioned until an amicus brief in this
8 Court; am I wrong?

9 A That is correct, Mr. Justice Stewart.

10 The Petitioner does submit that the doctrine of
11 equivalents in this case was misapplied. This Court, in the
12 case of Graham against Deere, which is the latest pronouncement
13 I believe that this Court has made on the doctrine of equivalents,
14 has stated that where the subject matter of a patent is narrow,
15 that the doctrine of equivalents, likewise, must be very
16 narrowly applied.

17 Furthermore, the doctrine of equivalents cannot
18 apply if there is what is called "file wrapper estoppel" in the
19 case. That is if a patentee, in order to obtain a patent,
20 puts a limitation in his claims he may not thereafter say that
21 a structure is infringing which does not utilize this limita-
22 tion.

23 And I submit that the file history of this case and
24 the narrowness of the patent involved, clearly indicates that
25 the doctrine of equivalents in this case has no application.

1 I submit that for this reason: the invention -- and I
2 will discuss the validity of the patent in a moment -- if the
3 patent is valid at all, it involves a very narrow structure of
4 being able to pull two drawstrings through a hole in a base-
5 plate from the top, rather than being able to do the same thing
6 from the bottom. That's the whole point of novelty in the case,
7 because there is a patent, a prior patent, which is
8 Adamson, which shows the identical structure, except that the
9 drawstrings are tightened from the bottom of the baseplate
10 instead of being tightened from the top of the base plate.

11 Now, with that simple little improvement, which,
12 frankly has less of a novelty than the improvement in the
13 Supermarket Equipment case, because drawstrings are drawstrings,
14 and drawstrings all pull the netting tight, and putting holes
15 in the base plate to pull drawstrings through, is something
16 that's always been done before: Two plus two have been added
17 together and they produce four.

18 Secondly, in the original case, the patentee
19 attempted to get one claim which was extremely broad, and a
20 second claim which involved two space openings in the base plate.
21 Now, we're only using one, but this original claim called for
22 two. I believe it was Original Claim 4. That claim was re-
23 jected by the patent office on references and the patentee
24 then amended the claim to say: "Two spaced openings in the
25 base plate with drawstrings passing through these openings and

1 being connected at the top of the base plate for manipulation.

2 Therefore, the patentee specifically obtained his
3 claim by means of two spaced openings. He always requested
4 from the patent office two spaced openings and under those
5 circumstances, the doctrine of equivalents has no application
6 in view of the clear file wrapper estoppel in the case.

7 We now come to the question of Lear against Adkins.
8 Lear against Adkins was decided by this Court approximately
9 60 days after the decision by the Sixth Circuit Court of
10 Appeals, affirming this case.

11 Now, at the time that this case was tried, while the
12 validity of the patent was, in effect, involved, in view of the
13 fact that there was a general denial of royalty liability on
14 the part of the Petitioner, the Petitioner could not at that
15 time contest the validity of the patent because the law in the
16 Sixth Circuit at that time, as set forth in the Petitioner's
17 brief, was to the effect that a patentee -- that a licensee
18 could not contest the validity of a patent under which he was
19 licensed, but could only introduce prior art in order to attempt
20 to limit the scope of the claims.

21 Under these circumstances, obviously, since that was
22 the law in the Sixth Circuit, there was nothing that Petitioner
23 could do to contest the validity --

24 Q Did this come out at the pretrial proceedings?

25 A No, Mr. Justice White, because --

1 Q Did the District Court ever say anything about
2 the estoppel doctrine?

3 A Yes; it's set forth specifically in the
4 appendix, Mr. Justice. Perhaps I can find it.

5 Q He reaffirmed, did he not, that it would have
6 done you no good to raise the validity point?

7 A Yes. He said, since both parties concede that
8 the Petitioner, licensee, could not contest the validity of
9 the patent under which he was licensed, therefore, why am I
10 attempting to introduce evidence with respect to certain prior
11 art? And I said that I was attempting to do that in order to
12 show, in order to indicate the scope of the claims, which we
13 were permitted to do at that time.

14 What I couldn't do is put in anticipating prior art,
15 because that would have done me no good.

16 Q Where do you find that ruling or holding or
17 colloquy by the District Judge?

18 A Let me see if I can find it in the appendix.
19 If the Court will indulge me for a moment. It appears on page
20 129-A-3 of the appendix and it reads as follows:

21 "So the Court will know where we are going, we under-
22 stand that the defendant concedes they cannot attack the
23 validity of the patents. That being true, what would be the
24 relevance of a prior patent that perhaps anticipated the patent
25 in suit here?"

1 And my reaction to that was: scope of claims, Your
2 Honor. And Mr. Kalish, my learned brother, said: "We have no
3 notice at all of any way they want to narrow the scope of these
4 claims," and so on.

5 Q Did you say 129 of the appendix?

6 A 129.3, Mr. Justice Douglas. It appears right
7 right above the little note saying "124." There's a 124 mar-
8 ginal note and it appears right above that.

9
10 (Laughter)

11 A Mr. Justice Douglas.

12 Q I'm not sure that Mr. Justice Black heard the
13 new name you have given him.

14 (Laughter)

15 MR. JUSTICE BLACK: I didn't complain about it.

16 (Laughter)

17 A I'm sorry; I'm sorry.

18 MR. JUSTICE BURGER: You take your time. We'll
19 understand what your point is without the names.

20 A Thank you.

21 Q Now, it's this center paragraph on 129-A-3 that
22 you relied on?

23 A Yes, Mr. Justice.

24 And before the decision in this Court in Lear against
25 Adkins, that was the law and that was the solid law in the Sixth

1 Circuit at the time, too. There had been a recent decision of
2 the Sixth Circuit approximately two months before this case was
3 tried, which said exactly that: that a licensee could not
4 attack the validity of a patent under which he was licensed.

5 Q Well, it wasn't quite that simple; was it?
6 I mean, you think the rule is that clear; do you?

7 A Except where the rule -- the rule was clear,
8 with this exception: there was a provision, but if there was an
9 anti-trust violation in the case at that point a licensee
10 could attack the validity of the patent. Now, in this case,
11 strangely enough, there was something that might be considered
12 an antitrust violation, in view of the fact that there was a
13 provision which might have been construed to constitute a
14 violation of law in that unpatented subject matter was charged
15 because there was a provision with respect to the payment of
16 royalties based upon the profits, provided that the paid
17 royalties were less than the profits.

18 However, this provision never came into effect. The
19 provision may have been severable and under those circumstances
20 we didn't rely on it. And therefore, we could not attack the
21 validity.

22 Q Well, the point was: the patent estoppel question
23 was specifically flushed in this litigation; wasn't it? And for
24 reasons best known to yourself, despite the uncertain scope of
25 that doctrine before Lear and despite what you just said: you

1 chose not to press the argument.

2 A No, Mr. Justice. No. The point actually, we
3 could not have pressed it because the scope of the doctrine was
4 that unless there was a clear anti-trust violation we could not
5 press the scope of patent validity because of licensee estoppel
6 and the Sixth Circuit case that is cited in my brief, actually
7 sets this thing forth very, very clearly. The Sixth Circuit
8 case was almost on all fours with ours and the court specifi-
9 cally said that: "You cannot contest the validity of the
10 patent; that is the law."

11 Q That was the law at the time of Lear, too, and
12 they contested it in that case and prevailed when they got up
13 here.

14 A Well, the Petitioner did not -- the situation is
15 as set forth in the record and the Petitioner is bound by his
16 record.

17 Basically, that concludes my argument and I would like
18 to save my remaining time for rebuttal.

19 MR. CHIEF JUSTICE BURGER: Thank you, Mr. Bader.
20 Mr. Wallace.

21 ORAL ARGUMENT BY LAWRENCE G. WALLACE, OFFICE
22 OF THE SOLICITOR GENERAL, ON BEHALF OF THE
23 UNITED STATES AS AMICUS CURIAE

24 MR. WALLACE: Mr. Chief Justice, and may it please
25 the Court: The United States believes that this case does

1 present the Court with an appropriate opportunity to correct
2 a harmful, basic incongruity in decisions under the Patent Law.

3 The doctrine of equivalents which was applied by
4 the courts below, is not a statutory doctrine; it has never
5 been provided for by Congress in the 1952 Act or in any of the
6 previous patent legislation and indeed, Congress did not, in
7 any of its revisions, specifically address itself to the
8 question of the continuing validity of this judicially-created
9 doctrine.

10 Our submission is that although the doctrine may hav
11 at one time have been appropriate, it has long -- since long
12 before the 1952 revision been inconsistent with basic poli-
13 cies of the Federal Patent System developed by Congress and
14 by judicial decision; that the doctrine should now be funda-
15 mentally revised in favor of the standard of infringement which
16 is compatible with the statutory scheme and it is appropriate
17 for the Court to do this, since Congress has never yet con-
18 sidered the doctrine. There is no need to wait and see whether
19 Congress might do so, as the amicus brief of the Patent Law
20 Association suggests.

21 Q Might not the principles of due process of law,
22 perhaps indicate that the case in which to consider your
23 argument is a case in which it has at least been brought up
24 somewhere along the line in the course of the litigation?

25 A Well, at early stage of this litigation the

1 Petitioner contended that because of the limitation in the
2 claim his playpen could not be considered an infringement.
3 That the doctrine of equivalents could not be applied so as to
4 hold that he was infringing a claim so limited --

5 Q That's not your point, though, at all; is it?

6 A But it really is a different articulation of the
7 question of whether the doctrine of equivalents can appropri-
8 tely be applied by the Court to expand patent monopolies beyond
9 the terms of their claims. I don't see that that is a different
10 question.

11 Q Did you, the Government, intervene or come in
12 as amicus at any stage of this proceeding until it got up here?

13 A We did not, sir; nor did we support the
14 Petitioner. It was only after the petition was granted that
15 the case came to our attention.

16 Q Your amicus brief was not filed at the invita-
17 tion of the Court?

18 A It was not, Mr. Justice.

19 The basic attributes of the patent system with which
20 the equivalents doctrine seems to us incompatible, may be
21 briefly summarized: the system is one of administrative issuance
22 of patents, only after expert examination intended to assure
23 that the statutory standards of novelty, utility and non-
24 obviousness have been met. The patent application is required
25 to conform to exacting standards of disclosure and the statute

1 specifically provides that the specification is required to
2 "conclude with one or more claims, particularly pointing out
3 and distinctly claiming the subject matter which the applicant
4 regards as his invention."

5 These requirements of disclosure and a definitive
6 specificity in claiming, are an important quid pro quo for the
7 grant of the patent monopoly. They are intended to contribute
8 to the accuracy of the administrative determination of whether
9 a patent should issue and to provide important additional
10 public benefits, including assurance that the invention will
11 be effectively dedicated to the public at the expiration of the
12 statutory monopoly period.

13 And, more relevant here, are the benefits intended
14 for the public during the monopoly period. Through the public
15 record of the Patent Office, further technological innovation
16 is encouraged during the life of the patent by full disclosure
17 of the invention to the public, including the patentee's
18 competitors and of principal importance here, the public is
19 notified by the patentee's claims of the boundaries of the
20 monopoly so that the patentee's competitors may distinguish
21 between impermissible infringement and permissible competition
22 which, of course, benefits the public.

23 As this Court put it in *General Electric Company*
24 *against Wabash Appliance*, 304 U.S. "The inventor must inform
25 the public during the life of the patent that the limits of the

1 monopoly asserted, so that it may be known which features may
2 be safely used and manufactured without a license, and which
3 may not."

4 And it is in this context that this Court has
5 repeatedly said that the claim is the measure of the grant.
6 And in *Universal Oil Products against Globe Oil Company* in
7 322 U.S. the Court explained that: "The claim is required to be
8 specific for the very purpose of protecting the public against
9 extension of the scope of the monopoly.

10 In keeping with these basic tenets of the patent
11 system, there is statutory provision for administrative reissue
12 of patents in cases in which a patentee, through honest error,
13 claimed more or less than he had a right to claim in his
14 patent.

15 The standards governing patent reissue are set forth
16 in Section 251 of the Code, which includes an express provision
17 that no reissue enlarging the scope of the claims of the
18 original patent shall be granted, unless applied for within two
19 years of the grant of the original patent.

20 Moreover, insofar as the reissued patent alters the
21 claims of the original, protection for the intervening rights
22 of competitors is provided by Section 252 of the Code, a
23 provision which obviously is based on a Congressional premise
24 that claims determine rights.

25 Accordingly, the question, as we see it, and put

1 somewhat dramatically, is to what avail are these elaborate
2 statutory provisions for administrative examination and weeding
3 out of patent applications, including particular attention to
4 the applicant's claims because of their statutory role as a
5 definitive measure of the grant, if the stuff of the enforce-
6 able patent monopoly, which is the economically significant
7 thing is to remain subject to rather unpredictable judicial
8 expansion through application of an amorphous doctrine of
9 equivalents as a standard of infringement.

10 That doctrine, as most recently elaborated by this
11 Court in the Graver Tank decision in 339 U.S., opens up a
12 range of inquiry as to infringement which goes far beyond the
13 terms of the claims. This is indicated both by the holding in
14 their case and by the Court's opinion which says, among other
15 things, that "equivalency must be determined against the con-
16 text of the patent, the prior art and the particular circum-
17 stances of the case." An important factor is whether persons
18 reasonably skilled in the art would have known of the inter-
19 changability of an ingredient not contained in the patent with
20 one that was.

21 Q Does that mean that the patent covers anything,
22 not only what is stated in the claim, but anything that a
23 person reasonably skilled in the art would think is a substitute
24 for the patent?

25 In short, anything that is unpatentable in view of the

1 past art and this patent; anything that is unpatentable is
2 covered by the doctrine of equivalents?

3 A Well, that seems to be the tendency of the
4 formulation in Graver Tank, but it's difficult to know and
5 predict --

6 Q Well, there's no free area; it can either be
7 covered by a future patent or it's covered by the past one?

8 A Well, in application the courts don't seem to
9 go that far with the doctrine, but it's difficult to put your
10 finger on any principle which indicates how far along the path
11 to that the courts will go in applying the doctrine, so long
12 as a litigant is able to convince them that the allegedly
13 infringing device accomplishes substantially the same thing in
14 substantially the same way as the patented device, even though
15 the terms of the claim did not apply.

16 Q Well, is there some language about claims in the
17 '52 Act that is different than the language under which Graver
18 was decided?

19 A I don't believe that the claim requirement --

20 Q Isn't that the language you think is inconsistent
21 with the doctrine of equivalents?

22 A That's part of the language in addition to the
23 reissue provisions and --

24 Q Well, is the claim language of the '52 Act
25 similar to what it was before?

1 A It is --

2 Q Ifentical?

3 A It's identical. Our submission is that Graver
4 Tank was wrongly decided; not that Congress rejected it in the
5 1952 Act.

6 Q Graver then just would have to be overruled if,
7 according to your position?

8 A That is our submission.

9 Q Because you are saying there is nothing in the
10 '52 Act which --

11 A Well, there is the provision in the '52 Act for
12 the means claims. That was an innovation, but we don't read
13 that as meaning that Congress intended to overrule Graver Tank.
14 That's quoted in footnote 12 of our brief.

15 Q Well, how about Congress then, intending to
16 adopt Graver Tank. I didn't think that the -- do you think
17 that, except where it expressly stated otherwise, wasn't the
18 Act intended to codify existing law?

19 A That is correct, but Congress did not devote
20 specific attention to Graver Tank one way or the other.

21 Q Well, I know, but it intended to codify existing
22 laws; didn't it? What about in the infringement section? There
23 never used to be an infringement section.

24 A There is now an infringement section, but it
25 didn't refer to the equivalents doctrine whatsoever.

1 Q I know, but certainly, you would think, was
2 intended to adopt existing law about infringement. It's
3 equivalent to the major part.

4 A We think it fair to say that Congress left this
5 matter where it always was, as a judicial matter. Congress did
6 not give attention to this question and I don't think the
7 judiciary is incapacitated from correcting its own decisions--

8 Q We don't very often overrule statutory construc-
9 tion --

10 A But there was no statutory construction con-
11 strued in Graver. This is a judge-made doctrine; it always
12 has been.

13 Q Well, it had to rest under the statute; didn't
14 it?

15 A Well, there is a patents code; that can be said
16 of most areas of the law, but this standard of infringement has
17 never been provided for by statute. I don't see how it can be
18 attributed to Congress.

19 As our view is that the doctrine of equivalents was
20 devised by judges to deal with the problem of determining in-
21 fringement in a historical setting which simply no longer
22 obtains.

23 And it's an appropriate occasion for this Court to
24 recognize that it has become outmoded.

25 Q But you take no position on the -- apparently on

1 the Lear matter?

2 A No, we don't, Your Honor. I'm authorized to
3 speak only to this matter of the equivalents doctrine. It
4 seemed to us to be the matter of general public importance in
5 the case.

6 With the Court's permission, I would like to summar-
7 ize briefly the historic setting which gave rise to that
8 doctrine, since the description of it in our brief is somewhat
9 oversimplified, and I commend to the Court's attention a com-
10 prehensive study of this history not cited in the brief,
11 entitled: "Evolution of the Claims at U. S. Patents," by
12 Carl B. Lutz, published in three parts in Volume 20 of the
13 "Journal of the Patent Office Society," in 1938.

14 While the doctrine of equivalents was first articula-
15 ted by this Court in 1864 in Winans against Denmead, it
16 amounted to an elaboration of the general approach that judges
17 had been taking to the question of patent infringement, from
18 the earliest period.

19 There was, as the brief for the Patent Law Associa-
20 tion notes, no statutory requirement of claims in patent
21 applications prior to the Patent Act of 1836, although the
22 earlier statutes did require the patentee in a general way to
23 distinguish his invention from all other things before known
24 and as a result of judicial interpretations of this general
25 requirement, claims began to be included in many patent

1 applications. And the 1836 Act, under which Winans was de-
2 cided, codified this practice in its provision quoted in the
3 amicus brief of the association, requiring the applicant to
4 particularly specify and point out the part improvement or
5 combination which he claims as his invention or discovery.

6 While claims were thereafter used in patent applica-
7 tions they tended at first, to be far less definitive than the
8 claims in modern patent practice. Often what was claimed was
9 the concept or idea or principle embodying the invention,
10 even though that, of course, is not what is patentable and the
11 claims tended to be drafted with references back to the speci-
12 fications of critical parts where specific definitive state-
13 ments of what is claimed would be required today.

14 An example can be found in this Court's decision in
15 Burr against Duxyee, as cited in our brief, Volume I of
16 Wallace. And other examples are cited by Mr. Lutz.

17 As the Patent Office and the Courts gradually began
18 to apply more exacting requirements of claiming, the trend is
19 reflected in the greater emphasis on distinctness and parti-
20 cularity in claiming, included in the 1870 revision of the
21 Patent Law and carried forward ever since.

22 The important thing, as we see it, is that during
23 this early period when patent applications seldom included
24 definitive claims, to the extent that the courts enforced the
25 statutory requirement that the applicant distinguish the new

1 from the old, or the claiming requirement of the 1836 Act, that
2 enforcement was confined to rulings on patent validity.

3 The question of infringement was almost universally
4 regarded as a question of fact to be decided by comparing the
5 machines of the plaintiff and the defendant.

6 The equivalents doctrine, then, was merely an
7 elaboration of this general approach. The claiming requirement
8 during this period was, in effect, treated as a technicality,
9 going only to the question of patent validity. The claims
10 really couldn't serve to notify would-be competitors of the
11 scope of the monopoly, but merely indicated to them whether a
12 valid patent existed.

13 Of course, a different view was sometimes expressed,
14 as it was by the dissenting justices in Winans against
15 DENmead, but it was not until 1877 in Mr. Justice Bradley's
16 opinion for the unanimous court in Keystone Bridge, 95 U.S.,
17 that it was held that the claiming requirement is not a mere
18 technicality and indeed, the patentees are bound by their
19 claims as the definition of their judicially enforceable
20 monopolies.

21 The Court's opinion there relied under the reissue
22 provisions of the patent law, as well as on the claiming re-
23 quirements and pointed out that it is in the patent office
24 that the patentee's "claim is or is supposed to be examined,
25 scrutinized, limited and made to conform to what he is entitled

1 to."

2 There followed the many decisions discussed in our
3 brief in which this Court has held that the claim is the
4 measure of the grant to be relied on as such by the patentee's
5 competitors and yet the equivalents doctrine which denies this
6 and was built out of contrary premise, has also been carried
7 forward by a kind of inertia, which can preserve inconsisten-
8 cies in the laws as a matter of stare decisis(?)

9 There has been accommodation to the extent that the
10 equivalents doctrine has been limited by the doctrine of file
11 wrapper estoppel, which prevents the patentee from asserting
12 dominion over the area he renounced before the Patent Office,
13 by amending his claims to induce issuance of a patent.

14 Our view is that this doctrine should be regarded,
15 not merely as a narrow principle of estoppel, but as one
16 manifestation of the basic tenet of the Keystone Bridge
17 opinion and of the patent system that the only patent monopolies
18 that are judicially enforceable, are those defined by claims
19 that have been approved by the Patent Office.

20 Our proposal, therefore, is that the equivalents
21 doctrine with its wide range of inquiry and unpredictability
22 of result should now be rejected in favor of the standard of
23 infringement which focuses on the claims in the light of their
24 statutory function.

25 One possibility, of course, would be a standard that

1 would limit infringement to articles that comeliterally within
2 the terms of the claim. The Court of Appeals for the SEcond
3 Circuit once took that position by holding that under the
4 logic of the patent system the doctrine of equivalents can
5 mean no more than that the language ofthe claim shall be
6 generously construed. But it abandoned the position because
7 of this Court's decisions upholding the equivalents doctrine.

8 This was explained by Judge Learned Hand in the
9 Claude Neon Lights opinion discussed in our brief.

10 We believe thatthe policies and logic of the patent
11 system do not require a test so rigidly verbalistic which would
12 insulate the copying of inventions with only the most trivial
13 or tolerable deviation from theliteral terms of the claims.

14 We think the Court was correct in saying in the
15 Graver Tank opinion that such an approach would unduly exalt
16 form over substance, even though we regard the holding and
17 rationale of that decision an unfortunate overreaction to this
18 problem.

19 What we urge is a test based on the substance of the
20 claim; a test based on the substance of what thepatent office
21 passed on and approved as the definition of the legally-
22 warranted scope of the monopoly. This is not an entirely novel
23 proposal. We discovered in preparing for this argument that
24 a basically similar approach was proposed in an article pub-
25 lished in 1948, two years before the Graver Tank decision, by

1 one of this country's most thoughtful patent lawyers, Mr.
2 William R. Woodward. The article is not cited in the brief,
3 but it's entitled: "Definiteness and Particularity in Patent
4 Claims," and it appears in 48 Michigan Law Review, 765.

5 After noting that the entire logic of the development
6 of the patent system has been to limit the patent owner more and
7 more to the terms of the claims, Mr. Woodward wrote that: the
8 principle of Winans against Denmead can be reconciled with
9 this development only "if one treats the so-called doctrine
10 of equivalents" merely as a form of relief against the almost
11 inevitable inadvertences involved in the formulation of patent
12 claims,"and still quoting:"the relief must be applied only in
13 the cases clear enough to establish strong equities in favor
14 of the plaintiff, and little or none in favor of the defendant.
15 But when the point is a mere technicality or so obvious for
16 realistic appraisal, that reissue proceedings would not be
17 necessary for a full protection of the public and would be an
18 unnecessary burden to impose on the patentee."

19 This expresses the general thrust of the test we have
20 proposed in terms of whether a revised claim which would
21 literally cover the allegedly infringing article, would have
22 presented essentially the same case to the patent office,
23 would have presented no difference in the issues of novelty,
24 utility and nonobviousness. So that a court and would-be
25 competitors can conclude with assurance that the patent office

1 did in substance approve the monopoly of the scope sought to be
2 enforced.

3 And thus, the requiring reissue proceedings super-
4 fluous. By this we mean superfluous not merely in the sense
5 that the court can predict what the result of reissue pro-
6 ceedings would have been, but superfluous because the court
7 is satisfied that there would have been nothing more for the
8 patent office to decide.

9 Under this standard it seems to us that the expansion
10 of the patent monopoly granted by the courts below in this
11 case is the kind of expansion that should require a reissue
12 proceedings, and not be made by the courts.

13 The claim here was expressly limited to a playpen
14 in which the base plate has "A pair of space openings," through
15 which the drawstrings are threaded. Petitioner threads the
16 drawstrings through a single opening in the base plate of his
17 playpen.

18 The claim could have been drafted so as to cover
19 both situations, either in the form of a means claim, such as
20 "said base plate having an aperture means through which the
21 drawstrings are threaded." This is directly in consultation
22 with the Patent Office, I might add. "Or by claims that the
23 base plate had "at least one opening" through which the draw-
24 strings are threaded. Indeed, there is a means claim at the
25 end of this particular claim.

1 The difference relates to a functional aspect of the
2 invention about which it seems to us the courts cannot con-
3 fidently conclude that the more embrasive claim would have
4 presented no differences in the issues of novelty, utility and
5 nonobviousness.

6 Q Are you familiar enough with the appendix to
7 be able to express a view as to which of these latest diagrams
8 or pictures gives the best picture of this playpen?

9 A Mr. Bader can.

10 Q In these cases it's always more helpful to me
11 if I can see a picture.

12 MR. BADER: Page 118-A of the appendix, if it please
13 the Court has got two pictures right against that page number.
14 And I think that the first picture shows a view looking at the
15 playpen from the front, then there are two details of the leg
16 mechanisms which are figures 2 and 3 which are not particularly
17 significant, and then figure 4 which shows the bottom of the
18 playpen with the drawstrings pulling the netting tight and
19 then figure 5 which shows the playpen in the upper position
20 with the netting drawn tight.

21 I think that's probably the best representation of
22 the patented invention.

23 Q Thank you.

24 A Now, as to a nonfunctional aspect such as if
25 the claim had specified the color in the base plate, for

1 example, in a context in which this is obviously nonfunctional.
2 It would be unreasonable for anyone to assume that the grant
3 from the Patent Office is so arbitrarily limited in the scope
4 of the monopoly approved.

5 Here, however, we believe this kind of functional in-
6 difference does invoke the principle of the Keystone Bridge
7 case. The patentees are bound by the terms of their claim.

8 So, our submission is that the amorphous nature of
9 the equivalents doctrine, along with what Judge Learned Hand
10 referred to in *Claude Neon Lights*, as the vacillation in this
11 Court's decisions attributable to an inconsistency in theory
12 have resulted in regrettable uncertainty as to the permissible
13 scope of competitive enterprise.

14 This Court has recognized in cases discussed in our
15 brief that an unwarranted zone of uncertainty as to the scope
16 of patent monopolies can harmfully deprive the public of the
17 benefits of legitimate competition. People will steer clear of
18 the zone of uncertainty, a familiar principle in decisions of
19 this Court in many areas.

20 We ask the Court to address itself to the incon-
21 sistency in precedent which is at the root of the present un-
22 certainty in this area and to bring coherence to this aspect of
23 the competitive economy by implementing Congressional patent
24 policy in the manner we have proposed.

25 Thank you.

1 MR. CHIEF JUSTICE BURGER: Thank you, Mr. Wallace.
2 Mr. Kalish.

3 ORAL ARGUMENT BY RALPH W. KALISH, ESQ.

4 ON BEHALF OF RESPONDENTS

5 MR. KALISH: May it please the Court: There is a lot
6 of overlaying patent law in this case, such as file wrapper
7 estoppel, licensee estoppel, doctrine of equivalents.

8 When you take away the top you have left, simply the
9 bare issue of one party attempting to get for nothing something
10 they have bought and agreed to pay for and have enjoyed. That's
11 at the bottom of this case.

12 The facts are not quite as simple as my brother Bader
13 outlined them. This is not a simple, straightforward license
14 agreement; this is the purchase of an entire business.

15 Respondent, Tigrett Industries, sold its playpen
16 business, children's furniture business to Standard Industries,
17 the entire business: inventory, parts and everything else.

18 A lump sum was paid down but in order to facilitate
19 the operations of the purchaser, they were allowed to pay as it
20 went and the agreement was that Tigrett would give Petitioner a
21 license under the Golden Convertible patent and Standard would
22 pay two percent to the seller, Tigrett Industries, the company,
23 for a period of five years on the toys sold by this patent.

24 That was a means, an expedient, whereby they could
25 get some of the purchase price back and make it easier on the

1 buyer. The other three percent was paid to John Burton
2 Tigrett, who was the original patent holder who had sold his
3 patent to Tigrett Industries on 3 percent payment basis. So,
4 it was two percent for five years to the seller as considera-
5 tion for the business; and three percent would go to the
6 original owner.

7 Q This was a furniture manufacturing business?

8 A A children's furniture, Your Honor.

9 Q Children's furniture, manufacturing. The seller
10 was a New York company?

11 A The seller was a Jackson, Tennessee company and
12 the purchaser --

13 Q I thought the buyer was a Jackson, Tennessee
14 company.

15 A What the buyer did, when the buyer of the New
16 York firm established a subsidiary in Jackson, Tennessee, to
17 take over the operation at the spot. The Jackson Furniture
18 Corporation was the subsidiary and alter ego of the Petitioner.

19 Q Of the buyer.

20 A Yes, sir.

21 Q And the seller was also a Jackson, Tennessee
22 firm?

23 A Yes, sir.

24 Q I see.

25 A So, we are --

1 Q And how much inventory, for example?

2 A I believe, Your Honor, the contract for pur-
3 chase of assets on page 54-A of the Appendix called for
4 \$105,000 down payment and the balance would be in the royalties.
5 So, they estimated somewhere around a quarter of a million
6 before they got through.

7 Q And of that quarter of a million how much was
8 attributed to the patent or patent application?

9 A This I do not know. I was not in negotiations
10 and I don't know how they figured this out.

11 Q It wasn't itemized?

12 A It wasn't itemized.

13 Q Was that page in the appendix, by the way?

14 A 54-A is the page for the purchase of assets,
15 the basic agreement between the buyer and the seller and Clause
16 16-C relates to the particular patent before this Court today.

17 Q Is there any evidence in this record that
18 segregates the -- or allocates the purchase price to the
19 various phases?

20 A No, sir; there was no breakdown. I think that
21 what happened, simply was that the negotiating party for the
22 seller had estimated what their income had been from these
23 various items from which they were getting a license and they
24 figured they would get the same thing for the next five years.

25 So, we're operating in that particular environment.

1 Secondly, and most crucial in this case is the fact
2 that even though paragraph 16-C says the seller will grant a
3 license to Standard; the seller did not, in fact, grant the
4 license, but in fact, assigned the entire right, title and
5 interest in the patent to the buyer. On page 76-A of the
6 appendix is the document of assignment with respect to the
7 Golden Convertible patent and the Court will see that Jackson
8 Furniture Corporation was the purchaser; they were not a
9 licensee. They took the entire right and title of interest,
10 the entire bundle of rights.

11 So that the seller, Tigrett Industries had nothing
12 left except the hope of benefit of obtaining a payment as the
13 purchaser succeeded. So, we're not dealing with a license;
14 we're dealing with a sale.

15 We have the situation here of the buyer coming before
16 the Court and arguing that the very patent which it owns is
17 invalid; trying to depreciate and destroy its own property,
18 which it had full right to.

19 Q Well, of course, that is what Lear says that the
20 buyer licensee is entitled to do.

21 A Yes, sir; but Lear relates to a license agreement,
22 Your Honor, not assignment. In Lear the plaintiff still owned
23 the building and the Lear was simply a tenant. In this case
24 the building was sold completely, outright. The purchaser had
25 -- nothing was really removed, so we have a sale as opposed to

1 a renting situation.

2 And I think that's a very important distinction.
3 For one reason, that I know of no law which binds a purchaser
4 from attacking the merchandise it, presumably, buys. In other
5 words, I do not see where the assignee is barred from claiming
6 that he got bad merchandise. So, he would have raised any
7 issue he wanted to as to validity before the Court below, as
8 long as he owned the property. So, the estoppel doctrine
9 doesn't seem to pertain in this case.

10 Just passing lightly over this question of contract
11 cancellation. I think it's a very minor part of this case, if
12 even that much.

13 Q Well, before you go on with that, if I may
14 interrupt you, Mr. Kalish. It seems to me you have distin-
15 guished the Lear case rather so swiftly that I'm not sure I
16 followed you.

17 A Certainly. As I understand the Lear case and I
18 have read it many times and hope I understand it, the plaintiff
19 was the owner of the patent, but granted a license or right to
20 use to the defendant. Title remained in the plaintiff. The
21 doctrine has always -- the broad black letter principle of
22 estoppel as to a licensee's right to attack the patent in which
23 he is licensed, but under license agreements only.

24 Now, in this case we have an assignment.

25 Q Well, is that doctrine related to the old

1 common law doctrine that a tenant cannot challenge the land-
2 lord's title?

3 A It may have had its beginnings, Your Honor, but
4 the question of validity goes way beyond title in this case.
5 I mean title could be one phrase. You could attack title to
6 effect validity, but also many other areas, too, such as prior
7 arts and other means of attacking it.

8 In this case there is no tenancy. They owned the
9 patent; they bought it and this doctrine gave them all the
10 rights, full title; they owned this patent. There was an
11 assignment and not a license.

12 Q Well, there certainly must have been a misunder-
13 standing on the part of the trial judge.

14 A Well, Your Honor, there could have been a mis-
15 understanding, but my brother Bader --

16 Q Well, did the trial judge understand that there
17 could be no issue of validity in this case?

18 A Not to my knowledge, Your Honor, because my
19 brother Bader conceded simply before the trial even started
20 that he couldn't attack the patent, and that was it. I had no
21 objection if he had said he could have.

22 Q You said he could have?

23 A I didn't say it, I was just --

24 Q You say now that he could have.

25 A Sure; yes, sir; there is nothing binding that I

1 can see.

2 Q That no pre-Lear law would have barred him from
3 attacking the validity?

4 A I do not know of any law to bind a purchaser
5 from attacking the merchandise it buys.

6 If you had a right to do it, either it could be a
7 figure of consideration or something of that sort here, but
8 this is an assignment and not a license, and Lear was a
9 straight license.

10 Q Are you suggesting that this is much the same as
11 though, at least in the litigation process it is much the same
12 as though the inventory which passed under this assignment was
13 subject to large liens for a bank loan and had not been dis-
14 closed and he would have had the right to challenge on that
15 score?

16 A Yes, sir. If there had been some warranty or
17 something of that sort here, we couldn't give any better
18 warranty of validity than the patent office gave us, as far as
19 the patent went. But it was assigned to him and he had to pay
20 for it as he went.

21 Q Was part of our problem up here now the failure
22 to have litigated this --

23 A Well, this has been raised in this case, because
24 the Lear case was decided in June of last year and on May 27th of
25 last year the Circuit Court of Appeals decided this case.

1 So, therefore, I assume after this Court accepted the petition
2 in view of the holding in Lear and it wasn't until last fall
3 that I realized the doctrine of equivalents was going to be
4 interjected when the Government informed me of their position.

5 So, the problem was that the defendant wants to go
6 back down and try validity again, and he's using the Lear case
7 as sort of a plug. I feel it's improper for the reason I have
8 announced to the Court as being an assignment, but on the
9 -- from arguendo standpoint only, for agreement's sake alone,
10 let us assume that the Court does not concede a distinction on
11 that point. I feel that the record below establishes that the
12 defendant had the right to make many attacks upon the patent
13 which it owns.

14 The record and petition of certiorari makes certain
15 references to colloquy between defendant's counsel and the
16 Court relating to the other patent, the so-called Play-a-Round
17 patent which there is now a concession that no issue of validity
18 or infringement. However, when that patent

19 However, when that patent was before the District
20 Court, as the record shows, the defendants were not reluctant
21 to attempt to attack that patent on the ground that it set
22 forth structure by an expired patent.

23 The reference made to page 129-A-3 is also colloquy
24 relating to the Play-a-Round patent, and not the Golden Con-
25 vertible patent, which shows that the defendant also knew that

1 they had the right to come in and bring other patents before
2 that Court to narrow the claim. These are two well-known ex-
3 pedients which this Court remarked upon the Lear case.

4 Consequently, the defendant knew about these possi-
5 bilities of attacking the patent which is before this Court
6 today. Yet, for some reason in the District Court they raised
7 none of these efforts, made no attack to narrow the scope of
8 the claim in the patent before this Court nor to bring an
9 expired patent, much less, even utter a squeak that there might
10 have been some patent lurking somewhere which would invalidate
11 this patent.

12 We had no knowledge and I do have no knowledge as of
13 this day to any patents which invalidate the patent in the
14 suit. We have never been informed of one yet. The Court was
15 never even given a suggestion. There was no offer of intro-
16 duction of any evidence.

17 And therefore, since the defendants knew they had
18 many proceedings open to them and did not avail themselves of
19 it and simply raised by the brief before this Court that there
20 is an invalid patent waiting around here somewhere. They
21 should not be allowed to drag us all the way back down again
22 to let them do what they failed to do the first time. They had
23 their chance.

24 And secondly, we reiterate our views that under an
25 assignment there was no bar at all. And their own self-imposed

1 concession was at their own peril.

2 Going on to the other -- to their part, Your Honor,
3 we feel that the Lear versus Adkins decision is not applicable
4 in the present instance and should not be any subverted or
5 perverted to allow it to stretch in this situation where there
6 has been an opportunity for the full day at court and yet not
7 availed of to raise the issue of validity.

8 Going on to the next point, but briefly, relates to
9 this problem of contract cancellation. We had never felt that
10 this was earnestly urged by defendants. The sale was effected
11 in December '64; the assignment to which I have alluded was
12 dated December 22, 1964 and it was not until four months
13 later -- four months after Tigrett Industries had divested
14 itself of its title. Did it decide: Well, let us assign to
15 the banks here in Jackson the right to collect our two percent
16 override, which we hope we are going to get, and for the
17 benefit of our creditors."

18 In December 1966, 20 months after the assignment for
19 the benefit of creditors Respondents are advised in a very
20 informal, oral manner, outside a courtroom that their defense
21 is that they have no title any longer. The title was completely
22 expunged by virtue of this assignment, and therefore we had
23 no right at all to collect the money because they had nothing to
24 do. There was nothing they could do about it, that they had
25 lost the patent.

1 We were dumbfounded and yet you will find nothing in
2 the pleading which even suggests this for a defense. It was
3 raised at the trial below, but not brought to the attention of
4 the parties until one year after institution of suit and con-
5 sequently, we think it's an understatement to call it an after-
6 thought, to call it a mere rationalization for not paying what
7 they agreed to pay.

8 Their argument is that as of the time of the assign-
9 ment for benefit of creditors, the title to the patent ceased
10 and they had lost the patent. Their view is that the under-
11 lying agreement whereby John Burton Tigrett had assigned the
12 patent to Tigrett Industries originally, called for the fact
13 that in the event in that agreement the purchaser -- not
14 Tigrett Industries by name, but the purchaser -- if they made
15 an assignment for benefit of creditors that license in the
16 one hand with the assignment in the other, would be automati-
17 cally cancelled.

18 It is the position of the defendants that since
19 Tigrett Industries made this assignment for the benefit of
20 creditors four months after they got -- after the Petitioner
21 got title, that petitioner lost its rights; lost its title.

22 The assignment at page 76-A of the appendix, as my
23 brother Bader read to the Court, states that "Jackson Furniture
24 Company, agrees to abide by all the obligations, terms and
25 conditions of the seller as set forth in the agreement dated

1 July 19, 1961 between John Burton Tigrett of Jackson, Tennessee,
2 and Tigrett Industries.

3 Now, we contend that this so-called assignment for
4 the benefit of creditors in that agreement was a condition
5 which Petitioner accepted and Petitioner then stood in the
6 shoes of its assignor and that clause only then related to
7 Petitioner, and not to the assigning party, who was no longer
8 interested.

9 Just as in corporate-owned contracts, an assignment
10 of this type extinguishes the right of the assignor against a
11 third party and substitutes a precisely similar one in the
12 assignee.

13 Q Do we have to decide that issue in this case?

14 A Your Honor, I would be pleased to pass it. I
15 thought I had better bring it up because it was in the -- it
16 has been argued in this thing right along.

17 Q Yes, but is it in the briefs?

18 A Yes, sir; it's in the briefs. It's been
19 raised. But I would prefer to no longer take time with this
20 point. I don't think it's important to the Court's merit and
21 for the rest are arguments in our brief on it.

22 I would like to direct our attention to the matter
23 of the doctrine of equivalents. The District Court and the
24 Court of Appeals both held that the infused structure was the
25 equivalent of that claim. At page 123 to 125-A of the appendix

1 there is a photograph of the accused structure which might be
2 compared with the drawing at page 118 or 112-A of the appendix.

3 There is only one difference: one opening against two.
4 The experts for both sides found they work the same way to do
5 the same thing by the same means. The Circuit Court of
6 Appeals said there is not a substantial difference. My brother
7 Bader argues for very strict construction and taken to its
8 logical end would only be to subscribe to the view which this
9 Court denounced in the Graver case, and that is that only out-
10 right and forthright duplication is a very rare, involved
11 thing.

12 We have simply the evasion of this patent by putting
13 a single hole instead of two; everything else is the same
14 structurally and functionally. There was no evidence to the
15 contrary with respect to the fundamentals of the equivalency.

16 Therefore, we must address ourselves to the Govern-
17 ment's view which wishes to overrule this doctrine, and replace
18 it by a new test. Firstly, it is our view that the Government
19 is raising its own windmill or its own scarecrow, and it talks
20 about --

21 Q Before you get to that area, may I ask you if
22 I understand your position on the other point.

23 A Yes, sir.

24 Q The patent was sold to Standard and part of the
25 measure of the purchase price included this two percent

1 override.

2 A Yes, sir.

3 Q What about the three percent?

4 A Three percent would be continually paid for the
5 life of the patent to John Burton Tigrett, who was the original
6 owner who assigned to Tigrett Industries and they were paying
7 him three percent.

8 Q But your point is: this was just a measure of
9 the purchase price of the patent?

10 A As far as the Respondent Tigrett Industries
11 is concerned, the two percent to them was part of their pur-
12 chase price. The three percent to go to John Burton Tigrett
13 was simply that the Petitioner was going to adopt and accept
14 the obligation which the seller had to him.

15 Q In other words, they assume the obligation that
16 was owned -- the inventor.

17 A On the three percent to the inventor and the
18 two percent was override to them.

19 Q But the whole business is all part of the pur-
20 chase price of the patent that they bought; is that it?

21 A Yes, sir.

22 Q And therefore, you say there was no room here
23 for the doctrine of licensee estoppel because this is not a
24 license situation; is that right?

25 A That's my position; yes, sir.

1 Q Well, I take it, would it follow that -- these
2 were five-year agreements as I recall?

3 A Yes, sir; as far as the industry was concerned,
4 selling company.

5 Q Well, no matter what I suppose that your position
6 would have to be -- Maybe I should ask a question.

7 Does this mean that no matter what happened to the
8 patent, Standard still, for five years was obliged to pay on
9 all of its sales of the covered items, 2 percent override and
10 three percent to the original inventor? Do you say that:
11 whether or not the patent was invalid? That they bought some-
12 thing and this is what they pay.

13 A All right. Your question would seem to be, Your
14 Honor, if I understand it, is that whether or not the patent
15 might have been held invalid by some manner or means, at that
16 period of time.

17 Q Well, I understood -- wouldn't your argument
18 logically mean no matter what happened to the patent; valid or
19 invalid? That since they paid X dollars for it, measured by
20 two percent and three percent royalties, they would still have
21 to continue for the five years --

22 A I don't believe I could take that position;
23 no, sir, Your Honor. I couldn't go that far.

24 Q Why not?

25 A Because it's wrong in terms of the relation to

1 patent, Your Honor. And therefore I think that if that patent
2 had been held invalid by a third party infringement action --

3 Q Do you think that would be a failure of con-
4 sideration?

5 A We would be hard put under the anti-trust laws
6 to ask them to pay on an invalid patent.

7 Q Well, why aren't you -- and that's true, even
8 though this is an assignment?

9 A If a third party, Your Honor, had infringed
10 this patent and suit had to be brought and say the purchaser
11 brought a suit for infringement, by virtue of that litigation
12 that patent was held invalid, prior to the termination of the
13 five-year period, then I would say in that case we could not
14 expect them to pay it.

15 Q Why not?

16 A Regrettably, the contract is drawn in terms of
17 they would buy the patent.

18 Q Well, then, I don't understand your estoppel
19 argument at all.

20 A The estoppel argument is based upon --
21 In Lear versus Adkins the question was: was the licensee
22 estopped?

23 Q Well, I know, but if you had some third party
24 in some third party suit the patent was invalidated you would
25 say that the Petitioner here would be excused from paying?

1 A By virtue of the way that contract is written,
2 I would have to say yes, sir. Otherwise, we would run afoul of
3 the anti-trust laws.

4 Q But you say nevertheless, that he is estopped?

5 A He wasn't estopped at all.

6 Q No, but you say he isn't estopped?

7 A He isn't estopped at all. He has no bar. I'm
8 saying he had no bar; he could have raised this issue below if
9 he wanted to.

10 In Lear versus Adkins you were concerned with the
11 problem of the bar against a licensee. I say this bar didn't
12 affect him. He could have raised the invalidity down below
13 if he wanted to; there was no estoppel against him.

14 Q Well, your argument -- you would have made a
15 good argument for the result reached in Lear -- right across
16 the board.

17 A Well, I think that if the patent had been held
18 invalid, Your Honor, we would have been up here on some other
19 charge, the way the contract is drafted.

20 Q Quite apart from the anti-trust laws, I suppose.
21 This was a sale and a business, the assets of a business, in-
22 cluding, as you say, inventory and maybe office equipment and
23 a couple of patents and if the -- all or any part of those
24 assets had turned out to be defective or not as represented,
25 quite apart from any anti-trust laws, I suppose the installment

1 purchaser would have had a complaint against you, and they
2 wouldw ithhold purchase price, quite apart from the anti-trust
3 laws.

4 A Your Honor, after --

5 Q He could attack the validity of the patent, just
6 as he could have attacked the integrity of the inventory.

7 A Right. There was no bar against him at all.

8 In all deference, may I cite that lawyers did not
9 take part in this negotiation, unfortunately. This contract
10 could have been written differently, but we are stuck with it.

11 Getting back to the Government's position on the
12 doctrine of equivalents, they raise a scarecrow and they talk
13 about the contract of the General Electric versus Wabash case
14 and Universal Oil Products case, as setting up some sort of a
15 bogeyman that we have to be afraid of.

16 Now, General Electric, this held the claims to be
17 absolutely invalid inthat case because they were much too
18 broad. The claim led to a filament and limitation related to bein
19 made up of such large grains of such size and contour as pre-
20 vents sagging and threading.

21 The falcon was struck down because the public could
22 not know where the line was drawn. It was so comprehensive it
23 was indefinite. And similarly, in the Universal Oil Products
24 case, this Court did recognize the doctrine of equivalents and
25 held that the process relied upon was that which had been denied

1 to the patentee.

2 Those two cases are not pertinent and they set up a
3 very bad context within which to consider the doctrine of
4 equivalents.

5 The Government expressed extreme anxiety and fear
6 that the courts will expand these claims of patents to such an
7 extent that they will trespass on areas which should be denied
8 the patentee.

9 What is this doctrine actually, that causes such con-
10 cern here today? It's 116 years old and it's been made to the
11 courts for construing claims; for the purpose of preventing a
12 fraud; for preventing a dissimulation. This doctrine is sort
13 of a first cousin to the doctrine of clean hands. This
14 doctrine is designed to prevent a patentee from being a victim
15 of verbalism, as expressed in the Graver case.

16 And it is applied, not to capture something new and
17 different, but to avoid the accused structure of being nothing
18 more than a mere colorful difference; a mere inconsequential
19 departure, de minimis, as Mr. Justice Black used in the
20 dissent in the Graver case.

21 These are not -- this doctrine was not used to en-
22 compass large areas, but colorable differences, colorable
23 departures, inconsequential changes. They are designed to
24 prevent, as the Court stated, an unscrupulous copyist.

25 Now, there are many safeguards in this test which,

1 perhaps, may clarify the question that Justice White raised
2 before. One test, of course, the test of equivalency. It must
3 do the same thing in the same way and reach the same results.
4 We have to have that as one safeguard.

5 Secondly, the file wrapper estoppel doctrine is used
6 also as a safeguard. So, if the doctrine applies in those
7 areas only, where file wrapper estoppel does not attach, file
8 wrapper estoppel is at the exact point of criticality, the
9 exact point of invention and therefore, there can be no
10 equivalency at that particular point.

11 Thirdly, the claims must be definite. The claims
12 cannot be so broad as to not guide the public, as in the
13 General Electric case, and other cases cited in the Government's
14 brief, but fourthly, and most important, is the fact that the
15 equivalent structure must have been something known at the
16 time of the patent or subsequent. It cannot be an inventive
17 act.

18 The Reese case in 1871 decided by this Court brought
19 that out. In 1890 Yale Professor Robinson and on patents,
20 brought this same point out that it must be known in the arts
21 at the date of the patent.

22 And the Graver case, this Court made the same state-
23 ment that an important factor is whether persons reasonably
24 skilled in the art have known of the interchangeability of an
25 ingredient not contained in the patent with one that was.

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1 I had to be something known; if it was the same invention, it
2 was, of course, then beyond the doctrine of equivalents. This
3 has also been known since 1890 in textbooks. Robinson brings
4 that out. It cannot be an inventive act.

5 Now, the Government in its brief at countless places,
6 states that the doctrine of equivalents prevents inventing
7 around; prevents invention around. Now, the use of the word
8 "invention," cannot be accidental; it's used too often. And
9 what is invention? We presume an invention is what this Court
10 held it to be in the Graham case. It must be unobvious, and
11 therefore, if it is unobvious, it cannot be an equivalent, be-
12 cause an equivalent has got to be obvious.

13 Consequently, this doctrine has nothing to do with
14 preventing others from being creative, from using ingenuity and
15 showing skills beyond a mechanical skill; in fact, it en-
16 courages other to do that.

17 The Government's position would seem to be, to more
18 or less, under the guise of competition and public policy to
19 really be encouraging the freeloaders, the commercial parasites
20 the uncreative, the pirates.

21 This is the case in the instant case itself, because
22 we have the purchaser depreciating the novelty of the very
23 playpen which it is selling, to such an extent we're here today
24 And yet it's saying it's not novel and are depreciating it.
25 as simple as it may be.

1 Consequently, this doctrine is not designed to fore-
2 stall technological advancement. How can anyone in their right
3 mind say that putting one hole instead of two is a technological
4 advance?

5 Q Could I ask you a question? You said in the pre-
6 vious part of your argument, you argue that the Lear problem
7 is not here at all; isn't that right?

8 A I prefer to take that position, Your Honor.

9 Q I mean that's what I understand your argument to
10 be. Now, when you're locking horns with the Government on the
11 equivalence doctrine, do you think that question is properly
12 here?

13 A I didn't think so. I would prefer that it
14 isn't here. I just can't imagine the Court overruling this
15 particular doctrine.

16 Q Well, that would make a different question, but
17 is it presented by this record?

18 A Well, from the standpoint, Your Honor, the
19 District Court relied upon the Graver case in holding infringe-
20 ment and the Court of Appeals affirmed and noting the differ-
21 ence, the one hole or two holes, said it was not a consequential
22 difference, which is typical language used in doctrine of
23 equivalents cases.

24 Q I think we're a little tangential.

25 A Well, this is hard for us to understand, the

1 Government raising this question so we felt that the Government
2 has gone the full circle.

3 Q Let's assume that you have, someone thereafter
4 files for a patent in the same area and it's denied on the
5 grounds that it was obvious from the previous patent and the
6 prior art. Would that -- would you therefore say that what
7 the second man was trying to patent was the equivalent of the
8 first patent?

9 A I think with the facts you outline, the answer
10 would be "yes."

11 Q So you're saying that anything that's obvious
12 from the prior art is covered by those prior art patents in
13 the doctrine of equivalents?

14 A As I understand the doctrine --

15 Q And there isn't any free area; it's either --
16 if something's unpatentable it must be because it's covered by
17 a prior patent?

18 A Well, I think that this is maybe one area of
19 confusion, Your Honor. They -- the mere fact that a particular
20 expedient -- let's say the one hole against the two-hole in
21 this case here and you adopt the one-hole. Now, this is known;
22 there is nothing very novel about that. The one-hole, if it
23 had an independent existence, would belong to the public, but
24 once you put that in this context, in the total overall patent
25 picture, then it is a new device.

1 In other words, just in the Graver case, the mere
2 fact that there was one sillocate(?) which was well-known,
3 did not prevent the public from using that particular sillo-
4 cate. But when you substitute that sillocate into the par-
5 ticular welding composition the totality then brought about a
6 new inventive concept. So, the thing standing by itself be-
7 longs to the public.

8 Q So, you don't think that if I am a holder of
9 a patent and in a certain area and you apply for a patent for
10 the same area and your patent is denied; your patent is denied
11 because it's obvious from mine and you just haven't made it an
12 invention, and the people still in the art would have already
13 known what you're trying now to patent. You would say, auto-
14 matically that whatever it was that you were trying to patent
15 is covered by mine?

16 A I would say it was, from the facts you have
17 presented.

18 Q And you think that's the doctrine of equivalents
19 historically and the right doctrine?

20 A If I understand your Honor, in the facts you
21 have outlined, the thing became obvious by virtue of the
22 prior patent.

23 Q Yes, it became obvious, sure. Anybody skilled
24 in the art would have --

25 A As I understand the doctrine, it cannot be

1 something inventive.

2 Q It can't be something inventive, but does that
3 necessarily mean it's covered by the prior patent?

4 A The prior patent would cover the equivalent if
5 known at the time the patent was issued.

6 The distinction cannot be an inventive distinction,
7 in other words.

8 If the Court were to say to me: "Look, one hole is
9 inventive; it's a novel concept; this is brilliant, therefore I
10 would say it would be a doctrine of equivalents. But if the
11 one hole is going to be a mechanical change then therefore, it
12 would be covered by the earlier patent; it would not be an
13 inventive act.

14 It's the caliber of a particular act, whether it's
15 inventive or rather simply a mere colorable deviation.

16 It has to be known in the public domain to be an
17 equivalent. We do not know the difference between a colorable
18 deviation and a trivial deviation and a colorable departure and
19 an inconsequential departure. And the Government says that its
20 test is it recognizes the need for the courts in close cases.

21 But claims would only cover colorable deviations and
22 trivial deviations. We do not understand there to be a distinc-
23 tion between that point and the doctrine as it has been expli-
24 cated through the years.

25 Interestingly, the Government has not attempted to

1 apply its test to the state of facts of any one case previously
2 decided by this Court, to see what might be with their new
3 test. They put it off in an abstract manner and hold it over
4 here, where they could have applied it. And we would feel very
5 strongly that if they had applied it they would have found the
6 result to be absolutely the same as reached by the Court.

7 We do not understand the language of the statute
8 relating to the use of the means to be obligatory. Counsel
9 for the Government has related to that clause and in this case
10 here has suggested, I understand with advice of the Patent
11 Office, that we could have used the expression "aperture
12 means." This is a novel concept in itself, because as far as
13 we're concerned, the hole is nothing and a means is a something.
14 And the particular statute relates that you can use the means
15 for performing a function and we have known the hole or opening
16 to perform a function.

17 So, it's very easy on after-the-fact cases to say
18 that we could have done this or done that. But we maintain
19 that when you using openings, apertures, the like, you do not
20 have the means or an element; you have a non-element.

21 So, consequently and secondly, the use of the word
22 "means" is a very broad term which could open the door very
23 wide. The claims in this case are certainly specific and
24 distinctly point out the invention.

25 One last point --

1 Q What part of the statute permitted the applicant
2 to use the term "means?"

3 A This new one --

4 Q You mean the 1952 statute?

5 A Yes, it, in combination, claims: "You may use
6 a means for an element which performs a function," if it's
7 known.

8 Q And that came in, so far as the statute goes,
9 in the present statute for the first time?

10 A Yes, sir.

11 One last point on file wrapper estoppel. We do not
12 accept the view of our brother Bader as to what the record
13 for the Patent Office shows. These claims were not allowed
14 until the critical limitation was inserted that the drawstrings
15 were led upwardly through the baseplate for union at a point
16 above the base plate to provide a handle.

17 The Patent Office held that the base plate with
18 holes, per se, was unpatentable and it was not until we put
19 this limitation in that the claim was allowed. File wrapper
20 estoppel would attach at that exact point. The upward threading
21 of the drawstrings and the union of the same above the base
22 plate. There is the point of file wrapper estoppel. This,
23 they had adopted in toto and the record is very clear that
24 there is no estoppel as far as the number of openings. There
25 was no patent shown in the patent office having one opening,

1 three openings, two or ten, but the critical factor was the
2 direction of the drawstrings.

3 Therefore, Your Honors, we maintain that in this
4 case here the Court should sustain and continue to abide by the
5 doctrine of equivalents, and that clearly the defendants
6 have infringed the patent in suit and that this Court should
7 affirm the Court of Appeals.

8 MR. CHIEF JUSTICE BURGER: Thank you, Mr. Kalish.
9 Mr. Neuman.

10 ORAL ARGUMENT BY SIDNEY NEUMAN, ESQ. FOR
11 AMERICAN PATENT LAW ASSOCIATION AS AMICUS CURIAE

12 MR. NEUMAN: Mr. Chief Justice, and may it please the
13 Court: I first wish to express the appreciation of the American
14 Patent Law Association for the opportunity which was given to
15 us to brief the questions which are raised by this assault
16 which the Government has made upon the equivalency rule, which
17 is now, at least 120 years old.

18 I join Mr. Kalish in saying that much of the position,
19 in fact, a great deal of the position of the Government is a
20 scarecrow type argument. The Government has generalized; the
21 Government oversimplifies in making these assertions as to what
22 the equivalency rule means and what the courts are doing as a
23 result of Graver.

24 There are three or four points which I would like to
25 make at the outset, which to my way of thinking, demonstrates

1 the -- some of the basic fallacies of the Government's position.
2 In the brief filed by the Government there seems to be a sugges-
3 tion that the patent clause of the constitution has something
4 to do with this matter of equivalency, that the constitution re-
5 quires specificity in claims. There is nothing in the constitu-
6 tional clause which relates to the specificity in claims.

7 Secondly, the Government has not been a very good
8 historian as far as the genesis of the doctrine is concerned.
9 The Government asserts that the Winans case was decided under
10 a different statutory scheme which did not require specificity
11 in claiming. This is not so. The original Patent Act was the
12 1790 act. There were no claims required in the patents granted
13 in the two or three periods that that act was in effect.

14 Then we have the Patent Act of 1793 which was--
15 came to an end in 1836 when the present statutory scheme came
16 into being. Now, between 1793 and 1836 we did not have in the
17 statute any requirement for claims, in fact we had during that
18 period what we called a "registration system," not an examina-
19 tion system. The

20 The examination system came into being in 1836 and
21 the Act of 1836 contained language very much like the language
22 which we now find in Section 112 about specificity in claims.
23 And this is the reason that the problem or the debate came in
24 the Winans case. It was because of the fact that the 1836
25 statute required that the patentee particularly specify and

1 point out what it was that he was claiming as his invention,
2 that you had the division in the Court at that time. You had
3 the minority who felt just as Mr. Justice Black and Mr. Justice
4 Douglas felt in the Graver case, that there should be a strict
5 construction of the words of the statute and a strict construc-
6 tion of the terms employed in the claim and then you had the
7 majority of the Court in the Winans case which felt that
8 there should be some room for construction, some liberality of
9 construction and that the claim should receive a reasonable
10 interpretation and this was what the debate was about in the
11 Winans case. Do we have strict construction in patent claims
12 or do we have a little broader construction, a little breadth
13 as far as the terms of the claims are concerned?

14 The other point which I would like to mention is the
15 assertion that the courts at the present time do not focus on
16 the claim. Now, we that are in the patent litigation practice,
17 know that we do focus on the claims and that the courts do
18 focus on the claims.

19 Another fallacy in the Government's position is the
20 assumption which is made here that after the Court has found
21 that a patent is valid or a claim that a patent is valid, it
22 does not return to the claim in connection with the determination
23 of the infringement issue. This is not so. The courts do not
24 ignore the claims after they have found them invalid and in-
25 stead, when they do take up an equivalency determination, they

1 go back and they reconsider whether or not that claim is valid
2 in the light of the prior art in view of the scope and the
3 construction which the court is placing upon the claim.

4 Your Honors are familiar, I am sure, with the
5 classical statement that was made in this Court many, many
6 years ago that, which is to this effect: "that which infringes
7 if later, anticipates, if earlier." Now, this means --

8 MR. CHIEF JUSTICE BURGER: I think we will suspend at
9 this time for some lunch.

10 (Whereupon, at 12:00 o'clock p.m. the argument in the
11 above-entitled matter was recessed to resume at 12:30 o'clock
12 p.m. this day)

1 (After the recess the argument resumed) 12:30 P.M.

2 MR. CHIEF JUSTICE BURGER: Mr. Neuman, you may con-
3 tinue.

4 MR. NEUMAN: If it please the Court: When we
5 recessed, I was making the point about the rule of law which
6 the courts, I believe, never lose sight of, namely that that
7 which infringes, if later, anticipates, if earlier. I would like
8 to come back to it but I have decided that I would try and
9 answer Mr. Justice White's question that he put to Mr. Kalish
10 about the disallowance of a subsequently filed application
11 upon an existing patent, where the Patent Office refuses to
12 grant the second patent on the ground that it is obvious in
13 view of an earlier patent.

14 Now, what we have to keep in mind is that sometimes
15 an element may be both an equivalent and obvious; sometimes it
16 may be obvious but not an equivalent; sometimes it may be an
17 equivalent but not obvious. The point, Mr. Justice White, is
18 this, that in the examination of an application the patent
19 office is looking at the disclosures of the earlier patent and
20 the question of obviousness is determined on the basis of
21 whether or not the new alleged claim subject matter is obvious
22 or not obvious in the light of the disclosures of the prior
23 art.

24 The Examiner does not get into the question of the
25 claims of the references that he's relying upon, and equivalency

1 comes into play only when we are deciding the question of
2 infringement of the literal language of a claim.

3 Obviousness is a matter of patentability in the light
4 of the disclosures of the prior patent.

5 Q So, you're saying that there can be some non-
6 patentable, obvious elements which are not equivalents?

7 A Which are not. And it's entirely possible, sir,
8 that something which has been held to be obvious in view of an
9 earlier patent, could well be held to be an equivalent in a
10 properly-litigated situation.

11 Q Maybe you're not the right one to ask, but could
12 you tell me briefly what was the discovery here?

13 A Sir, I have not made any effort to get into the
14 merits of the, of this action which is before Your Honors. I
15 have only prepared on this subject of equivalency; I was not in
16 the case with Mr. Bader and Mr. Kalish and I'm afraid I can't
17 answer that question.

18 Q I don't think either one of them mentioned what
19 it was.

20 A It has something to do with a playpen and there
21 is a claim which relates to the structure of the playpen and
22 this is the question of infringement which was before the lower
23 courts, whether the accused playpen was an infringement of the
24 claim of the respondent. The lower courts held that under the
25 doctrine of equivalency that -- well, first, I understand this,

1 that there was one structure which literally responded to the
2 claim and then there was a second structure which did not
3 literally respond but which the courts below held was an in-
4 fringement under the doctrine of equivalency.

5 Now, on this matter of whether or not the courts
6 presently are focusing on the claims. They are doing exactly
7 that. They start out with the claims and they finish with the
8 claims. As I said, they first determine whether the claim is
9 valid and then if there is an equivalency situation, after they
10 have decided that the accused structure is the equivalent and
11 is reached by the claim, under the doctrine, then the court
12 goes back and takes another look at the prior art to see whether
13 or not the claim, thus construed, is valid in the light of the
14 prior art.

15 Now, this is exactly what happened in the Sanitary
16 Refrigerator case. There you had exactly the same patent, the
17 same accused structure; the records in the two cases were sub-
18 stantially the same: the record of the Seventh Circuit and the
19 record in the Third Circuit. The Seventh Circuit found that the
20 accused structure was an infringement on the doctrine of
21 equivalents; the Third Circuit found that it was not, and one
22 of the interesting things about the opinion of the Third
23 Circuit Court of Appeals is that that Court expressly pointed
24 out that they were to give the claim the breadth that the plain-
25 tiff was asking for and it would be invalid in view of the

1 prior art.

2 This is why, in the Third Circuit no equivalency was
3 found. Then the two cases came up here and this Court agreed
4 with the Seventh Circuit and found that the accused structure
5 was an equivalent. Again, is showing the great concern which
6 the courts always have for the validity of the patent.

7 I would call attention to Smith versus Snow. This
8 Court found a patent valid; found an entirely incubator to be
9 an infringement of the Smith patent; gave it a construction
10 which made other prior art pertinent which had not been in that
11 case, and in a subsequent case: Smith versus Hall 301 U.S. this
12 Court found the Smith patent invalid in view of the public use
13 which had not been in the first case.

14 The point I'm making is that once you have given a
15 construction to a claim then other prior arts, other references
16 become material to the broader scope which is being given to
17 a claim.

18 Now, the Government also says that the doctrine has
19 not been properly limited. We submit that it has. Within the
20 time that has been available for research since I learned that
21 I would take part in this argument, I have had two of my office
22 associates check the citations of the Graver case over a period
23 of about 20 years. They examined about 200 and -- I believe
24 this is something that the Court would be interested in -- they
25 examined about 220 citations of the Graver case. We found

1 this, and these are very rough figures, that roughly 128 cases
2 of infringement were found where the doctrine was invoked and
3 91 cases were found where the doctrine was refused.

4 Now, this is approximately 56 percent to 34 percent.
5 I submit that this shows that the court have not gone overboard
6 in applying the doctrine of equivalency, and this is partic-
7 ularly true in view of the fact that a recent report by Senator
8 Spong, head of the Subcommittee on Patents in the Senate,
9 indicates that only about 28 percent of the patents being
10 litigated are being upheld; so you've got 56 percent of 28
11 percent and it's a very small number of patents indeed, that
12 are getting the benefit of the doctrine of equivalents.

13 The three major points that we make are these:

14 There is no factual basis for the Government's
15 extraordinary request.

16 Second, we submit that there are no cogent reasons
17 for rejecting as a matter of law, this rule of patent construc-
18 tion which has been so long applied by the courts.

19 And third, that the Government's proposed alternative
20 test is an impractical one and is incomprehensible unless it
21 means what we think it means, and in that event the Government's
22 proposed test is the very same rule of equivalency which is now
23 being applied by the courts.

24 As to that first point: we submit that the assertion
25 which has been made about the effects of the equivalency rule

1 are highly exaggerated and more fantasy and imaginary than
2 real. There is no evidence in this case, Your Honors, which
3 supports these assertions: first that creative enterprise and
4 technological progress is being hindered.

5 There is no evidence to show that invented efforts in
6 commercial enterprises are being discouraged; that competitors
7 are being prevented from seeking to invent around; that the
8 doctrine has undermined the public interest in competitive
9 technological advancement. There is absolutely nothing before
10 this Court to support those factual assertions.

11 We submit that this matter should be taken up by
12 Congress. If anything is going to be done about the equivalency
13 rule, Congress is the forum for it and not this Court.

14 Q Is that based on an Act of Congress?

15 A Sir?

16 Q Is the doctrine of equivalents created by the
17 Congress?

18 A No, Your Honor. We say that it has been adopted
19 by Congress. There have been any number of patent statutes
20 adopted since 1853 or 1854 and Congress, we feel, has adopted
21 and has embraced the doctrine of equivalents. It has been a
22 part of the decisional law for 120 years. The 1952 Code, for
23 the first time, specified what the act of infringement con-
24 sists of. The 1952 Code says that infringement shall consist
25 of an invasion of the patented invention. And the decision shows

1 that the patented invention over the years has been the literal
2 language of the claims with a reasonable interpretation and
3 this is what the patent invention means.

4 Q Do you think that the '52 Code has so much
5 significance that it adopted every piece of statutory inter-
6 pretation and every piece of decisional law prior to that time?

7 A I think --

8 Q Any decisions prior to that time beyond reach of
9 this Court or any other court?

10 A I think that it was the general codification,
11 except insofar as Congress did something about the Mercoide
12 Rule, and Congress did -- they wrote in this additional pro-
13 vision --

14 Q They did some things that specifically did
15 away with some prior decisions.

16 A Well, I think the Mercoide situation is one and
17 the other one is they tried to save broad means clauses in view
18 of the Halliburton decision by providing that it was permissible
19 to have a means clause on the understanding that it would be
20 interpreted in the light of the specifications and would reach
21 the specific embodiment of the specifications and they went on
22 to say, "and its equivalents."

23 Q Would you think, then, that we-- that Lear was
24 out of bounds?

25 A I don't think so, and I'm not expressing any --

1 Q Well, I know, but entirely aside from what you
2 think of it on the merits, do you think we overreached the
3 power of the courts in deciding Lear because in 1952 the
4 Congress didn't express any disagreement with the patentee --
5 with the licensee estoppel clause?

6 A No. I think that you had the right to do what
7 you did in Lear --

8 Q What's the difference between that and this case?

9 A The difference here is that it is claimed, sir,
10 that there are certain ill effects to this doctrine, which we
11 challenge. And it is a matter for the investigative process of
12 the Senate or a Congressional Committee, namely: whether or not
13 people are being prevented from inventing around.

14 What I would like to --

15 Q Why wasn't -- why wouldn't those arguments be as
16 applicable to the Lear decision?

17 A I don't think you had the same question there in
18 Lear. Lear was simply a matter of whether or not the licensee
19 was estopped to challenge the validity of the licensor's patent.

20 And here was have a rule of construction which the
21 courts have been applying to patents for a period of 120 years
22 and this Court, time and time again, has recognized that a
23 patentee's claims are to receive a liberal and a reasonable
24 interpretation. And I think there's a substantial difference
25 between the matter that came before you in the Lear case and

1 the attack which is now being made by the Government upon the
2 equivalency rule.

3 What I wanted to say was that I was -- I had the
4 privilege of being on President Johnson's Patent Commission and
5 we solicited and received from all segments of this country,
6 criticisms and proposals for our consideration and no one asked
7 us to do anything at all about the equivalency rule which had
8 been in effect for 100 and some-odd years at that time.

9 And the matter now, the legislation is still before
10 Senator McClellan and we say that the legislation which has
11 come since our report, and we say that the Government should
12 go back to Senator McClellan and ask him to investigate these
13 alleged -- the alleged impact of the equivalency rule upon the
14 economy of this country.

15 Q I think that what you're saying, in part, is
16 that there isn't really a factual basis for some of the
17 positions the Government has taken in this.

18 A That's right. We say they are highly exaggera-
19 ted, the assertions as to the ill effects of this doctrine.

20 MR. CHIEF JUSTICE BURGER: Thank you, Mr. Neuman.

21 MR. NEUMAN: Thank you.

22 MR. CHIEF JUSTICE BURGER: Mr. Bader you have about
23 eight minutes left for rebuttal.

24 REBUTTAL ARGUMENT BY I. WALTON BADER, ESQ.

25 ON BEHALF OF PETITIONER

1 MR. BADER: Mr. Chief Justice, and may it please the
2 Court: It has been called to my attention that there apparently
3 is a feeling or may be a feeling that the nonapplicability of
4 the doctrine of equivalents in this case was not raised below.
5 It was raised below and raised very vigorously below.

6 It was the contention of the Petitioner that first
7 the structure involved did not fall within the terms of the
8 claims.

9 Secondly, the doctrine of equivalents has no applica-
10 bility to this case, because of file wrapper estoppel and a
11 number of other defenses.

12 In the appendix, page 44-A the trial court, in
13 deciding against the Petitioner's contention had this to say:
14 "We are satisfied from the proofs, however, as plaintiffs
15 contend that the doctrine of equivalents is applicable here
16 because the two structures work in substantially the same way
17 and with the same result." And then they cite the Graver case
18 and the Great Lakes case.

19 In the Court of Appeals' decision, where the question
20 was raised again and where the Petitioner urged that the
21 doctrine of equivalents again had no application, the Court of
22 Appeals said, "the fact that the playpen floor was adjusted up
23 or down by strings running through the floor through one hole,
24 rather than two holes, did not appear to him," referring to
25 the trial judge, "to represent a substantial difference."

1 Neither does it to us. And again citing the Graver case; so
2 there was no question that the nonapplicability of the doctrine
3 of equivalents was raised in this case and raised vigorously
4 throughout the proceedings.

5 Q What was the last page from which you --

6 A That is the appendix, page 53-A-11. It is the
7 second paragraph from the bottom, the second large paragraph,
8 where the Court of Appeals of the Sixth Circuit refers to the
9 Graver case, as well.

10 Insofar as the question of the validity of the patent
11 is concerned, the Court in its questions to me this morning,
12 pointed out that we did not feel that we could raise the
13 validity of the patent in view of the prior law of the Sixth
14 Circuit. However, we denied in our answer that any royalties
15 were due, and I think that whenever a patent comes before the
16 Court, where the validity does become an issue, because the
17 validity of this patent is in issue.

18 If the patent here is invalid there are no royalties
19 payable, based on Lear against Adkins. Then I submit to the
20 Court that the invalidity of the patent was raised, even though
21 we did not have a full-dress trial on invalidity as we normally
22 would do, because of the prior law involved.

23 Now, my learned brother, Mr. Kalish, made one rather
24 inadvertent error in that he said that the paragraph of the
25 agreement was paragraph 16-E -- yes, Mr. Kalish said 16-C, but

1 paragraph actually is 16-E if it please the Court. 16-E refers
2 to this particular patent involved. At that time it is
3 specified as an application number. The patent issued very
4 shortly after the contract was signed. It is not a material
5 distinction involved.

6 Q What page is it?

7 A It is on the appendix, page 62-A and paragraph
8 E says: "On patent application Number 124668 dated July 16,
9 1961, which is actually the patent involved herein. And
10 paragraph C covers 2790978, and that's the one that we are
11 not contesting the validity of in this case. So that it is
12 actually the E paragraph that we're concerned about.

13 Q Is it identical language?

14 A Yes; it is identical language. The error is
15 not a material error, but I just thought I would bring it to the
16 Court's attention. I am sure it was inadvertent.

17 Q Paragraph 3-A?

18 A It is paragraph number 16-E, Mr. Justice.

19 Q I mean what page?

20 A Page 62-A of the appendix.

21 Now, the other situation I would like to point out
22 is: my learned adversary states that this is actually an assign-
23 ment and not a contract, but if we look at the complaint, we
24 see that the complaint doesn't sue us on the assignment; it
25 sues us on the contract. Paragraph 3 saying: "Tigrett

1 Industries entered into a contract with Standard Industries.

2 The aforesaid contract" -- et cetera, et cetera.

3 Q What difference does that make to us now?

4 A It really doesn't, except --

5 Q If it isn't a license --

6 A It is a license but not an assignment, Mr.

7 Justice Burger.

8 Q It's a contract of sale; the sale of --

9 Q The sale of merchandise.

10 A Yes. And in that contract the license provision
11 is part of the contract, so it really makes very little dif-
12 ference where the license provision is put in. The license --
13 the provision involved says: "The following will be -- the
14 following arrangement shall apply with respect to the Infant
15 Division Patent Licenses;" and therefore the mere fact that
16 this license agreement is incorporated in the contract for
17 the sale of assets, makes no difference. It's still a patent
18 license agreement that we're dealing with.

19 Q Did the patentholder retain some residual in-
20 terest in the patent?

21 A The patentowner owned the patent until sub-
22 sequently he conditionally assigned it to our subsidiary, the
23 Jackson Furniture Corporation, who, interestingly enough, Mr.
24 Justice, is not a party to this litigation. Now, if, in fact,
25 he wanted to sue on the assignment document involved it would

1 would have been necessary for the respondent here to have sued
2 our subsidiary, Jackson Furniture Corporation, but he chose
3 not to; he chose to sue us on the contract.

4 And under those circumstances, the fact that an
5 assignment was made subsequently to our subsidiary would make
6 no difference.

7 Furthermore, of course, if, in fact, the assignment
8 involved was made to our subsidiary, it was still made subject
9 to the conditions and therefore, the condition involved, having
10 not been fulfilled by reason of the assignment made for the
11 benefit of creditors, the entire assignment becomes void any-
12 way, and there is a failure of title involved.

13 One other point that I would like to say --

14 Q Could I ask you --

15 A Yes, sir.

16 Q Were the original arrangement between the
17 inventor and the Respondent here, was that a license?

18 A Yes, Your Honor.

19 Q There is no question about that --

20 A No question, Your Honor.

21 Q And all that the licensee, then, assigned, you
22 say to Standard, the Petitioner, was its license interest?

23 A No; it never assigned anything to Standard.

24 Q Well, to whatever --

25 A It assigned the patent involved; that was

1 licensed, to Jackson Furniture Corporation, subject to an
2 obligation on Jackson Furniture Corporation to pay royalties.

3 Q Well, who owned the patent after the assignment?

4 A After the assignment the patent originally was
5 owned by Jackson Furniture Corporation, which is not a party
6 to this litigation, and as soon as Tigrett Industries made an
7 assignment for the benefit of creditors we submit, that the
8 ownership of the patent then went back --

9 Q I'm not concerned about that. I'm not concerned
10 about that. What you've told me is there was a license from
11 the inventor to Tigrett?

12 A No. There was an assignment from the inventor
13 to Tigrett.

14 Q An assignment?

15 A An assignment from the inventor to Tigrett --

16 Q There was never action to get a formal license
17 involved in this case?

18 A No. There was a license was from Tigrett to
19 Standard, the plaintiff in this case. I see my time is up --

20 Q Well, you can answer it.

21 A The license agreement was made between Tigrett
22 Industries and Standard Industries with respect to a patent.
23 The patent involved was owned by a man by the name of John
24 Burton Tigrett. Mr. John Burton Tigrett assigned the patent to
25 Tigrett Industries, our licensor, but with a condition in the

1 assignment that the assignment would become void if Tigrett
2 Industries made an assignment to creditors.

3 Q After that did your subsidiary, Jackson
4 Furniture, get an assignment from Tigrett Industries; is that
5 it?

6 A Yes. After that --

7 Q After Tigrett Industries had made a license to
8 Standard, you're telling us; is that correct?

9 A That's correct.

10 Q Then Tigrett Industried assigned the patent
11 itself to your subsidiary?

12 A That is correct, and thereafter Tigrett Indus-
13 tries made an assignment for the benefit of creditors. Those
14 are the facts.

15 MR. CHIEF JUSTICE BURGER: Thank you, Mr. Bader.

16 MR. BADER: May I thank the Court for their indulgence.
17 This is the first time I've argued before this Court and I'm
18 sorry that I've been a little nervous.

19 MR. CHIEF JUSTICE BURGER: Not at all. We don't
20 want you to be. The case is submitted. Thank you gentlemen.

21 (Whereupon, at 12:58 o'clock p.m. the argument in the
22 above-entitled matter was concluded)