IN THE

Supreme Court of the United States

OCTOBER TERM 1979

No. 79-669

DAWSON CHEMICAL COMPANY,
CRYSTAL MANUFACTURING CORPORATION AND
CRYSTAL CHEMICAL COMPANY, *Petitioners*

v.

ROHM AND HAAS COMPANY, *Respondent*

On Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

MOTION FOR LEAVE TO FILE BRIEF AND ANNEXED BRIEF AMICI CURIAE ON BEHALF OF SOCIETY OF UNIVERSITY PATENT ADMINISTRATORS AND THE COUNCIL ON GOVERNMENT RELATIONS

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MOTION OF SOCIETY OF UNIVERSITY PATENT ADMINISTRATORS AND THE COUNCIL ON GOVERNMENT RELATIONS FOR LEAVE TO FILE A BRIEF OF AMICI CURIAE

The Society of University Patent Administrators, Inc. (SUPA) and the Council on Government Relations (COGR) respectfully move this Court for leave to file instanter the accompanying brief in this case amici curiae. The consent of the attorney for the Respondent has been obtained but the attorneys for the Petitioners have refused to consent to the filing of a brief by the amici here. The motion for leave to file the Brief and the Brief are submitted on behalf of the Council on Government Relations, which is sup-

ported by 119 leading research universities, and the Society of University Patent Administrators, which is a professional society of individuals each of whom has some responsibility for administering inventions and patents in connection with some university and which counts approximately 120 members connected with over 90 separate universities.

Many of the institutions of higher education who have representatives in or which are directly connected with the movants are involved in transferring technology generated during the course of research conducted at such institutions to the public for its use and benefit. Since most of the inventions generated within the university sector arise from the basic research function carried out at those institutions they tend to be embryonic in nature and, therefore, require significant additional development by private parties to convert them to a form in which they are acceptable and useful to the public. The incentives provided by the patent system through licensing permit the universities to engage a commercial "partner" willing to expend the high risk capital necessary to the transfer of the embryonic university technology to the marketplace.

The significance of the universities' presence in innovation in the United States will be clearly apparent from the 1978 figures available from the National Science Foundation. In that year, of the six billion dollars spent for basic research in this country about three and one-half billion dollars (59.2%) was spent on research performed at the universities. In that same year, of the total research and development expenditure of 47.4 billion dollars in the United States about 5.9 billion (12.6%) was spent at universities.

The presence of the universities in innovation is even more significant when one is aware that the government supplies by far the major portion of the basic research funds at the universities and that 119 universities which are represented on the Council on Government Relations, one of the amici in this Brief, are the recipients of about 90%, or approximately three billion dollars, of the funds made available to higher education through contracts and grants for scientific activities.

It must be presumed that government research dollars are made available in the expectation of not only developing basic knowledge, but also in the expectation that funded research will lead to products, processes and techniques which will be useful and acceptable in all or part of our society to improve the well-being of the society in general. It must also be presumed, based upon the experience of many years at many universities, that the patent system is the key to the conversion of scientific knowledge into production benefiting human welfare.

Substantial numbers of the members of the Council on Government Relations and Society of University Patent Administrators are engaged in efforts to transfer the results obtained from basic research at the universities to the public, through licensing arrangements with commercial companies who accept the responsibility, including the investment of substantial capital at high risk, for developing the inventions. Such arrangement must, of course, be made under a sound patent position which has been established by or on behalf of the involved university since, by the very nature of their operation, universities do not engage in trade secret practices. Numbered among such pat-

ents are many in which the claims are cast in the same form as those in the patent at issue before the Court where a chemical entity is known and not patented but where a particular use of such chemical is the subject of the patent.

The Department of Justice has recognized that some kind of exclusive right may be necessary to insure that a firm will make the often risky investment that is necessary to bring an invention into production and develop a market for it. For this reason Deputy Assistant Attorney-General Ky P. Ewing Jr., testifying on S. 1250 before the Subcommittee on Science, Technology and Space of the Senate Committee on Commerce, Science and Transportation,* supported the granting to universities and small businesses of title to patents resulting from research sponsored and paid for by the Federal Government as consistent with the recent recommendations of President Carter on government patent policy.

Although the Council on Government Relations and Society of University Patent Administrators have no direct business interest in the outcome of the case before the Court, these organizations, on behalf of the universities which are represented in their membership, and on behalf of the public and the funding government agencies as well, are vitally concerned that the law made in this case should not discourage the transfer of technology and the major investments in development required for the private sector to bring the results of basic research conducted at the universities with both public and private funds to the public for its use and benefit.

* Testimony of Ky P. Ewing Jr., November 21, 1979 at 16-17.

In the light of the foregoing facts and comments it is the considered opinion of the movants and their membership that the issue before the Court in this case has far reaching public interest implications. It is also the concern of the movants that the expressed considerations may not have been known to or considered by the parties to this case in their respective briefs and arguments. Accordingly, SUPA and COGR present to the Court this petition for leave to file the annexed brief *amici curiae* instanter.

Respectfully submitted,

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BRIEF ON BEHALF OF THE SOCIETY OF UNIVERSITY PATENT ADMINISTRATORS AND COUNCIL ON GOVERNMENT RELATIONS AS AMICI CURIAE

INTEREST OF AMICI CURIAE

The Society of University Patent Administrators, Inc. (SUPA) and the Council on Government Relations (COGR) are connected with colleges, universities, and associations for higher learning in the United States. The character of SUPA and COGR and their

interest in the question of law presented by this case are explained in their Motion for Leave to File a Brief as *Amici Curiae,* to which this Brief is annexed.

SUPA and COGR, because of their experience with the licensing of university and other institutional patents, strongly favor an affirmance of the decision herein by the Court of Appeals for the Fifth Circuit. It is believed that a reversal of that decision, with a reinstatement of the contrary decision by the District Court, would seriously interfere with the transfer of technology embodied in university patents to private companies for further development and commercialization. Experience has shown such technology transfers almost invariable require the incentive of an exclusive license. This case is viewed as presenting a fundamental question with respect to patent exclusivity, which may not be fully covered in the other Briefs submitted herein favoring affirmance.

QUESTION PRESENTED

Whether patent exclusivity for a process employing a product which is a non-staple not suitable for substantial noninfringing use extends to unauthorized sale of the non-staple product for use in the patented process.

ARGUMENT

I. The Nature of the Patent Right

A patent is a constitutionally validated grant, conferring on inventors (and patent owners by assignment) the right to exclude others from practicing their inventions, and the constitutional purpose underlying the patent system is to promote the progress of

the useful arts by rewarding the inventors with the power to exclude. *See* U.S. Const. Art I, § 8. An inventor or patent owner does not have to license his invention, nor is he required to make any use of it whatsoever. *Continental Paper Bag Co.* v. *Eastern Paper Bag Co.,* 210 U.S. 405 (1908). By statute, every patent is "a grant to the patentee . . . of the right to exclude others from making, using, or selling the invention throughout the United States". 34 U.S.C. § 154.

II. The Scope of the Patent Right to Exclude

Pursuant to Section 112[1] of the Patent Laws,[2] a patent is required to conclude with one or more claims. It is the function of the claims to define the invention so as to distinguish it from the prior art. More specifically, it is the claims which must delineate the novel and unobvious features of the invention, thereby satisfying the requirements of Sections 102 and 103.

The claims of a patent are also the starting point for determining the scope of the patent right to exclude with reference to an alleged infringement. As stated in the leading Supreme Court case on the determination of patent infringement: "If accused matter falls clearly within the claim, infringement is made out and that is the end of it." *Graver Tank Co.* v. *Linde Air Products Co.,* 339 U.S. 605 (1949). How-

[1] The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention. A claim may be written in independent or dependent form, and if in dependent form, it shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim.

[2] All references herein to statutory sections are to the Patent Act of 1952, 35 U.S.C. §§ 100-293.

ever, as pointed out in the same decision, the scope of the patent extends beyond the claims. In the final analysis, the scope of the patent is determined by the law of infringement, and by the relief obtainable in a Federal Court against an infringer. This includes not only the right to damages under 35 U.S.C. § 284, but also, and even more importantly, the right to injunctive relief. Section 283 provides that injunctions in patent cases shall be granted "to prevent the violation of any right secured by patent". Further, certain of the important rights secured by patent are now defined by Section 271 of the Patent Act of 1952.[3]

[3] § 271. Infringement of patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

III. Infringement Outside the Literal Claim Language But Inside the Patent Right to Exclude

The ambit of the patent right to exclude is not limited to literal infringement of the claims. There are two principal kinds of infringement which represent an extension of the claims, but, which nevertheless, are inside the patent right to exclude. These are infringement by equivalents[4] and contributory infringement.

The doctrine of contributory infringement arose as a necessary corollary for protection of the exclusivity of the patent. It was an expression of the old common law doctrine of joint tort feasors, making jointly liable with the direct infringer of the patent one who aids or abets the wrongful act of infringement. 52 AM. JUR., *Torts*, § 114 (1944). The acts of the party guilty of contributory infringement are outside the literal language of the claims but inside of the scope of the patent. A typical fact situation was one in which the contributory infringer sold a component of a patented combination which had no other use than in infringing the patent, and the contributory infringer had knowledge of this fact and therefore the intent to cause the infringement was presumed. *See, e.g., Leeds & Catlin Co.* v. *Victor Talking Machine Co.*, 213 U.S. 325 (1909) [hereinafter cited as *Leeds & Catlin*].

After a period in which the encroaching doctrine of patent misuse threatened to completely extinguish contributory infringement as an enjoinable offense, the

[4] Infringement on this basis is determined by the doctrine of equivalents, which is necessary to protect an invention against piracy. *Graver Tank Co.* v. *Linde Air Products Co.*, 339 U.S. 605 (1949). As stated in that case: "The essence of the doctrine [of equivalents] is that one may not practice a fraud on a patent". Id. at 607, 608.

Patent Act of 1952 in Sections 271(b) and 271 (c) reestablished the law of contributory infringement of a carefully defined basis. Acts of active inducement of infringement are enjoinable under Section 271(b), but the sale of a product for use in practicing a patented invention is enjoinable only when all of the conditions of 271(c) are met. Within the confines of these two sections of the statute, Congress has approved the policy considerations underlying prohibition of contributory infringement. Mr. Justice Frankfurter called it "an expression both of law and morals", and said it "is accredited by legal history as well as ethics". *Mercoid Corp.* v. *Mid-Continent Investment Co.,* 320 U.S. 661, 677, 678 (1944) (Frankfurter dissenting) [hereinafter cited as First *Mercoid*]. Judge Taft viewed the doctrine of contributory infringement as being on a similar footing as this court has pointed out with respect to the doctrine of equivalents, stating that: "If this helpful rule [of contributory infringement] is not to apply to trespass upon patent property, then, indeed, the protection which is promised the inventor is a poor sham." *Thompson-Houston Electric Co.* v. *Ohio Brass Co.,* 80 F. 712, 721 (6th Cir. 1897).

IV. Some Misuse Decisions Have Erroneously Assumed That the Patent Right to Exclude is Strictly Limited to the Literal Language of the Claims

In *Motion Picture Patents* v. *Universal Film Mfg. Co.,* 243 U.S. 502 (1917) it was stated that "the scope of every patent is limited to the invention described in the claims", and that the claims "so mark where the progress claimed by the patent begins and where it ends that they have been aptly likened to the

description in a deed, which sets the bounds to the grant which it contains." Id. at 510. Neither the doctrine of infringement by equivalents nor the doctrine of contributory infringement could exist at all if the scope of the patent were strictly limited to the literal language of the claims. The granting clause of a deed does set the limits of the property, but this analogy is misleading with respect to patent claims.

Justice Brandeis recognized the correct view in *Carbice Corp.* v. *American Patent Development Corp.,* 283 U.S. 27 (1931) [hereinafter cited as *Carbice*]. Although applying the doctrine of patent misuse to prevent enforcement of a patent, the continued viability of the doctrine of contributory infringement was recognized. In referring to the holding of contributory infringement in *Leeds & Catlin,* Justice Brandeis observed that "the case at bar is wholly unlike Leeds . . . which . . . was an ordinary case of contributory infringement." *Carbice Corp.* v. *American Patent Development Corp., supra,* 283 U.S. at 34.

In First *Mercoid,* Justice Douglas criticized the result of *Leeds & Catlin,* and characterized the phonograph record, the sale of which had been enjoined, as "an *unpatented* part of the patented phonograph." *Mercoid Corp.* v. *Mid-Continental Investment Co.,* 320 U.S. 661, 668 (1944) (emphasis added). It is respectfully submitted that this use of the term "unpatented" should be understood as "labeling" to achieve a result. It perpetuates the error of *Motion Picture Patents, supra,* that the proper bounds of a patent are limited to direct and literal infringement of the claims.

Under Section 271(c), the sale of the phonograph record by the defendant in *Leeds & Catlin* would be

clearly an enjoinable offense, and, therefore, perforce within the statutorily defined scope of the patent. Even the "residuum" of the doctrine of contributory infringement, which Justice Douglas assumed to be left after First *Mercoid,* is necessarily an enforcement of the patent outside of the literal language of the claims and would include a right to enjoin the sale of the so-called "unpatented" product for use in practicing the patented invention.

V. Section 271 and the Function of the Law of Patent Infringement

The Constitution has assigned to Congress the primary responsibility for setting up the patent system, and fulfilling its dual purposes of promoting the progress of the useful arts and rewarding the inventor. *Graham* v. *John Deere Co.,* 383 U.S. 1, 6 (1966). *See also, McClurg* v. *Kingsland,* 42 U.S. (1 How.) 202-206 (1843); and *United States* v. *Duell,* 172 U.S. 576, 583 (1899).

In enacting Section 271 of The Patent Act of 1952, Congress exercised its Constitutional authority to re-establish the law of contributory infringement. The acts of infringement proscribed by Sections 271(b) and 271(c) are enjoinable under Section 283. It therefore follows from the analysis set out above that such enjoinable acts of contributory infringement are within the patent right to exclude. Section 271(c) clearly defines the requirements for enjoining the sale of a product which is sold for use in a patented method or combination: (1) the product (component or material) must be a material part of the invention; (2) the alleged infringer must know that the product is especially made or adapted for use in infringement of the patent; and (3) the product must not be a staple article

or commodity of commerce suitable for substantial noninfringing use.

As previously developed in this Brief, it is the function of the law of infringement to protect the exclusivity provided by a patent. Congress has now decreed that the sale of a product, which is material to the invention, which has no other use than infringing the patent, and which is sold with such knowledge should be and is the exclusive right of the patent owner.

VI. Section 271(d) Clearly States That the Acts Done by the Patent Owner in This Case Are Not Misuse

Section 271(d) states that a patent owner may properly derive revenue from the sale of a product which has no other use than infringing the method or combination covered by his patent, and the patent owner may properly license another to sell such a product. Further, the patent owner is authorized to bring suits for contributory infringement to enforce the rights protected by 271(b) and 271(c). In doing these things the patent owner is acting within the statutorily defined scope of the patent right to exclude, and cannot be deemed guilty of misuse of his patent. There is simply no extension of the patent to which misuse law could apply.

It is true that a product having no use other than infringing a patent does not directly infringe the claim of a method patent or a combination patent. However, it is not the product *per se* that is within the scope of the right to exclude, but rather the act of selling the product when all the conditions of Section 271(c) are met. It is this act of sale which is enjoinable. In the present case, Rohm & Haas sells propanil, a product

which has no other use in than in infringing its method patent, covering the use of this chemical for selective inhibition of the growth of weeds. In selling this product, Rohm & Haas is merely performing an act authorized by Section 271(d)(1), viz. deriving revenue from the sale of propanil in such a way that if done by another without its consent would constitute contributory infringement under 271(c). Manifestly, its statutorily authorized right to derive revenue from such sales would be destroyed if Rohm & Haas was compelled to offer a license to any competitor who wanted to sell propanil for use infringing the Rohm & Haas patent. On the contrary, instead of being compelled to grant such licenses, Rohm & Haas is entitled, as it has done, to file suit for enforcement of its patent against a contributory infringer who is violating Section 271 (c), and to obtain injunctive relief under Section 283.

The fact situation involved in the present case is not uncommon. It applies potentially to the large number of chemical compounds for which no use at all has as yet been found. More generally, it applies to so-called "use" inventions where the only direct infringers are numerically numerous members of the public. Such inventions can only be commercialized by sale of a product especially adapted for use in the patented invention. This situation comes up frequently in connection with inventions made in university research laboratories. Without the incentive of patent exclusivity these inventions, for the most part, would not be developed and commercialized by private industry.

University researchers, understandably, wish to promptly publish the results of their research. In publishing, chemical compounds, which then are of un-

known utility, are disclosed in the literature and become part of the prior art. Since they have become part of the prior art, they cannot be patented as compounds *per se*. Frequently, further research develops an important use for such a compound of previously unknown utility, a use having substantial public benefit. Since there has been an earlier disclosure of the compound itself, it is then impossible to obtain a patent on the chemical compound *per se*; however, a patent may be obtained on the specific use of the compound. In many such cases, if the investment necessary for commercialization of the compound is to be made, it is important that the exclusivity provided by Section 271 (c) of the Patent Act of 1952 be available; that is, that the exclusivity prevent the utilization of the invention by competitors in the sale of the compound for the specific use. Unless this exclusivity is available, the "compulsory licensing" prospect will not provide the incentive to attract the requisite resources to commercialize the use of these compounds.

CONCLUSION

This case is believed to give this Honorable Court an important opportunity to clarify the proper scope of a patent. Both infringement by equivalents and contributory infringement are outside of the literal language of the claims of a patent but should be regarded as within the patent right to exclude. It is the law of infringement which defines the scope of the patent. The sale of an equivalent of a patented combination is enjoinable, as is the sale of a product having no use other than infringing the patent, providing the other requirements of Section 271(c) are met. The prohibition of such sales is therefore part of the ex-

clusivity guaranteed by the patent grant. Such exclusivity is the essence of a patent, and should not be eroded by an application of misuse considerations to product sales which have been made enjoinable by Congressional declaration.

For the reasons stated above, the judgment of the Fifth Circuit Court of Appeals should be affirmed.

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