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PROBLEMS IN JOINT OWNERSHIP OF PATENTS

HARRINGTON A. LACKEY*

NATURE OF PATENT RIGHTS

In that area of the law where rights in the products of mental conception are created, transferred and litigated, the general practitioner is often bewildered by the challenge to identify such rights with legal principles familiar to him. Although certain of these rights have arisen and are protected under our common law, patent rights are creatures of federal statutes authorized under our Constitution.¹ Moreover, patents are identified as property, and under the 1952 Patent Act, they have been further classified as personal property.² Here the confusion begins.

While the statute treats a patent as personal property, the very next paragraph in the same section of the Code states that patents shall be assigned by an instrument in writing and further permits the conveyance of patent interests carved into geographical areas.³ Again, the last paragraph of the same section of title 35⁴ provides for the recording of an assignment, grant or conveyance of a patent and establishes the rights of a bona fide purchaser for valuable consideration without notice in a manner quite similar to the treatment of deeds of real estate by recording statutes.

The confusion which may arise in the attempt to treat patent property according to the recognized laws of real property or personal property is well illustrated in an opinion by Chief Justice Nott of the United States Court of Claims:

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1. "The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." U.S. CONST. art. I, § 8, cl. 8.

2. "Subject to the provisions of this title, patents shall have the attributes of personal property." 35 U.S.C. § 261 (1952). "The first paragraph is new but is declaratory only." H.R. REP. NO. 1923, 82d Cong., 2d Sess. (1952). But see *Fried Krupp Aktien-Gesellschaft v. Midvale Steel Co.*, 191 Fed. 588 (3d Cir. 1911), where a patent is considered to be a contract between the inventor and the government.

3. "Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under this application for patent, or patents, to the whole or any specified part of the United States." 35 U.S.C. § 261 (1952).

4. "An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent Office within three months from its date or prior to the date of such subsequent purchase or mortgage." 35 U.S.C. § 261 (1952).

This new form of property, the mind-work of the inventor, though its constitutional existence is now well nigh a century old, is still a novelty in the law. The wisdom of the common law gives neither maxims nor precedents to guide, and the American cases which deal with it, though numerous enough, run in a narrow, statutory groove. Though the most intangible form of property, it still, in many characteristics, is closer in analogy to real than to personal estate. Unlike personal property, it can not be lost or found; it is not liable to casualty or destruction; it cannot pass by manual delivery. Like real property, it may be disposed of, territorially, by metes or bounds; it has its system of conveyancing by deed and registration; estates may be created in it, such as for years and in remainder; and the statutory action for infringement bears a much closer relation to an action of trespass than to action in trover and replevin. It has, too, what the law of real property has, a system of user by license.⁵

In his latest edition on *Patent Assignments*, Ridsdale Ellis makes the observation that the courts have attempted to follow cases involving the conveyancing of both personal and real property in deciding questions of patent properties. However, "the general nature of patent rights is so different from other kinds of property that the doctrine of '*stare decisis*' is rarely applied."⁶ In looking to the decisions relating to real and ordinary personal property, the courts have used the decisions as suggestions only for the solution to a patent problem.

Except for the fact that patents are created differently from other types of property,⁷ and the patent laws are frequently inconsistent with the laws of personal property or real property or both, it is nevertheless clear that patents are a form of property, and as such are subject to ownership, transfer and conveyancing. A patent may be assigned in whole or in part or territorially granted. It may be mortgaged, licensed, transferred by operation of law upon death or bankruptcy, or held in trust for the benefit of another.

Although the problems of ownership of patents are legion, it is the purpose of this discussion to illuminate certain unique and complex problems arising out of the ownership of a patent by two or more parties.

Generally speaking, a plurality of parties become co-owners or joint owners of a patent in the same manner in which an individual becomes the owner of a patent, namely by creation of the patent through invention and compliance with the statutes or by a transfer of the patent.

5. *Solomons v. United States*, 21 Ct. Cl. 479, 483 (1886).

6. ELLIS, *PATENT ASSIGNMENTS* § 1 (3d ed. 1955).

7. "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101 (1952).

If two or more persons produce an invention jointly, they become joint owners thereof and of any resulting patent rights. Also if an inventor assigns an undivided half interest to another the inventor and his assignee become co-owners. Unless the assignment contains restrictions on the title so transferred the rights of joint owners created by assignment are identical with those created by joint inventorship.⁸

JOINT INVENTORS

Joint property rights in a patent may be created through joint invention.⁹

The question of whether a person is a sole inventor or a joint inventor can become not only extremely complex but materially important to the parties involved. Prior to the 1952 Patent Act, the misjoinder or nonjoinder of an inventor or inventors in an issued patent were grounds for invalidation of the patent.¹⁰ Such grounds would arise as a defense in an infringement action or in a complaint for declaratory judgment against one who threatens an action for infringement. The issue of joint invention may also arise in an interference proceeding¹¹ where the issue of priority of invention is determined.¹² Under the 1952 Patent Act, provision has been made for the correction of an erroneous misjoinder or nonjoinder of inventors either in the application¹³ or in the issued patent,¹⁴ and the misjoinder or nonjoinder of

8. ELLIS, PATENT ASSIGNMENTS § 391 at 416 (3d ed. 1955).

9. "When an invention is made by two or more persons jointly, they shall apply for a patent jointly and each sign the application and make the required oath, except as otherwise provided in this title." 35 U.S.C. § 116 (1952).

10. *McKinnon Chain Co. v. American Chain Co.*, 268 Fed. 353 (3d Cir. 1920); *DeLaski & Thropp Circular Woven Tire Co. v. William R. Thropp & Sons Co.*, 218 Fed. 458, 463 (D.N.J. 1914, *aff'd*, 226 Fed. 941 (3d Cir. 1915); 1 WALKER, PATENTS § 117-18 (1937).

11. *Desch v. Dickinson*, 99 U.S.P.Q. 218 (1953).

12. "Whenever an application is made for a patent which, in the opinion of the Commissioner, would interfere with any pending application, or with any unexpired patent, he shall give notice thereof to the applicants, or applicant and patentee, as the case may be. The question of priority of invention shall be determined by a board of patent interferences. . . ." 35 U.S.C. § 135 (1952).

13. "Whenever a person is joined in an application for patent as joint inventor through error, or a joint inventor is not included in an application through error, and such error arose without any deceptive intention on his part, the Commissioner may permit the application to be amended accordingly, under such terms as he prescribes." 35 U.S.C. § 116 (1952); PAT. OFF. R.P. 45; MANUAL OF PATENT EXAMINING PROCEDURES § 1111.07 (2d ed. 1953).

14. "Whenever a patent is issued on the application of persons as joint inventors and it appears that one of such persons was not in fact a joint inventor, and that he was included as a joint inventor by error and without any deceptive intention, the Commissioner may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate deleting the name of the erroneously joined person from the patent.

"Whenever a patent is issued and it appears that a person was a joint inventor, but was omitted by error and without deceptive intention on his part, the Commissioner may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate adding his name to the patent as a joint inventor.

"The misjoinder or nonjoinder of joint inventors shall not invalidate a

joint inventors shall not invalidate a patent, provided the error was made without deceptive intent.

If several persons work toward the development and production of a new machine, it is possible that one or more of the co-workers may be an inventor or inventors, or it is possible that all of the co-workers may be joint inventors. A person or persons merely engaged in building or constructing the machine are generally considered not to be an inventor or inventors.

If one man does all the inventing and another does all the constructing, the first is the sole inventor. But where two or more persons exercise their inventive faculties in the mutual production of a new and useful process, machine, manufacture, composition of matter, or design, those persons are joint inventors thereof, regardless of whether one, or part, or all, or neither of those persons constructed or helped to construct the first specimen of that thing, or performed or helped to perform the first instance of that process.¹⁵

In the *DeLaski* case,¹⁶ a leading case on joint invention, the judge stated:

There is some confusion in the cases as to what constitutes joint invention; but, at least as respects a combination patent in which a number of elements are present, I think these principles may be considered as settled and sound:

1. In order to constitute two persons joint inventors, it is not necessary that exactly the same idea should have occurred to each at the same time, and that they should work out together the embodiment of that idea in a perfected machine. The conception of the entire device may be due to one, but if the other makes suggestions of practical value, which assisted in working out the main idea and making it operative, or contributes an independent part of the entire invention, which is united with the parts produced by the other and creates the whole, he is a joint inventor, even though his contribution be of comparatively minor importance and merely the application of an old idea. (Cases cited).

2. If the conception or contribution of one covers a distinct and independent part of the patented device, and is not an element which contributes to the operativeness of the completed device, or is not included in the claims covering a combination of elements, or is the subject of a separate claim in the same patent, such person is not a joint inventor.¹⁷

patent, if such error can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Commissioner shall issue a certificate accordingly." 35 U.S.C. § 256 (1952).

"This section is new and is companion to section 116.

"The first two paragraphs provide for the correction of the inadvertent joining or nonjoining of a person as a joint inventor. The third paragraph provides that a patent shall not be invalid for such cause, and also provides that a court may order correction of a patent; the two sentences of this paragraph are independent." H.R. REP. No. 1923, 82d Cong., 2d Sess. (1952).

15. 1 WALKER, PATENTS § 114, at 399-400 (1937).

16. *DeLaski & Thropp Tire Co. v. William R. Thropp & Sons Co.*, 218 Fed. 458 (D.N.J. 1914).

17. *Id.* at 463-65.

In the *DeLaski* case, the plaintiffs were joint inventors of a machine for wrapping automobile tires upon which they jointly obtained Patent No. 1,011,450. As a defense to a charge of infringement, the defendant urged that the patent was invalid because it was granted for an invention which was in fact the sole invention of the plaintiff, Thropp. The facts disclosed that the plaintiff, DeLaski, was in the employ of the plaintiff, Thropp, as a draftsman; that the plaintiff, Thropp, conceived most of the machine and the plaintiff, DeLaski, contributed some parts, namely, the tension on the bobbin, the throwing of the shafts, and the shape of the device which supports the upper set of rollers. The court held that "for all that appears, any one or all of the things which DeLaski did contribute may have been the very thing or things necessary to complete the invention and make the machine operative. . . . if DeLaski did invent these particular devices, it follows, under the principles above stated, that he was a joint inventor."¹⁸

Judge Woolley of the Court of Appeals for the Third Circuit, in affirming the above *DeLaski* decision held:

One may conceive a general or imperfect outline of an entirely novel thing, which, without the conception of another developing it and giving it body, might never amount to invention; but if the conceptions of one supplement and complement the conceptions of the other, the result might be invention and therefore joint invention. 'When a claim covers a series of steps or a number of elements in a combination, the invention may well be joint, though some of the steps or some of the elements may have come as a thought of but one.' *Quincey vs. Krause*, 151 Fed. 1012, 1017, 81 C.C.A. 290; *American vs. Wood* (C.C.) 189 Fed. 391, 395.¹⁹

The Court in *Welsbach Light Co. v. Cosmopolitan Incandescent Light Co.*²⁰ held a patent to be invalid because one feature of it was conceived by only one of the two who worked out the entire invention. This decision has been criticized by Hoar who states that "it would be impossible to hold that two individuals could jointly participate in inventing a structure, as it must necessarily happen that some of the concepts representing various steps in the invention should occur first to one and then to the other, and yet the invention as a whole be the joint product of the two."²¹

Hoar further pursues the logical consequences of the above holding by suggesting a case involving four or five inventors, various combinations of whom are responsible for each of the elements which enter into the joint invention. He suggests that under such circumstances,

18. *Id.* at 465.

19. *William R. Thropp & Sons Co. v. DeLaski & Thropp Circular Woven Tire Co.*, 226 Fed. 941, 949 (3d Cir. 1915).

20. 104 Fed. 83, 86 (7th Cir. 1900).

21. HOAR, *PATENT TACTICS & LAW* 54-55 (1940).

the combinations and permutations of inventors could produce as many as thirty-one distinct patent applications to cover the subject-matter ordinarily included in a single application filed by only one inventor.²²

It has already been pointed out that where the suggestions of an employee amounted to a material contribution toward the invention, the employee is properly included as a joint inventor.²³ On the other hand, the United States Supreme Court in the case of *Agawam Woolen Co. v. Jordan*²⁴ held that where one employs other persons to assist him in carrying out his invention, and during their experimentation, one or more of the employees

make valuable discoveries *ancillary* to the plan and preconceived design of the employer, such suggested improvements are in general to be regarded as the property of the party who discovered the original improved principle, and may be embodied in his patent as a part of his invention.

. . . .

Persons employed, as much as employers, are entitled to their own independent inventions, but where the employer has conceived the plan of an invention and is engaged in experiments to perfect it, no suggestions from an *employee*, not amounting to a new method or arrangement, which, in itself is a complete invention, is sufficient to deprive the employer of the exclusive property in the perfected improvement. But where the suggestions go to make up a complete and perfect machine, embracing the substance of all that is embodied in the patent subsequently issued to the party to whom the suggestions were made, the patent is invalid, because the real invention or discovery belonged to another.²⁵

In the *Agawam* case, an employee, Winslow, suggested and incorporated spools or bobbins in place of cans in the sole patentee's textile machinery in order that the rovings could be wound upon and spun from the spools or bobbins instead of being spun from the cans. The Court held that valuable though this suggestion was it could not be regarded as such a material part of the invention as to constitute Winslow a joint inventor, and therefore the patent was valid.

The principle that an inventor who eventually obtains a patent is entitled to incorporate in his specification suggestions of others who were working with him was followed in the case of *Becton-Dickinson & Co. v. Robert P. Scherer Corp.*²⁶ where the theories for a needleless syringe, operating upon the principle of jet propulsion of fluid through skin, were advanced by Lockhart originally for discussion and suggestions from two other employees of the Cambridge Instrument Company. The court found that Gillett and Picciana, the other two em-

22. *Id.* at 55.

23. *DeLaski & Thropp Tire Co. v. William R. Thropp & Sons Co.*, 218 Fed. 458 (D.N.J. 1914).

24. 74 U.S. (7 Wall.) 583 (1869).

25. *Id.* at 602-03.

26. 106 F. Supp. 665 (E.D. Mich. 1952).

ployees, were merely helpers carrying out Lockhart's instructions and not co-inventors.

Walker further elaborates on the status of suggestions to an inventor:

In order to make an invention of importance, a considerable fund of general knowledge must be possessed by the inventor. Where that fund was acquired before he undertook his invention, it is easy to see that those who imparted it, are not thereby made joint inventors with him. Though not quite so obvious, it is equally certain that if, pending his experiments an inventor seeks and secures one point of information from a scientist, and another from a machinist, and a third from a book, he is not, on account of having done the first two, any less a sole inventor than he is on account of having done the last. (*O'Reilly v. Morse*, 15 How. 62, 111, 14 L. Ed. 601 (1853).)²⁷

If one person merely suggests an idea, without suggesting any means for practicing the idea, to another who does devise such means, then the second person is the sole inventor.²⁸

In an interference proceeding²⁹ between an employee, Fersing, and his employer, Fast, before the Court of Customs and Patent Appeals, it was held that no inventive ideas were suggested by the employee, Fersing, and that any work done by Fersing on the invention inured to the benefit of Fast. The court acknowledged, however, a converse broad principle of law in which suggestions made by an employer to his employee should be credited to the employee-inventor, citing *Gedge v. Cromwell*.³⁰

Another interesting facet of the question of joint invention occurs where joint inventors have assigned all their right, title and interest in their patent to an assignee, and it can be shown that only one of the alleged joint inventors was in fact the sole inventor. The *DeLaski* case held that, even if the joint inventorship of DeLaski and Thropp could not be upheld, the patent could still not be invalidated because it was granted to their assignee rather than to the original applicants, stating that the reason for the rule of invalidation of a patent because of misjoinder of the inventors no longer existed. "If one of the original applicants for the patent was the sole inventor, and joined in the assignment, the person to whom the assignment was made was an assignee of the inventor, and the mere joining of the other assignor cannot, on any principle, invalidate the assignment . . ."³¹

In the case of *Liquid Carbonic Corp. v. Goodyear Tire & Rubber*

27. 1 WALKER, PATENTS § 115, at 402-03 (1937).

28. HOAR, PATENT TACTICS & LAW 56 (1940).

29. *Fersing v. Fast*, 28 C.C.P.A. (Patents) 1318, 121 F.2d 531 (1941).

30. 19 App. D.C. 192 (1902).

31. *DeLaski & Thropp Tire Co. v. William R. Thropp & Sons Co.*, 218 Fed. at 465 (D.N.J. 1914).

Co.,³² among other things the plaintiff sought an assignment of the Freeman Patent No. 2,066,265 from the defendant on the grounds that the invention belonged to the plaintiff and was disclosed to the defendant in confidence when the plaintiff was invited into the defendant's plant to demonstrate its method of curing tires. On petition for rehearing of a motion for judgment on the pleadings which was previously overruled, the defendant alleged that the grounds upon which the plaintiff demanded an assignment of the patent invalidated the patent because it was not issued to the true inventor. In overruling the petition on the grounds that equitable jurisdiction would supersede "the dialectic of technical Patent Law," the court went further and suggested that the complaint describes joint and cooperative experiments and research, and therefor the question of joint invention and joint patent could still be raised at the trial. In approving the rule of the *DeLaski* case which held that a patent granted to the assignee of two applicants therefor as joint inventors is valid, although one was sole inventor, the court raised the question "might not the reverse be also true and a patent held good which was granted to one even though two were the joint inventors . . . ?"³³ In attempting to answer this question, the court made the following analogy:

If, while two men are engaged in a joint enterprise, one of them should surreptitiously appropriate valuable property developed or discovered, and fabricate a bill of sale in his own name, would a court of equity refuse jurisdiction of the other man's petition for an assignment of his interest because the bill of sale is a forgery and therefore invalid? Should the question be answered differently if the property appropriated is an invention and, instead of a bill of sale, the defendant has letters patent?³⁴

The court here is dealing with the problem of hostile parties, each claiming the invention as his own, when in fact the invention is probably joint, an issue which will be raised only by the party having the weakest claim in order to destroy the patent for either party. Under the 1952 Patent Act,³⁵ the court would have no difficulty in aligning the parties without invalidating the patent.

In the case of *Kendall Co. v. Tetley Tea Co.*³⁶ where invalidation of a joint patent was sought on the grounds that the invention was a sole invention of only one joint applicant, the court rejected the argument of the *DeLaski* case that the rule of invalidity

should be inapplicable where the patent is issued directly to the assignee of the purported joint inventors. It is difficult to see how the assignee

32. 38 F. Supp. 520 (N.D. Ohio 1941).

33. *Id.* at 526.

34. *Id.* at 526-27.

35. 35 U.S.C. § 256 (1952).

36. 189 F.2d 558 (1st Cir. 1951).

could stand any better than his assignors; if a patent must be issued to the inventor, not to the inventor and another, it would seem that the application for the patent must be signed by the inventor, not by the inventor and another, whether or not the patent is issued directly to an assignee.³⁷

However, the court in the *Kendall* case went on to hold that the "defense is a technical one regarded with disfavor by the Courts and requiring very clear and convincing proof to sustain it. *Klein v. American Casting & Mfg. Corp.*, 2 Cir., 1937, 87 F.2d 291, 294."³⁸ The court confirmed the district court holding of invalidity on other grounds, but reversed its holding on the question of joint invention upon the basis that it was the joint work of both inventors that brought forth the actual product described in the patent, even though one of the inventors had by himself previously developed a method which was subsequently used by both inventors.

It is interesting to note that the rationale in the *Kendall* case opposing the *DeLaski* rule concerning the assignee of joint inventors appears to be unduly technical, whereas the opinion in the *DeLaski* case seemed to be more reasonably developed from a concern for the equities of the parties.

In the more recent case of *Pointer v. Six Wheel Corp.*,³⁹ the Court of Appeals for the Ninth Circuit cited the ruling in the *Agawam* case but added the following contribution to the law of joint invention:

Here, the only basis for the claim of joint invention lies in the fact that the Knox device was an addition to, and an improvement upon, the Stebbins structure. If that were enough to make the invention joint, every 'improvement' which is claimed solely by the improver could be invalidated upon showing that it was grafted upon a prior structure. And the great body of improvement patents, which represents, perhaps, the most important contribution to patents in the field of mechanics could be entirely destroyed. In truth, the improver could be compelled to *take in* the inventor of the prior structure, whether his invention was merely disclosed in a patent or actually reduced to practice, lest some one, in the future, seek to invalidate the improvement patent upon the ground that it was not his sole invention. This is not the law. . . .

Here, there is no voluntary pooling of ideas. Knox's suggestions were rejected by Stebbins. He considered his own invention complete and insisted that the improvements would not work. . . .

So, the claim of joint invention was properly rejected.⁴⁰ (Emphasis added)

The case of *Allegheny Steel & Brass Co. v. Elting*,⁴¹ involved an action for a declaratory judgment of invalidity of Design Patent No.

37. *Id.* at 561-62.

38. *Id.* at 562.

39. 177 F.2d 153 (9th Cir. 1949).

40. *Id.* at 157-58.

41. 141 F.2d 148 (7th Cir. 1944).

118,968 issued to the defendant for "Arm for Lamp Fixtures." The defendant had paid one Thomas Raichel \$25 for making the patented design for him. However, since the defendant gave Raichel no idea or suggestion as to what form of design he should prepare, it was held that Raichel was the true inventor and not the defendant. Moreover, it was found that as the relationship between the defendant and Raichel was not that of an employer and employee, and that Raichel was an independent contractor in the art of designing, the invention did not belong to the defendant, and the design patent was held invalid.

In the case of *Reddi-Wip, Inc. v. Knapp-Monarch Co.*,⁴² where the employment relation did exist, the plaintiff and defendant entered into a business relationship to develop a device which the defendant could manufacture and sell to the plaintiff and which the plaintiff could, in turn, sell to the public. Although the issue of joint invention or joint patent did not arise, the court concluded from the record that both the plaintiff and the defendant had made substantial contributions to the development of the valve and that the exact proportions of the contribution were impossible to determine. The question was one solely of title and the complaint sought equitable relief, the plaintiff claiming to be the sole owner of the valve design and the equitable owner of the defendant's patent application. Each party had filed a patent application in the Patent Office and an interference had been declared. The court held that the defendant's patent application must be assigned to the plaintiff because the plaintiff employed the defendant specifically to develop the valve for the plaintiff. Since a patent had not issued upon the valve to either the plaintiff or the defendant, it may be assumed that in the light of this decision, the appropriate correction of the parties was made in the interference proceedings to show who the actual inventors were, and if otherwise in condition for allowance, a patent would issue to the plaintiff as the assignee of the patent application.

In the case of *Cohen v. Bunin*,⁴³ the plaintiff contended that he was the joint inventor with the defendant of a puppet for producing animated colored pictures. He brought an action to compel assignment of a half interest in the patent obtained solely by the defendant and to compel an accounting of one-half of the profits derived therefrom. The court held that because the plaintiff and defendant had worked together in the plaintiff's workshop for a period of fifteen months and collaborated together to develop the puppet, there was a joint invention of the parties. The defendant argued that if the invention was joint, then under the law the patent was void; moreover, the court

42. 104 F. Supp. 204 (E.D. Mo. 1952).

43. 47 N.Y.S.2d 414 (Sup. Ct. 1944).

being a state court had no jurisdiction to declare the patent invalid, and could not compel the assignment of a voidable patent from the defendant to the plaintiff. In overcoming this contention, the court said:

In the first place, there is no procedure in the Federal court by which a joint inventor can have a patent taken out by his co-inventor declared invalid. *Mowry v. Whitney*, 14 Wall. 434,439; . . . In the second place, one in the position of this plaintiff is not required to take action which would result in invalidating the patent. It was settled by the United States Supreme Court in *Becher v. Contoure Laboratories, Inc.*, 279 U.S. 388 . . . Mr. Justice Holmes writing for a unanimous Court, and in effect overruling the decision of the divided court in *Kennedy v. Hazelton*, supra, that a plaintiff having a right to an invention or patent may proceed in the State court to compel an assignment of the patent despite the fact that the evidence establishing the plaintiff's right would establish the invalidity of the patent if that were the issue and if the forum were one vested with jurisdiction over that issue. As stated by the court in *Liquid Carbonic Corporation v. Goodyear Tire & Rubber Co.*, D.C., 38 F. Supp. 520, 526, the dialectic of technical patent law does not place the subject of an invention beyond the pale of general equitable jurisdiction.

This plaintiff is entitled through this court to be put in the position that he would be in if this patent had been taken out as a joint invention. He would then have an undivided half interest in the patent, the right to use it and to license others to use it without accounting to the defendant. By the same token the defendant might use it and license others to use it without accounting to the plaintiff. . . .⁴⁴

Accordingly the New York Supreme Court ordered the defendant to assign a one half interest in the patent to the plaintiff, but refused to require an accounting to the plaintiff for any profits which he derived from the use of the patent.

An interesting problem involving the issue of joint invention arose in a recent interference proceeding⁴⁵ involving the priority of the pioneer invention in a calculating machine incorporating an electronic tube circuit. The senior party, Arthur H. Dickinson, filed his application on January 20, 1940, which was assigned to International Business Machines Corporation (IBM). The junior party, Joseph R. Desch, filed his application on March 6, 1946, which was assigned to the National Cash Register Company (NCR). In order for the junior party, Desch, to be awarded the patent, he must prove by a preponderance of the evidence that he made the invention before the senior party, Dickinson. In order to prove that certain work performed by Desch between April and August of 1939 was the invention in controversy, Desch required the corroborating testimony of another employee of NCR, Mumma. However, at the time the interference was declared, NCR's

44. *Id.* at 417-18.

45. *Desch v. Dickinson*, 99 U.S.P.Q. 218 (1953).

application in interference was in the names of Desch and Mumma, jointly. Later, NCR found records which it planned to rely upon in establishing Desch as sole inventor at an earlier date. In accordance with the liberal practice of conversion of a joint to a sole application in an interference proceeding, the NCR application was converted. However, the Board still had to review the question as to whether or not Mumma was a joint inventor. If so, Mumma as a joint applicant could not be used as a corroborating witness, and also the first date of invention would have to be the later date when Desch and Mumma jointly conceived as opposed to the earlier date when Desch alone may have conceived the invention. The testimony revealed that neither Desch nor Mumma had any particular thoughts on who was the sole or joint inventor, because they left this up to the NCR patent department. The Board held that in view of all the facts and circumstances, Mumma was a joint inventor with Desch. Although Mumma was employed under Desch and assigned to the project of developing an electronic calculator and Desch described the general plan, Mumma developed the machine involving many of the problems which arose as he went along. Consequently, because the junior party, Desch, failed to establish conception or to prove reduction to practice of the invention by fully corroborative testimony prior to the filing date of the application of the senior party, Dickinson, priority of invention was awarded to the senior party, Dickinson, assignor to IBM.

The joint invention of plants presents some unique problems because under the statutes⁴⁶ a plant patent is granted to whoever (1) invents or discovers and (2) asexually reproduces any distinct and new variety of plant.

In a case of first impression decided in 1945, the Patent Office Board of Appeals construed the issue of joint invention as it related to the plant patent statute.⁴⁷ The joint applicants, Johan Hendrik Kluis and Anthony Kluis, appealed a rejection by the Examiner of their application for a new rose variety. Two oaths were filed with the application. The first oath averred that both inventors believed themselves to be joint inventors and asexual reproducers of the rose, and later averred that the rose was invented or discovered by Johan and was asexually reproduced by Anthony Kluis. The second oath averred that Johan believed that he was the first and sole inventor and that Anthony believed he was the first and sole asexual reproducer. The Board held that although the plant patent statute requires the performance of

46. "Whoever invents or discovers and asexually reproduces any distinct and new variety of plant . . . other than a tuberpropagated plant . . . may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 161 (1952).

47. *Ex parte Kluis and Kluis*, 70 U.S.P.Q. 165, (1945).

two distinct acts, namely invention or discovery, and asexual reproduction, it did not think that

a reasonable construction of the statute requires that at all times and for all purposes both parties be in each other's presence like 'Siamese Twins' at each stage in the development of the invention or that they jointly perform every act like a mirror image and its object. We do not see that the oaths make any averment inconsistent with legal joint invention or with the presumption that both were cooperating, and possibly jointly consulting, and proceeding by mutual effort towards production of a new rose.^{47a}

The Board also commented that since there was no precedent bearing on this question in the plant patent law, that analogies should be drawn from the law on mechanical patents.

In the case of *Bourne v. Jones*,⁴⁸ where joint invention was proved to invalidate a patent issued to only one of the joint inventors, the court looked to the law of chemical patents rather than that of mechanical patents. In this case, the question was solely that of invention, since there was no positive evidence overcoming the presumption that the patentee, Bourne, was the one who first asexually reproduced the plant, namely sugar cane. On the question of invention it was shown that Bourne took the initial step in developing the sugar cane plant by making the crosses, harvesting and planting the seed, setting out the seedlings and making certain tests on the seedlings. Later during the development of the seeds, he would take half the seed pieces for the purposes of his pathological tests, for which he was hired, and gave the other half to the alleged joint inventor, Stephens, for his agronomic tests. Stephens made further tests on the seed pieces to determine the characteristics of the sugar cane, and it was from these tests that the selection of the patented varieties were made. The Court held:

Ordinarily, invention is construed to mean a mental operation involving the conception of an idea, and a physical operation involving reduction to practice of the mental concept. (See C.J.S. Patents Sec. 53a) In this suit, from the point of view of the invention, we have a situation remarkably similar to the situation involved in the invention of a chemical compound. Because the properties or utilities of a new chemical compound can not be definitely determined until the compound has been produced and tested for utility, it is usually held in such cases that conception and reduction to practice are simultaneous acts taking place at the time the characteristics and the utility of the compound are isolated and identified. . . . A scientific prediction of the compound's properties or utilities does not make the compound patentable. . . . Consequently, there could be no invention or discovery of these patented varieties of sugar cane prior to the time

47a. *Id.* at 166.

48. 98 U.S.P.Q. 206 (S.D. Fla. 1951).

the plants were grown and their characteristics determined. . . . It is concluded, therefore, that Stephens and Bourne were joint inventors.⁴⁹

Since the 1952 Patent Act amended the Code by providing that the erroneous misjoinder or nonjoinder of joint inventors shall not invalidate a patent, the harshness of the previous rule has been eliminated, and inventors and corporate employers are no longer penalized for poor judgment in the selection of the applicants or patentees of their inventions, so long as such selections are erroneous and without any deceptive intention. The rule, of course, would apparently still hold true for those who would intentionally join more or less than the actual number of true inventors.

The cases have shown that where the inventors are apparently joint, but hostile, and one of the inventors applies for a patent, still the courts will step in and adjudicate the equities of the parties without regard to the technical rule of invalidation of the patent for nonjoinder of inventors. However, the elimination of the technical rule will eliminate any further consideration or grounds for doubt in such situations.

Section 256 of title 35 is also a boon to the patent departments of those corporations having large research and development programs, employing numerous scientists and technicians who cooperate on many and varied projects. Although the *DeLaski* case would not apply the technical rule of invalidation where more than the number of actual inventors had assigned their interests to a common assignee, still the *DeLaski* decision did not go so far as to apply the rule where the number of assignors were less than the actual number of inventors.

Even though the penalty of invalidation for misjoinder or nonjoinder has been relaxed, the cases prior to 1952 deciding the issues of joint invention still have some value as a guide to the practitioner in advising his clients of their joint and sole rights in their inventions and patents.

JOINT OWNERS

Joint ownership of a patent may be established by other means than joint inventorship, such as by conveyance or by operation of law. However, regardless of how the joint estate is created, the rights of the joint parties are the same.

Although Walker⁵⁰ and some of the earlier cases⁵¹ refer to such an estate as a tenancy in common, a tenancy in common of a patent right departs in many respects from a tenancy in common of other types of personal property. If there are two joint owners of a patent, each has

49. *Id.* at 209-10.

50. 2 WALKER, PATENTS §§ 363-64, at 1149-51 (1937).

51. *Clum v. Brewer*, 5 Fed. Cas. 1097, No. 2909 (C.C.D. Mass. 1855); *Vose v. Singer*, 36 Mass. (4 Allen) 226 (1862).

a one-half undivided interest in the patent. If there are three patentees or three joint owners, each has a one-third undivided interest in the patent. The relative rights in these respective fractional interests in a patent are unique in the law of joint property. Except in limited situations, the owner of a one-tenth interest, the owner of a nine-tenths interest, and the owner of a one-thousandths interest have the same rights in a patent.

The controlling principle of this aspect of patent property law was codified under the 1952 Act: "In the absence of any agreement to the contrary, each of the joint owners of a patent may make, use or sell the patented invention without the consent of and without accounting to the other owners."⁵²

This principle, which has startled practitioners more familiar with other types of property law, has been repeated in many decisions over a long period of time, with very few exceptions. An excellent treatment of the history and reasoning of the law was presented by Judge Wood of the Seventh Circuit in the case of *Blackledge v. Weir & Craig Mfg. Co.*⁵³ This case involved a series of assignments originating with the two joint patentees, Cunning and Woolen, of Patent No. 373,353 for a "Device for Scraping Hogs." One patentee assigned his one-half interest to the plaintiff for the use of the plaintiff's insane ward, Moses Crawford. The other patentee, Woolen, assigned his one-half interest to Silberhorn. The plaintiff and Silberhorn jointly granted to the defendant the right to manufacture and sell the patented device for a period of five years in consideration for a royalty of \$600 on each machine, \$300 to the plaintiff and \$300 to Silberhorn. One year later, Silberhorn assigned his entire one-half interest to the defendant. When the five-year grant had terminated, the defendant ceased to pay any more royalties, although he continued to manufacture, use and sell the patented machine, and the plaintiff brought suit to recover one-half of the defendant's receipts from this continued manufacture, use and sale. Judge Woods affirmed the lower court's judgment for the defendant.⁵⁴

After noting the confusion in the American cases on joint property rights and the absence of any statutory regulations preventing one owner from using the invention without the consent of the co-owner, Judge Woods stated, "To ingraft such a meaning upon the statute by construction would be promotive of injustice, because it would put the enterprising owner at the mercy of the drone, visionary, or knave with whom he should find himself associated."⁵⁵

52. 35 U.S.C. § 262 (1952).

53. 108 Fed. 71 (7th Cir. 1901).

54. *Ibid.*

55. *Id.* at 73.

In supporting his opinion, Judge Woods referred back to the English cases which were more uniform in permitting the independent use of an invention by a co-owner without the consent of and without accounting to his other co-owner. Quoting the Lord Chancellor (Cranworth) in *Mathers v. Green*,⁵⁶ the Court said:

'I can discover no principle for such a doctrine. It would enable one of two patentees, either to prevent the use of the invention altogether, or else compel the other patentee to risk his skill and capital in the use of the invention on the terms of his being accountable for half the profit, if profit should be made, without being able to call on his co-patentees for contribution if there should be a loss. This would be to place the parties in a relation to each other which, I think, no Court can assume to have been intended, in the absence of express contract to that effect.'⁵⁷

Reaching the same results, but by different reasoning, the Lord Chancellor (Herschel) in *Steers v. Rogers*⁵⁸ said:

'What is the right which a patentee has, or patentees have? It has been spoken of as though a patent right were a chattel or analogous to a chattel. The truth is that letters patent do not give the patentee any right to use the invention. They do not confer upon him a right to manufacture according to his invention. That is a right which he would have equally effectually if there were no letters patent at all, only in that case the world would equally have the right. What the letters patent confer is the right to exclude others from manufacturing in a particular way and using a particular invention. When that is borne in mind it appears to me very clear that it would be impossible to hold under these circumstances that, where there are several patentees, either of them, if he uses the patent, can be called upon by the others to pay them a portion of the profits which he makes by that manufacture, because they are all of them, or perhaps any of them is, entitled to prevent the rest of the world from using it.'⁵⁹

Lord Chancellor Herschel's analysis of inventions and patent rights is still valid today. Under our common law of inventions, the inventor has the exclusive right to make and sell his invention, so long as it is not disclosed to the public, at which time anyone is free to make, use and sell his invention. Under our federal statutes, only "the right to exclude others from making, using, or selling the invention throughout the United States" is granted to the patentee.⁶⁰ (Emphasis added)

Judge Woods also cited *Vose v. Singer*,⁶¹ which rejected the analogies of joint ownership of real estate and personal property and joint ownership of patent property, saying that "because the tenant in common of the grain or liquor, who uses it exclusively and consumes

56. L.R. 1 Ch. 29 (1865).

57. 108 Fed. at 73.

58. [1893] A.C. 232.

59. *Id.* at 235.

60. 35 U.S.C. § 154 (1952).

61. 86 Mass. (4 Allen) 226 (1862).

it in using, is liable, therefore the part owner of a patent is liable," would not be a safe conclusion. The Vose court also suggested that actually there was a possibility that the part owner of the patent might use it so extensively that the value of the whole patent would be enhanced. Reasoning further, it stated:

It is difficult to see how an equitable right of contribution can exist among any of them, unless it includes all the parties interested and extends through the whole term of the patent right; and if there be a claim for contribution of profits, there should also be a correlative claim for losses, and an obligation upon each party to use due diligence in making his interest profitable. It is not and cannot be intended that these parties are co-partners; but the idea of mutual contribution for profits and losses would require even more than co-partnership. Nothing short of the relation of stockholders in a joint-stock company would meet the exigencies of parties whose interests may be thus transferred and subdivided.⁶²

Judge Woods further elaborated that each co-owner had an individual right, and that the exercise of this individual right whether it be by manufacture, sale or granting licenses or assigning interests in the patent will not make him accountable to his other co-owners, because the other co-owners have their own separate rights which remain unaffected and which they are equally free to use in the same manner if they wish.

The *Blackledge* case was not only followed but commended by the court in *LaLance & Grosjean Mfg. Co. v. National Enameling & Stamping Co.*⁶³ in holding that a part owner of a patent cannot maintain a suit for infringement against the grantee of his co-owner, even though the plaintiff had not given his consent to the conveyance. It was further held that there was not sufficient evidence to establish a contract whereby the original co-owners had agreed not to convey their interest without the consent of each other.

Although the case of *Aspinwall Mfg. Co. v. Gill*,⁶⁴ has been cited to the contrary, the court merely speculated as to the accountability between joint owners of a patent, but actually held that the owner of one-eleventh of a patent cannot sue the owner of eight-elevenths of the same patent for infringement. On the accountability of joint owners, the court said,

The exact mutual rights of part owners of a patent have never yet been authoritatively settled. If one part owner derives a profit from the patent, either by using the invention, or getting royalties for its use, or purchase money for sale of rights, it would seem that he would be accountable to the other part owners for their portion of such profit. And probably a bill for an account would be sustained therefor. But this is matter of

62. *Id.* at 232.

63. 108 Fed. 77 (C.C.S.D.N.Y. 1901).

64. 32 Fed. 697 (C.C.N.J. 1887).

mere speculation, so far as this case is concerned. It is clear, I think, that one part owner cannot maintain suit against another for infringement.⁶⁵

A few old decisions have held that one co-owner of a patented invention may be guilty of infringement against the others.⁶⁶ In *Bell & Howell Company v. Bliss*,⁶⁷ the court criticized the *Herring* case,⁶⁸ saying: "The reasons thus given for the decision are not at all persuasive. If a tenant in common, by virtue of joint ownership, 'has a right to use the patent,' as conceded in this opinion, we are at an utter loss to understand why 'he has not the right to infringe the same.' The contrary conclusion is supported by numerous authorities. . . ."⁶⁹

It would follow that, since each co-owner of a patent may make, use or sell the invention without the consent of, and without accounting to the other owners, each co-owner has the right to license a patent to another, and the assignee or licensee is stepping into the shoes of his licensor with the same rights to make, use or sell the patented invention without the consent of and without accounting to any of the other co-owners. Such is the law,⁷⁰ and a license from one co-owner is a complete defense to an infringement action against the licensee by any of the other co-owners, in the absence of an agreement to the contrary of which the licensee has notice. If there is an agreement between the co-owners that licensing will occur only with the consent of the other co-owners, then the damaged co-owners must seek their remedy against the co-owner who is the licensor and not the licensee. This principle was decided by the Circuit Court of Delaware in 1894 in the case of *Pusey & Jones Co. v. Miller*.⁷¹ In this case, there were three co-owners, one of whom had licensed the plaintiff. By way of a bill of interpleader, the plaintiff sought relief from conflicting demands of two of the co-owners, including the plaintiff's licensor. The court held that the licensee of a patent controlled by two or more co-owners is liable to his licensor only and not to the other co-owners, unless otherwise stipulated.

Another leading case on this subject is *Talbot v. Quaker-State Oil Refining Co.*,⁷² in which co-ownership of Patent No. 1,890,421 for a nonrefillable drum for storing lubricating oil was established by an assignment from one plaintiff, Talbot, the sole patentee, of an undivided one-half interest to the other plaintiff, Mann. An executed written agreement accompanied the assignment in which those parties

65. *Id.* at 702.

66. *American Tel. & Tel. Co. v. Radio Audion Co.*, 281 Fed. 200 (D. Del. 1922); *Herring v. Gas Consumers Ass'n*, 9 Fed. 556 (C.C.E.D. Mo. 1878).

67. 262 Fed. 131, 136 (7th Cir. 1919).

68. *Herring v. Gas Consumers Ass'n*, 9 Fed. 556 (C.C.E.D. Mo. 1878).

69. 262 Fed. at 136.

70. ELLIS, PATENT ASSIGNMENTS § 397 (3d ed. 1955).

71. 61 Fed. 401 (C.C.D. Del. 1894).

72. 104 F.2d 967 (3rd Cir. 1939).

agreed that neither would dispose of his share of the invention without the written consent of the other and also provided for a sharing of profits resulting from a disposition of the invention. Shortly thereafter, the plaintiff, Talbot, was hired by the defendant specifically to adapt his invention for use by the defendant. In another action between the parties to this suit, the Supreme Court of Pennsylvania had held that the plaintiff, Talbot, licensed the defendant to use these inventions by virtue of his employment relationship.^{72a} The Court of Appeals for the Third Circuit held that the license of the plaintiff, Talbot to the defendant was a complete defense to an action for infringement by either or both the co-owners, because the defendant had no notice of the agreement concerning licensing between the co-owners. In supporting its holding, the court distinguished between patents and other types of property held by co-tenants saying that:

[B]etween cotenants of land or other tangible property there is neither privity nor identity of interest, and a judgment rendered in a suit affecting the common property brought by or against only one of the cotenants is not binding upon his associate. Property in patents, however, is of a peculiar character and, while the theory of separate and distinct undivided interests is preserved, there is actually a much closer interrelationship between the rights of co-owners and a much nearer approach to substantial identity of interests than with tangibles or ordinary choses in action. In its essence all that the Government confers by the patent is the right to exclude others from making, using or vending the invention (*Crown Co. v. Nye Tool Works*, 261 U.S. 24, 35), and as to this essential attribute of the property each joint owner is in a very real sense at the mercy of any other. . . . This unlimited right to license others may, for all practical purposes, destroy the monopoly and so amount to an appropriation of the whole value of the patent. *Vose v. Singer*, 4 Allen (Mass.) 226, 230.⁷³

The court in holding a lack of requirement of privity to establish *res judicata* in a case involving a joint ownership of patents, compared such a relationship more with that of a principal and agent rather than the case of ordinary co-tenants. The fact that the plaintiff, Mann, testified as a witness for his co-owner, Talbot, in the state action which established the license, probably influenced the Court of Appeals somewhat in this decision.

By the same token, the licensee cannot be heard to deny his obligation to his licensor, because of lack of consent of the licensor's co-owner in accordance with an agreement between the co-owners, and this has been so held in *Miller v. O. B. McClintock Co.*⁷⁴ While the co-owner (Hessel) in this case had not given his written consent, he had given the defendant a separate license to operate under his share

^{72a.} *Quaker State Oil Co. v. Talbot*, 322 Pa. 155, 185 Atl. 586 (1936).

^{73.} 104 F.2d at 968.

^{74.} 210 Minn. 152, 297 N.W. 724 (1941).

of the patent, thus in effect consenting to the license by the plaintiff's father. "The separate licenses by them of their separate shares was the same in legal effect as a single license covering the whole of the patent."⁷⁵

Where a suit was brought against one co-owner of an undivided interest to restrain him from sending infringement notices to plaintiff's customers, the injunction granted was not binding on the other co-owner, because the other co-owner was neither the agent nor the employee of the defendant.⁷⁶ By comparing this case with the *Talbot* case, it may be seen that whether or not the action of one co-owner is res judicata with respect to another co-owner depends on the particular facts of each case.

The independent rights of one co-owner to make, use, sell and license the patented invention without consent of and without accounting to the other co-owner inures to the benefit of his representatives or successors upon death.⁷⁷

Although section 362 of title 35 of the United States Code implies that an agreement to the contrary will circumvent the codified law of joint ownership of patents, the *Talbot* case has shown that agreements are not always effective. In addition to simple agreements between the co-owners, it is interesting to note the effect of a partnership, a corporation, a joint venture and a trust upon the property rights of joint owners of a patent.

In the *Pusey* case,⁷⁸ which held that the licensee of a patent from one of several co-owners was liable only to his licensor, the court first had to investigate a partnership agreement in order to establish the rights of the co-owners. In this case, Taylor, the sole patentee of an invention for a cotton press, assigned to Miller and Boardman a one-third undivided interest each. After Miller and Boardman had both died, the patentee, Taylor, assigned his remaining one-third interest to one of the defendants, Bierce. The plaintiff was the licensee of Miller. The court found that a partnership had existed between Taylor, Miller and Boardman and that the partnership agreement specified that each of the partners was entitled to one-third of the income realized by the partnership from the patent. However, since there had been no agreement between the partners as to the disposition of the partnership property upon the death of any of the partners, the partnership dissolved immediately upon the death of Boardman. The court further held that the interest in the patent was owned and held by each member of the partnership as his own indi-

75. 297 N.W. at 730.

76. *McCall Co. v. Bladworth*, 290 Fed. 365 (2d Cir. 1923); ELLIS, PATENT ASSIGNMENTS § 402 (3d ed. 1955).

77. ELLIS, PATENT ASSIGNMENTS § 399 (3d ed. 1955).

78. *Pusey & Jones Co. v. Miller*, 61 Fed. 401 (C.C.D. Del. 1894).

vidual and separate property and constituted no part of the firm's assets. Therefore, upon dissolution of the partnership each one of the surviving members was no longer accountable to the other as a partner for the division of profits which he might thereafter make from the working of the patent itself, and thus the rights of the parties reverted to that of co-owners alone rather than co-partners. Since the defendant had been licensed by Miller after the dissolution of the partnership, the law governing co-owners applied, rendering the defendant liable only to his licensor, Miller.

In the case of *Drake v. Hall*,⁷⁹ the plaintiff and defendant were joint-patentees and also partners. After stating the rule of nonaccountability between co-tenants of a patent, the court added that the patentees could change the nature of their ownership by agreement, establishing a co-partnership business for the manufacture and sale of goods under the patent and authorizing relief between the parties for an accounting of profits and losses arising in the business. However, the evidence showed that the partnership was later dissolved, and by agreement all the assets except the patent were sold to the defendant. Under a separate agreement, it was acknowledged that the plaintiff and defendant were still co-owners of the patent and that the defendant would have the exclusive use of the patent for a period of one year with an option to extend the agreement for another ten years. After the first year had expired, the defendant did not exercise the option but continued to manufacture and use the patented products. In a suit for accounting, the court held that since the plaintiff and defendant were no longer partners and because the option had not been exercised, there was no agreement to prevent the law governing co-ownership of a patent to apply. Therefore, the defendant was not accountable to the plaintiff.

Whereas the *Pusey* case held that the patent was the individual property of the three partners and not a part of the firm's assets, the recent case of *Gruber v. United States*⁸⁰ held that "Under Oregon law, partners do not own any specific part of the firm's assets, but merely have a share in the profits and surplus. ORS 68.430; (*Claude v. Claude*, 191 Or. 308, 228 P.2nd 776, reh den. 230 P.2nd 211 (1951))." *Gruber v. United States* was a tax case in which the sole patentee, Gruber, assigned an undivided one-half interest in the patent to a partnership called Sawyer's, as compensation for their assistance in developing and promoting the patent. In 1946, in order to expand their operation, the Sawyer's partnership assigned their one-half interest to Western Photo Supply Company, a corporation, in exchange for an exclusive license back to produce under the patent. Later in 1946, the Sawyer's

79. 220 Fed. 905 (7th Cir. 1914).

80. 114 U.S.P.Q. 154 (D. Ore. 1957).

partnership incorporated as Sawyer's Inc. In 1949, a new agreement between Western Photo, Sawyer's Inc., Gruber and Sawyer's partners was executed superseding all previous agreements and reciting the title to the patent to be in Western Photo as trustee, and the beneficial ownership to be one-half in Gruber and one-half in the Sawyer partners as individuals. The patent was licensed to Sawyer's Inc. in exchange for royalties which were, in turn, distributed to the beneficial owners. In deciding the issue of whether or not the Sawyer partners had received capital gains in return for the transfer of the one-half interest in the patent from the Sawyer's partnership to Western Photo, the Court held that the Sawyer partners individually never owned the patent, that the transfer of the patent was made by the partnership as an entity to Western Photo and that the individual partners had only a right in the income and not in the patent itself. Therefore, royalties received were taxed as ordinary income rather than capital gains.

The *Gruber* case also illustrates various devices for jointly owning a patent. The 1942 agreement created a co-ownership between an individual and a partnership. By virtue of the 1946 agreement, a co-ownership was created between an individual and a corporation, each owning a one-half undivided interest in the patent. The corporation (Western Photo), in turn, licensed its interest to a partnership (Sawyer's) which was later incorporated. In the 1949 agreement, the co-owners set up a trust in which Western Photo was trustee for the beneficial owners, Gruber, the patentee (one-half interest) and the Sawyer partners as individuals (one-half interest).

The case of *Ful-Vue Sales Co. v. American Optical Co.*⁸¹ illustrates the application of the rule of nonaccountability between co-owners, where the co-owners are partners in a joint venture. In this case one partner of a joint venture sued the other partner for infringement of a patent, the legal title of which was in the name of the plaintiff. However, the court found after examining a complex fact situation that there was an agreement between the plaintiff and defendant in which the plaintiff was to purchase the patent in suit for the sole use of the defendant and the plaintiff also had agreed to subsequently assign the patent to the defendant. But the Court found that even if the plaintiff's position that both plaintiff and defendant were to be co-owners of the patent could be upheld, still there was no agreement which required an accounting between the parties. Therefore, the defendant, in any event, had the right to use the patent in suit without accounting to the plaintiff and without infringing the patent.

The case of *Milgram v. Jiffy Equipment Co.*⁸² illustrates the rights

81. 118 F. Supp. 517 (S.D.N.Y. 1953).

82. 362 Mo. 1194, 247 S.W.2d 668 (1952).

of co-owners upon dissolution of a corporation owning a patent jointly assigned to the corporation by the only two share holders of the corporation. In 1941, Patent No. 2,266,206 for an "Adjustable Cantilever Bracket" issued jointly to the plaintiff and Jackson as co-owners. They, in turn, transferred their patent to a partnership and later incorporated the Jiffy Equipment Company, defendant, to which the partnership property, including the patent, was transferred. Plaintiff and Jackson were the sole shareholders of the corporation. Jackson also owned the Jackson Manufacturing Company, which obtained an exclusive sales and distribution agency for the patented articles from the Jiffy Company. In 1948, Jackson died and his widow and administratrix, Frances Jackson, became the sole owner of the Jackson Manufacturing Company and owner of a one-half interest in the Jiffy Equipment Company. After about seven months of disputes over business policies with Jackson's widow, the plaintiff petitioned for dissolution of the corporation. The lower court held that all assets of the corporation should be divided equally in kind between the plaintiff and Jackson's widow, except the patent which should be assigned to a trustee to be held for the equal use and benefit of the plaintiff and the defendant administratrix. The lower court also held that because of the peculiar nature of the interests of co-owners in a United States patent, an inequitable and unjust result would follow if an undivided one-half interest were assigned outright to each former shareholder, because the sole source of royalties from the Jackson Manufacturing Company, previously shared equally between the shareholders, had inured to the sole use and benefit of the administratrix by virtue of her rights as co-owner. The Missouri Supreme Court reversed the order of the lower court setting up a trust to hold the patent for the benefit of the co-owners, stating that:

[N]ot even a court of equity may take from either plaintiff or appellant their statutory right to have the patent transferred to them "as co-owners," and, ignoring that right, vest legal title to the patent in a trustee with power to "manage" or to effect a "sale" of the patent. Even if a court of equity could under these circumstances (*and we rule it cannot*) transfer the patent to a trustee, such trustee could not sell the patent. For the trustee to sell the patent would thereby take from plaintiff and from appellant their property without their consent under such circumstances as would amount to confiscation, and would violate due process.⁸³

The court went on to say: "Equity cannot create a trust where the parties did not intend to do so, and where none arose by operation of law."⁸⁴

In reviewing the equities of the parties, the court stated that it was

83. 247 S.W.2d at 675.

84. *Id.* at 676.

the plaintiff himself who had petitioned for the dissolution and who was responsible for his change in financial circumstances. The court reminded the plaintiff that dissolution of the corporation terminated the exclusive license agreement with the Jackson Manufacturing Company and that each party was left free to make, use, sell or license the patented invention in any way he saw fit. By way of comparison, the court said that if one co-owner were capable of making a million dollars from the use of his invention and the other co-owner was only able to make a hundred dollars from the use of the invention, that there was no principle of law or equity which authorized the courts to compel the two co-owners to pool and equally divide their financial returns.

Perhaps one of the most successful ways to avoid the consequences of co-tenancy or joint ownership is to place the patent in trust for the benefit of the owners.⁸⁵

In the case of *Wescott v. Wayne Agricultural Works*⁸⁶ the patentee, Moore, by means of a lengthy written agreement, assigned all his right, title and interest in his patent to West and Wescott jointly with full power to manage the patent for the benefit of West, Wescott and Moore. Wescott received a beneficial one-half interest, whereas Moore and West each received a beneficial one-fourth interest each. The patentee entered into this agreement because of his indebtedness to West and Wescott. Subsequently, Wescott assigned one-third of his one-half interest to Kinsey and a like interest to Morris, so that each would have a one-sixth interest in the patent. Kinsey, in turn, then assigned one-half of his one-sixth interest, or a one-twelfth interest, to Lawrence and the defendant. After the defendant began manufacturing and selling the seed drills covered by the patent, a bill was brought by the trustees for an injunction and accounting. The court held that the assignment by Moore to Wescott and West was a trust agreement in which both West and Wescott were joint trustees, and that in order to convey any title to the patent, there must be a joint deed by both trustees. Therefore, the assignments by Wescott to Kinsey and Morris conveyed no title to the patent and were void; Lawrence and the defendant received nothing; and the defendant was liable for infringement.

In a later case involving a trust and joint property rights in patents,⁸⁷ the Court of Appeals for the Third Circuit found that an assignment by the trustee, who had no power to sell under the trust instrument, was void. In this case, the trustee was also a beneficiary under

85. *McDuffee v. Hestonville, M. & F. Pass. Ry.*, 162 Fed. 36 (3rd Cir. 1908); *Wescott v. Wayne Agriculture Works* 11 Fed. 298 (C.C.D. Ind. 1882); WALKER, PATENTS § 364 (1937).

86. *Supra* note 67.

87. *McDuffee v. Hestonville, M. & F. Pass. Ry. Co.*, 162 Fed. 36 (3d Cir. 1908).

the trust along with two other beneficiaries, Williams and Schlesinger. After the trustee had given the General Electric Company an option to buy the patent, GE made an infringing device before the option was exercised and sold the device to the defendant. The trustee as plaintiff sued the defendant for infringement, as a result of which General Electric intervened and demanded specific performance of the option. The lower court held that the trustee could not be compelled to assign the entire right, title and interest in the patent, but it did require the plaintiff as an individual to assign its one-third beneficial interest to General Electric. Upon appeal, the circuit court reversed the lower court's holding on the grounds that an assignment of any portion of an interest in the patent would not only defeat the terms of the trust agreement but would destroy the trust. The court also noted that General Electric negotiated for the option with full knowledge that it was negotiating with the trustee. In discussing joint property rights under a trust, the court said:

It will therefore be seen that, to preserve their joint property and prevent its practical destruction by co-owners, it is imperative that all should be permitted to simply vest the legal title in one without imposing any active duties on such holding trustee, and this shows that, while there are no express duties for the trustee to perform, it by no means follows the trust is a dry or inactive one. As holder of the legal title he can bring suit, enjoin infringers from destroying the patent, and the mere holding of the legal title in trust per se preserves the patent for the common good and prevents its destruction by each co-owner. We are of opinion that these views have actuated patent practitioners in thus vesting the legal titles to patents in trustees.⁸⁸

In another case⁸⁹ where co-owners assigned their patent to a corporation in which they were the sole stockholders, in exchange for royalties, the defense of employment was pleaded by the corporation in a suit brought by one of the original co-owners, Hook, to recover royalties under the assignment. The position of the defendant corporation was that the invention embodied in the patent in suit was made by the co-owners while they were employed by the corporation and at the direction and by the use of the time, labor and materials of the corporation, and consequently the patent actually belonged to the corporation and not to its employees, Hook and Ackerman. The court held that, although Hook and Ackerman were the employees of the corporation, they were also the sole stockholders, and since there were no other stockholders or outstanding creditors, they could divide its assets between themselves as they pleased and impose a payment for royalties upon the corporation.

88. *Id.* at 39.

89. *Hook v. Hook & Ackerman, Inc.*, 375 Pa. 278, 100 A.2d 374 (1953). See also *Milgram v. Jiffy Equipment Co.*, 362 Mo. 1194, 247 S.W.2d 668 (1952).

On the other hand, in the recent case of *Preis v. Eversharp*⁹⁰ where the plaintiff, a former president of the defendant corporation and a co-inventor with another employee of the corporation, sued the defendant to recover for breach of his employment contract, the defendant counterclaimed for the assignment of the plaintiff's interest in the patent application filed by him and his co-inventor. The court here held that by virtue of the plaintiff's employment by the defendant the plaintiff's interest in the invention belonged to the defendant employer, and compelled an assignment consistent therewith. A similar holding is found in the recent case of *Aerial Products, Inc. v. Anzalone*.⁹¹ Although joint inventorship was unquestioned in both cases, title to the invention was to be in the employer because of the employment relationship.

In reviewing the above decisions on the law of joint ownership of property, it is evident that the overwhelming weight of authority is codified in the 1952 Patent Act,⁹² and that each co-owner of a patented invention is free to utilize his interest in practically any way he wishes without consent of and without accounting to any of the other owners. The statute provides that this is the rule in the absence of an agreement to the contrary. Accordingly, to avoid the rule, such devices as the contract, partnership, joint venture, corporation and trust have been employed to control the joint ownership of a patent. However, even some of these devices have failed where an innocent third party or bona fide purchaser received an interest in the patent without notice of the agreement. Also, the device has failed upon termination of the arrangement, such as dissolution of partnership or corporation, where no provision was made for the perpetuation of the rights of the joint owners established by the agreements. It would therefore appear advisable in protecting the rights of co-owners and avoiding the rule of section 262 to select a device which is satisfactory to their needs and to include provisions controlling the transfer of interests in the patent with special emphasis on consent and accounting between the parties. It is also advisable to provide for the respective rights of the owners in the event of dissolution or termination of the agreement and to give constructive notice to third parties by recording the instrument in the Patent Office.

JOINT PARTIES

Unless stipulated by agreement, the only other occasion which does not permit joint owners from operating independently of each other and from sharing in accordance with their respective interests, is during litigation for infringement. In an infringement suit, the co-

90. 154 F. Supp. 98 (E.D.N.Y. 1957).

91. 6 Misc. 2d 349, 163 N.Y.S.2d 286 (Sup. Ct. 1957).

92. 35 U.S.C. § 262 (1952).

owners of a patent must be joined as plaintiffs, and in a suit for declaratory judgment, the co-owners must be joined as parties defendant.⁹³ In the event that the plaintiff co-owners prevail in an infringement suit, each will share in the recovery in the proportionate amount of his interest in the patent.⁹⁴

One of the earlier leading cases on this subject is *Gayler v. Wilder*⁹⁵ involving a suit for infringement of a patent upon the use of plaster-of-paris in the construction of a fire-proof chest known as the "Salamander Safe," issued to Fitzgerald in 1843. Fitzgerald assigned his patent application to Enos Wilder who in turn assigned the same application to the plaintiff, Benjamin Wilder. The patent issued to the plaintiff as sole assignee. The plaintiff then entered into a lengthy complicated agreement with Silas Herring granting Herring the exclusive right to make and vend the patented safe in the city, county and state of New York and nowhere else. In the agreement the plaintiff reserved to himself the right to manufacture in the city and state of New York or elsewhere patented safes to sell outside the state and city, but in the event the plaintiff sold any of the patented safes within the state or city then he would pay Herring one cent a pound for each of such safes. The plaintiff also could not establish any manufactory or works for making "Salamander Safes" within fifty miles of New York City.

After holding that the conveyances of the patent application from the patentee to Enos Wilder and from Enos Wilder to the plaintiff were valid assignments of all the right, title and interest, not only in the application, but also in the patent which issued upon the application, Chief Justice Taney further held that the conveyance from the plaintiff to Herring was not an assignment but a license, because Wilder reserved certain valuable rights in the patent for himself, namely, the right to manufacture the patented devices within the state of New York for sale outside the state. Consequently, the plaintiff, as the legal owner of the patent, had the sole right to bring the suit for infringement. In reaching this decision, the Court reasoned:

By the fourteenth section [of the Act of 1836], the patentee may assign his exclusive right within and throughout a specified part of the United States, and upon such an assignment the assignee may sue in his own name for an infringement of his rights. But in order to enable him to sue, the assignment must undoubtedly convey to him the entire and unqualified monopoly which the patentee held in the territory specified—excluding the patentee himself, as well as others. And any assignment short of this is a mere license. For it was obviously not the intention of the legis-

93. ELLIS, PATENT ASSIGNMENTS §§ 400-01 at 422, § 568 at 562-63 (3d ed. 1937); WALKER, PATENTS § 430 at 1637-38 (1937).

94. ELLIS, PATENT ASSIGNMENTS § 394 at 418, § 400 at 422 (3d ed. 1937).

95. 51 U.S. (10 How.) 477 (1850).

lature to permit several monopolies to be made out of one, and divided among different persons within the same limits. Such a division would inevitably lead to fraudulent impositions upon persons who desired to purchase the use of the improvement, and would subject a party who, under a mistake as to his rights, used the invention without authority, to be harrassed by a multiplicity of suits instead of one. . . . But the legal right in the monopoly remains in the patentee, and he alone can maintain an action against a third party who commits an infringement upon it.⁹⁶

Forty years later, the United States Supreme Court speaking through Mr. Justice Gray⁹⁷ further developed the law regarding the rights of joint parties in infringement suits and the degree of ownership required, basing its decision upon *Gayler v. Wilder*. The Court first had to decide the legal effect of five attempted transfers in a patent for a fountain pen. The plaintiff-patentee assigned the entire right, title and interest in the invention to his wife, Sarah E. Waterman, who, in turn licensed back to the plaintiff the exclusive right to manufacture and sell the invention. Subsequently, Mrs. Waterman assigned her interest in the patent to Asa L. Shipman's Sons as security for a loan of \$6,500. Upon repayment of the loan in full, the title in the patent would revert to Mrs. Waterman. Asa L. Shipman's Sons then assigned their entire interest in the patent to Asa L. Shipman. Subsequently, Mrs. Waterman assigned all her rights in the patent back to her husband. The defendants in the infringement suit brought by Waterman pleaded that the plaintiff at the time of filing the bill was not possessed of the patent or of an exclusive right under it, and therefore could not bring this infringement suit.

The opinion of the Court has become classic in Patent Law, and is perhaps quoted more often than any other case regarding the various degrees of ownership of a patent including the qualifying interests of a party for bringing an infringement suit. The Court said:

The patentee or his assigns may, by instrument in writing, assign, grant and convey, either, 1st, the whole patent, comprising the exclusive right to make, use and vend the invention throughout the United States; or, 2d, an undivided part or share of that exclusive right; or, 3d, the exclusive right under the patent within and throughout a specified part of the United States. Rev. Stat. § 4898. A transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone. Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent, and no right to sue at law in his own name for an infringement. Rev. Stat. § 4919; *Gayler v. Wilder*, 10 How. 477, 494, 495; *Moore v. Marsh*, 7 Wall. 515. In equity, as at law, when the transfer amounts to a license

96. *Id.* at 493.

97. *Waterman v. MacKenzie*, 138 U.S. 252 (1890).

only, the title remains in the owner of the patent; and suit must be brought in his name, and never in the name of the licensee alone, unless that is necessary to prevent an absolute failure of justice, as where the patentee is the infringer, and cannot sue himself. Any rights of the licensee must be enforced through or in the name of the owner of the patent, and perhaps, if necessary to protect the rights of all parties, joining the licensee with him as a plaintiff. . . .

Whether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions. For instance, a grant of an exclusive right to make, use and vend two patented machines within a certain district is an assignment, and gives the grantee the right to sue in his own name for an infringement within the district, because the right, although limited to making, using and vending two machines, excludes all other persons, even the patentee, from making, using or vending like machines within the district. *Wilson v. Rousseau*, 4 How. 646, 686. On the other hand, the grant of an exclusive right under the patent within a certain district, which does not include the right to make, and the right to use, and the right to sell, is not a grant of a title in the whole patent right within the district, and is therefore only a license. Such, for instance, is a grant of 'the full and exclusive right to make and vend' within a certain district, reserving to the grantor the right to make within the district, to be sold outside of it. *Gayler v. Wilder*, above cited. So is a grant of 'the exclusive right to make and use,' but not to sell, patented machines within a certain district. *Mitchell v. Hawley*, 16 Wall. 544. So is an instrument granting 'the sole right and privilege of manufacturing and selling' patented articles, and not expressly authorizing their use, because, though this might carry by implication the right to use articles made under the patent by the licensee, it certainly would not authorize him to use such articles made by others.⁹⁸

The Court then upheld a mortgage as a valid means of assigning a patent.

The Court held that the first assignment of the plaintiff to his wife was an absolute assignment of the entire patent-right. Because the conveyance from Mrs. Waterman to her husband granted only the exclusive rights to manufacture and sell, but not the right to use, the Court held that this conveyance was a mere license. Therefore, Mrs. Waterman's assignment of all her interests to Asa L. Shipman's Sons, constituted an assignment by way of a mortgage, and the subsequent assignment by Asa L. Shipman's Sons to Asa L. Shipman, individual, made the latter the sole legal owner of the patent. Mrs. Waterman's subsequent assignment to her husband was void because she had nothing left to convey. Thus, Shipman as the mortgagee and sole owner of the patent was the only person entitled to maintain a suit for infringement, and the dismissal of the suit by the lower court was upheld.

98. *Id.* at 255-56.

In the next major development of the law regarding joint parties in a patent infringement suit, Judge Clark of the Circuit Court for the Middle District of Tennessee, in the case of *Van Orden v. Nashville*,⁹⁹ held that a part owner of a patent cannot sue alone, but must join all the co-owners in order that only one suit be maintained for the same infringement. The Court also held that a joint owner of a patent cannot sue his co-owners as defendants, instead of joining them as plaintiffs. There were actually two suits before the court. The first case was brought by Van Orden as the assignee of an undivided one-fourth interest in a patent, against the City of Nashville for the infringement of an improvement in a feed-water heater for steam fire engines. Van Orden also joined the patentee, Brickill, who owned another one-fourth share of the patent, as a defendant, and other defendants who owned the remaining one-half interest in the patent, because they declined to join as plaintiffs. In the second case, the patentee, Brickill, and those parties owning the remaining one-half interest in the patent joined in a like suit against the City and against Van Orden as the defendant, because he declined to join with the others as plaintiff. The court quoted profusely from the decisions in *Gayler v. Wilder*, and *Waterman v. Mackenzie*.

However, in the case of *Lalance & Grosjean Manufacturing Company v. Haberman Mfg. Co.*¹⁰⁰ it was held that once the co-owners of a patent have joined as plaintiffs in an infringement suit, the right of one co-owner to recover his damages from the defendant cannot be defeated by the execution of an assignment and a release by the other co-owner.

Another major development in the rights of joint parties to an infringement suit was rendered in an opinion by Chief Justice Taft in 1926 in the case of *Independent Wireless Telegraph Co. v. Radio Corp. of America*.¹⁰¹ This was a suit for infringement of patents of Lee DeForest for devices for amplifying feeble electric currents and certain new and useful improvements in space telegraphy, brought by the plaintiff, RCA, who had obtained the exclusive license in the patent through a series of agreements involving General Electric, American Telephone and Western Electric, the rights in the agreement originating with the DeForest Company, the assignee of the patentee. The plaintiff, RCA, as the exclusive licensee of the patent, joined the DeForest Company, the record owner of the patents, as a co-plaintiff without the consent of the DeForest Company. The defendant, Independent Wireless Company, moved to dismiss the action on the grounds of improper joinder of parties. The District Court for the

99. 67 Fed. 331 (C.C.M.D. Tenn. 1895).

100. 93 Fed. 197, 198 (C.C.S.D. N.Y. 1899).

101. 269 U.S. 459 (1926).

Southern District of New York sustained the motion and dismissed the bill,¹⁰² but was reversed by the Court of Appeals for the Second Circuit.¹⁰³ The Supreme Court held that there was no question but that a suit must be brought in the name of the patent owner. However, it went on to say:

It seems clear then on principle and authority that the owner of a patent who grants to another the exclusive right to make, use or vend the invention, which does not constitute a statutory assignment, holds the title to the patent in trust for such a licensee, to the extent that he must allow the use of his name as plaintiff in any action brought at the instance of the licensee in law or in equity to obtain damages for the injury to his exclusive right by an infringer or to enjoin infringement of it.¹⁰⁴

The Court further held that this rule would apply whether or not the owner gave his consent or whether or not the owner was within the jurisdiction of the Court, since "Equity will not suffer a wrong without a remedy."

In the suit of *Rainbow Rubber Co. v. Holtite Mfg. Co.*¹⁰⁵ the court sustained the defendant's motion to dismiss the suit for patent infringement because Rainbow Rubber Company was a joint owner of a one-half interest in the patent and joined its co-owner, Auburn Rubber Corp. without the consent of Auburn. After hearing plaintiff's argument for a trust relationship between the co-owners, the Court held that the reasoning of the *Independent Wireless* case did not apply in the case of co-owners, stating: "Obviously no trust relationship exists between the two co-owners of the patent in the present suit. Each has a separate, independent right which he may lawfully exercise. He is under no obligation to allow his name to be used in any suit."¹⁰⁶ The court also held that if it was true, as alleged, that the Auburn Rubber Corp. had granted a license to the defendant, then this was something it had a perfect right to do without the consent of its co-owner, the Rainbow Rubber Co.¹⁰⁷

In dismissing the possible inequities of the situation, the court went on to say, "[T]he actual plaintiff has done this to itself by reason of its own voluntary action, to wit, its election to assume the status of a part owner merely of a patent, with the limitations and restrictions inherent in the law incident to such status."¹⁰⁸ The plaintiff's situation was compared with that of a tenant by the entirety of real property or a joint owner of a bank account who assume their status on a voluntary

102. 297 Fed. 518 (S.D.N.Y. 1923).

103. 297 Fed. 521 (2d Cir. 1924).

104. 269 U.S. at 469.

105. 20 F. Supp. 913 (D. Md. 1937).

106. *Id.* at 915.

107. *Ibid.*

108. *Id.* at 916.

basis and often find themselves faced with the inability to get their co-tenant or co-depositor to join with them in asserting their rights. On the other hand, the court upheld the defendant's position of not being subjected to a multiplicity of infringement suits by various co-owners.¹⁰⁹

The situation of a co-owner attempting to bring an infringement suit without the consent of his other co-owner also arose in the case of *Gibbs v. Emerson Elec. Co.*¹¹⁰ In this case plaintiff, the patentee, had assigned a one-half interest to Berkowitz, who refused to join in the infringement suit brought by the plaintiff and was therefore named a defendant in accordance with rule 19 (a) of the Federal Rules of Civil Procedure.¹¹¹ The Court refused to apply Rule 19 (a) to this situation in the following language: "From an examination of the authorities it appears that one joint owner or co-owner or tenant in common of a patent right cannot compel the other co-owner to join in a suit for an infringement, and neither can he make him a party defendant. This being the law, the plaintiff is not entitled to maintain this suit. It has been held that these are substantive rights and they cannot be controlled by adjective or procedural law."¹¹²

In a situation quite similar to the facts of the *Gibbs* case, the *Hurd* case¹¹³ again raised the issue as to whether or not a joint owner could maintain a suit for infringement without joining his co-owner as a plaintiff, in view of rule 19 (a). However, since the plaintiff made no motion to join his co-owner either as a defendant or as involuntary plaintiff, rule 19 (a) was not in issue, and the court following the recognized law affirmed the dismissal of the action because all the co-owners of the patent were not joined as plaintiffs.

The situation of the parties plaintiff was reversed from the situation in the *Independent Wireless* case, in the case of *Dental Precision Shoulder, Inc. v. L. D. Caulk Company, Inc.*¹¹⁴ Here, the plaintiff, who was the owner of the patent in suit, moved to add as an involuntary plaintiff the Consolidated Diamond Saw Blade Corporation as an exclusive licensee, alleging that the Saw Blade Company had declined to join. The court declined to rule on the applicability of the *Independent*

109. *Id.* at 917.

110. 29 F. Supp. 810 (W.D. Mo. 1939).

111. "Rule 19. Necessary Joinder of Parties:

"(a) Necessary Joinder. Subject to the provisions of Rule 23 and of subdivision (b) of this rule, persons having a joint interest shall be made parties and be joined on the same side as plaintiffs or defendants. When a person who should join as a plaintiff refuses to do so, he may be made a defendant, or, in proper cases, an involuntary plaintiff." FED. R. CIV. P. 19. See also BENDER, FEDERAL PRACTICE MANUAL 171, 173, 177-78 (1952).

112. 29 F. Supp. at 812.

113. *Hurd v. Sheffield Steel Corp.*, 181 F.2d 269 (8th Cir. 1950).

114. 7 F.R.D. 203 (E.D.N.Y. 1947).

Wireless case because the party proposed to be joined was within the process of the court, which granted the motion with the understanding that the Saw Blade Company would have the opportunity of raising the jurisdictional question if it desired.

In another case, *Hook v. Hook & Ackerman, Inc.*,¹¹⁵ the defendant moved to dismiss the complaint for declaratory judgment on the grounds that one of the co-plaintiffs Hook had not joined the other co-owner, Ackerman, both of whom had formerly transferred their interest in the patent to the defendant in a written instrument designated an "exclusive license." The court, following *Waterman v. MacKenzie*, found that even though the instrument was called an "exclusive license," the legal effect of the instrument was an assignment to the defendant corporation and that the defendant was the sole owner of the patent. Thus, both Hook and Ackerman had divested themselves of all interests in the patent and Ackerman was not an indispensable party to the suit. The court further held that the doctrine of the *Independent Wireless* case was not in conflict with the conclusions of the court. The court found that the instrument conveyed exclusive rights to make, use and sell the invention and to license others to do so, and that no rights were reserved in the former co-owners, such as the right to use which was withheld in the case of *Waterman v. MacKenzie*. Furthermore, the court held that reservation of royalties and forfeiture clauses for non-performance did not reduce the effect of the conveyance as an assignment.

The cases of *Waterman v. MacKenzie*, and *Independent Wireless* were also relied upon in the case of *Holliday v. Long Mfg. Co.*¹¹⁶ where the defendant moved to dismiss the suit for infringement on the grounds that the exclusive licensee, Harrington Company, was not joined as an indispensable party, in accordance with a written agreement between the plaintiff-owner and the exclusive licensee. The court denied the motion because it found that the written instrument between the plaintiff and the Harrington Company granted the exclusive right to manufacture and sell, but not the right to use, the patented invention and therefore found that the conveyance was a license and not an assignment in accordance with the ruling of *Waterman v. MacKenzie*. The court found that although the exclusive licensee was not an indispensable party, it was a proper party and could intervene in the action in order to protect its rights.

The courts have found little difficulty in upholding the doctrine that non-exclusive licensees are not indispensable parties to a patent infringement suit.¹¹⁷ In addition to finding that the plaintiff was a non-

115. 187 F.2d 52 (3d Cir. 1951).

116. 18 F.R.D. 45 (E.D.N.C. 1955).

117. *Switzer Bros., Inc. v. Byrne*, 242 F.2d 909 (6th Cir. 1957); Philadelphia

exclusive licensee in the case of *Philadelphia Brief Case Co. v. Specialty Products Co.*¹¹⁸ the court also found that the plaintiff's motive in instituting the suit was to obtain a decree holding the patent under which it was licensed to be invalid, in order to relieve the plaintiff of any further liability for royalty payments under the license, and therefore the plaintiff could be estopped from bringing the action.

In the case of *Switzer Bros. Inc. v. Byrne*¹¹⁹ it was found that the plaintiff was not only a nonexclusive licensee but also that this condition could not be cured after the institution of the suit by an assignment of the patent from all the co-owners to the nonexclusive licensee.

An interesting departure from the above rule regarding a nonexclusive licensee was promulgated by Judge Learned Hand in the case of *A. L. Smith Iron Co. v. Dickson*,¹²⁰ a suit for declaratory judgment by one whose customers were threatened with infringement suits by the defendant. The patent in suit was for ships' hatch covers issued to Harry Cocks, a British subject, who assigned the patent to a British corporation, which in turn licensed the defendant, Dickson, to manufacture and sell the patented devices within the United States for a term of ten years and under several other restrictions which qualified the defendant as, at most, a nonexclusive licensee. Another requirement which the licensor imposed upon the licensee was not to do or permit anything to be done which would in any way prejudice the rights of the licensor. Judge Hand found the defendant could not have sued upon the Cocks patent in his own name because he was a mere licensee under the doctrine of *Waterman v. MacKenzie*, and that ordinarily speaking a judgment against the defendant would not prevent the licensor from thereafter suing plaintiff's customers.

Nevertheless, every patent owner has an interest in keeping the reputation of his patent from the stain of a judgment of invalidity—an interest which it is proper for a court to recognize. In the case at bar the Cocks company can avoid that prejudice by intervening in this action; and indeed it must be given the opportunity to do so. . . . Yet, even though the Cocks company had done nothing more than license Dickson, the scales, so balanced, would tip to the plaintiff's side; for it would be obviously unfair to leave its business exposed to continuous indirect attack, merely to preserve the company's choice of forum. . . . But the case is stronger for the plaintiff than that, for the Cocks company went further than merely to license Dickson; it not only exacted a promise from him not to 'permit' its interests to be 'prejudiced,' but it has now authorized him to issue such licenses under its patent. It has plainly

Brief Case Co. v. Specialty Products Co., 145 F. Supp. 425 (D.N.J. 1956); Photometric Products Corp. v. Radtke, 17 F.R.D. 103 (S.D.N.Y. 1954); Zenith Radio Corp. v. Radio Corp. of America, 121 F.Supp. 803 (D. Del. 1954).

118. *Supra* note 117.

119. 242 F.2d 909 (6th Cir. 1957).

120. 141 F.2d 3 (2d Cir. 1944), *reversing* 52 F. Supp. 566 (D. Conn. 1943).

used him to enforce its patent, and if it has not surrendered its choice of a forum, at least its interest in that choice has dwindled too much to stand against the plaintiff's.¹²¹

Consequently, the decision of the lower court insofar as it denied the prayer for a declaratory judgment was reversed. Judge Hand's approach is distinguished in the case of *Bendix Aviation Corp. v. Kury*,¹²² as follows: "If it could be shown that the legal relationship resulting from co-ownership of a patent involved something resembling agency on the part of one co-owner toward another, perhaps it would be proper to apply here the teachings of that decision (*A. L. Smith Iron Company v. Dickson*); however, the cases examined and referred to above, seem necessarily to point to an opposite conclusion." It was also held that if the absent defendant co-licensor was an indispensable party in an infringement action, then he would be nonetheless so in a declaratory judgment suit in which the issue of infringement is to be tried.

In the case of *Aberdeen Hosiery Mills v. Kaufman*,¹²³ the court followed the ruling in *A. L. Smith Iron Co. v. Dickson*, holding that the three co-owners of the patent named as defendants in a suit for declaratory judgment of patent invalidity and noninfringement, were engaged in a joint venture in which the defendant Kayser, who was properly before the court, was the agent of Standard, the absent co-owner, and consequently defendant's motion to dismiss for failure to join an indispensable party was denied. It was also found that the parties had created this situation for the very purpose of defeating any possible lawsuits against them for declaratory judgment.

In the case of *Hartley Pen Co. v. Lindy Pen Co.*¹²⁴ a third party, Kimberly Corporation, attempted to intervene in the suit as the equitable owner of the patent on the grounds that the patentees were employed by Kimberly at the time of the invention. The court held that although this was a claim which it could properly consider, the claim of the intervener was barred by the statute of limitations.

A different rule from that applied to infringement suits controls the joinder of parties in an interference suit for determining the issue of priority of invention between applicants for a patent. These issues have arisen primarily in the federal courts outside the District of Columbia under the old provisions for interference proceedings under section 4915 of the Revised Statutes, or since January 1, 1953 under section 146 of title 35 of the United States Code. Interference proceedings originate in the Patent Office between two or more applicants for

121. 141 F.2d at 6.

122. 88 F. Supp. 243 (E.D. N.Y. 1950).

123. 113 F. Supp. 833 (S.D.N.Y. 1953).

124. 16 F.R.D. 141 (S.D. Cal. 1954).

a patent or an applicant and a patentee,¹²⁵ at a hearing before the Board of Patent Interferences. Any party dissatisfied with the decision of the Board may, instead of appealing to the U. S. Court of Customs and Patent Appeals, have remedy by civil action, which must be commenced within a specified time.¹²⁶ The statute provides, "If there be adverse parties residing in a plurality of districts not embraced within the same state, or an adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides."¹²⁷

With this background, several cases originating in federal district courts outside the District of Columbia under section 4915 of the Revised Statutes may now be considered. In the case of *Parker Rust-Proof Co. v. Western Union Telegraph Co.*¹²⁸ the defendant alleged that the plaintiff omitted to join one of the joint applicants of the patent application under which the defendant was assignee, and that by reason of certain unrecorded documents, this joint applicant Curtin was an indispensable party. The Second Circuit Court agreed with the lower court that, ordinarily, Curtin should be joined, because although he and Cline, his co-inventor, assigned their interests to the defendant, Western Union, the unrecorded instruments disclosed that the defendant granted back to Curtin certain exclusive rights and control in the application which would make him an indispensable party. However, it was shown that both the defendant and Curtin had knowledge of the suit and the unrecorded instruments and purposely delayed the suit until the statutory time limitation for filing suit in the District of Columbia had elapsed. Thus, because of the defendant's and Curtin's inequitable conduct, the lower court's dismissal of the bill was reversed, with directions to permit Curtin to intervene as a party defendant, if he desired. Although in this case, the plaintiff-appellant urged that Curtin's position as a licensee would not require him to be made a party in an infringement suit, the court held that "because of the difference in the language of R.S. Sec. 4919, 35 U.S.C.A. Sec. 67, we cannot regard infringement suits as controlling."¹²⁹

Under a similar set of facts to the *Parker Rust-Proof Co.* case, the Third Circuit in *United States v. Washington Institute of Technology, Inc.*¹³⁰ dismissed an action under section 4915 of the Revised Statutes, brought by the United States as assignee of a patent application, be-

125. 35 U.S.C. § 135 (1952).

126. PAT. OFF. R.P. 303-04 (Sept. 1955).

127. 35 U.S.C. § 146 (1952).

128. 105 F.2d 976 (2d Cir. 1939).

129. *Id.* at 979.

130. 138 F.2d 25 (3d Cir. 1943).

cause the defendant's assignor was an indispensable party and was not joined. The assignor was held to be indispensable because he did not actually part with all his interests in the patent application, but retained certain rights which gave him control over its manufacture and use. The court held that the assignor had a sufficient joint interest to make him an indispensable party under rule 19 (a) of the Federal Rules of Civil Procedure. In this case, again it was too late for the plaintiff to refile his suit in the District of Columbia.

In the case of *Paper Container Mfg. Co. v. Dixie Cup Co.*,¹³¹ before the District Court of Delaware, a complaint under section 4915 of the Revised Statutes was dismissed because the plaintiff had failed to join as mortgagee, the Reconstruction Finance Corporation (RFC). The court held that the principles determining the parties necessary to a patent infringement suit could also be considered in the determination of the right to that patent; consequently, the case of *Waterman v. MacKenzie*, although relating to a patent infringement suit, stated the law which was controlling in this case, that a mortgagee of a patent was the sole indispensable party. Therefore, the real party in interest was the RFC, and the only one entitled to maintain this action.

Upon appeal to the Court of Appeals for the Third Circuit the decision of the district court in the *Paper Container* case was reversed.¹³² In the first place, the court of appeals found that the agreement between the plaintiff and the RFC amounted to an exclusive license, whereas the District Court had found that the rights reserved to the plaintiff amounted to a "personal, nonexclusive and non-assignable royalty-free right and license." The court of appeals also found that the agreement between the plaintiff (*Paper Container*) and RFC was that *Paper Container* alone and in its own name should prosecute the patent application to a final conclusion. The court of appeals further found that the qualifications in the assignment were sufficient to constitute both the plaintiff and RFC as real parties in interest and therefore indispensable parties. It was also determined from the language of section 4915 of the Revised Statutes, "whenever *any applicant* is dissatisfied with the decision of the board of interference examiners, the applicant . . . may have remedy by bill in equity. . ."¹³³ that the plaintiff qualified as "any applicant" under the statute and could therefore bring suit in its own name. It seems that the court of appeals went quite far in applying the principle of the *Independent Wireless* case and holding that the plaintiff and RFC were in legal effect trustees for each other. The plaintiff was in a realistic sense the applicant and RFC's title was merely for security. The court did require that RFC

131. 74 F. Supp. 389 (D. Del. 1947).

132. *Paper Container Mfg. Co. v. Dixie Cup Co.*, 170 F.2d 333 (3d Cir. 1948).

133. *Id.* at 337.

be joined as an indispensable party and found that the plaintiff had filed a motion for joinder and that RFC had consented to be joined. "In conclusion we should point out that it makes no legal difference to Dixie Cup whether Paper Container or RFC is the real and therefore indispensable party in interest or whether both are real and indispensable parties."¹³⁴

In a 1956 decision, *Turchan v. Bailey Meter Co.*,¹³⁵ the same district judge who rendered the decision in the *Paper Container* case, denied a motion to dismiss the complaint under section 146 of title 35 of the Code on the grounds that a recalcitrant joint applicant was not an indispensable party. He followed the decision of the Third Circuit in the *Paper Container* case, and held that "the reasoning of cases which required joint patent owners to join in cases of infringement has no application to cases like the present."¹³⁶ The decision was also based upon section 116 of title 35 which provides for the protection of the rights of one inventor where a recalcitrant co-inventor refuses to join in the application or cannot be found.¹³⁷

Although the courts in the above cases arising out of interference proceedings, appear to be consistent in holding that rules regarding joinder of parties in interference cases are different from principles governing joinder of parties in infringement cases, they appear to be inconsistent in their treatment of the parties. In the *Parker Rust-Proof Co.* case and the *United States v. Washington Institute* case, the courts held that parties whose interests amounted to that of a licensee were indispensable parties, but in the case of *Turchan v. Bailey Meter Co.*, the court held that a joint applicant for a patent was not an indispensable party. Yet upon fruition of an application into a patent a joint applicant or his assignee attains the full status of a co-owner of a patent.

It would appear from the above cases that the primary reason for joinder of co-owners in an infringement action is to prevent a multiplicity of suits. Therefore, mere licensees having no standing to bring suit for infringement, unless a trust or agency relationship can be established, are not indispensable parties. On the other hand a mere licensee has a very real interest in a patent application being litigated under section 146 of title 35 to determine priority of invention, and the licensee's interest will become more valuable if priority is awarded to his application upon which a patent will issue.

134. *Id.* at 339.

135. 19 F.R.D. 201 (D. Del. 1956).

136. *Id.* at 205.

137. "If a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself and the omitted inventor. The Commissioner, on proof of the pertinent facts and after such notice to the omitted inventor as he prescribes, may grant a patent to the inventor making the

Another interesting case involving joint plaintiffs who were joint applicants for a patent on a demolition torpedo is *Strategical Demolition Torpedo Co. v. United States*.¹³⁸ The plaintiffs sued the Navy Department for infringement of their patent, but the Government pleaded that since one of the four applicants was an employee of the Government at the time the invention was made, then this suit must be dismissed in view of section 1498 of the Judicial Code (Title 28), which states that the right to sue "shall not apply to any device discovered or invented by an employee during the time of such employment or service." Judge Madden, speaking for the majority, held the device was invented by a government employee and three other men, and therefore it was within the statutory exception "invented by an employee." He dismissed the plaintiff's contention that the contribution of each inventor should be individually evaluated and the statute applied only against the contribution by the government employee, and upheld the indivisibility of a patent.

In a well reasoned dissent, Chief Judge Jones said: "The fact that four people own a patent that is indivisible does not keep four people from each owning a one-fourth interest any more than the fact that one of four people, in joint ownership, was an alien and prohibited by State law from owning property, would forfeit the rights or interests of the other three and cause the entire property to escheat to the State."¹³⁹

Judge Jones further reasoned that it was common knowledge that more skilled tools and ideas were obtained in outside industry than were ever developed in a Government shop and it was just as possible for the one applicant who was a government employee to have gleaned as much or more information from outside industry than from the government. The chief judge also pointed out the danger under the majority rule to the patent rights of private industry employing former government employees.¹⁴⁰

application, subject to the same rights which the omitted inventor would have had if he had been joined. The omitted inventor may subsequently join in the application." 35 U.S.C. § 116 (1952).

138. 119 Ct. Cl. 291, 96 F. Supp. 315 (1951).

139. 96 F. Supp. at 317.

140. *Id.* at 318. See 20 GEO. WASH. L. REV. 244-46 (1951) for a criticism of this case.

