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“Concrete” Forms of Intellectual Property

Robert J. Fay*

THE FIELD of intellectual property as treated in this paper encompasses mental products of industrial importance: inventions or discoveries, literary or artistic works, trade secrets, and distinguishing trademarks or trade names used in commerce. Each of these is characterized by mental activity followed by embodiment in some concrete form. Protection in a measure for the originator is found both in the statutes and in common law.

Inventions and Patents

Not all inventions or discoveries are *patentable*. It is important to discern that patentable inventions constitute only a part of the mental endeavor called invention. For example, a method of marketing a product may solve a sales problem and be highly successful in actual application. That this is an “invention” is clear if we accept as criteria of invention the premise of mental activity directed to the solution of a problem and embodiment in some form. However, a patent cannot be secured on a method of doing business. The reason is simply that the statute creating patents under constitutional provision does not so provide.

If it were not for the Patent Laws, many inventors would be unwilling or unable to carry forward their inventions. Many others would maintain inventions in secrecy as long as possible instead of patenting them, which stimulates others to make still further inventions in the form of improvements and the like.

Under the provisions of 35 U. S. C. § 101, the inventor or discoverer of any new and useful process, machine, manufacture or composition of matter may, subject to certain conditions, obtain a patent for it. These four categories are known as the statutory classes of invention. With the exception of certain plants and certain designs, it is only within these classes that a patent can be obtained.

Consequently, a new invention may be in a product, such as a camera, which is a new type of manufacture. It may be made by a special machine which may also be patentable; and the particular chemicals used in connection with the film for that camera might be a composition of matter. The method of making the camera and film might be a mechanical or chemical process. Every industrial organization today has at some time considered each of the above categories of invention, and frequently has made the decision to file patent applications.

Other useful techniques may be unpatentable when they do not rise to the dignity of invention as interpreted by our laws. Some of these techniques may be retained as trade secrets or

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"know-how" and licensed two companies to enable the licensee to pick up business aspects or "tricks of the trade" more readily. "Know-how" licenses, as well as patent licenses, are important as the means by which ideas are conveyed and revenues obtained from research and development. It is almost impossible today to keep ideas secret. There is a great deal of employee turnover, most plants can be visited by members of the public who can see for themselves the techniques of manufacture, the processes employed, and the products manufactured; and, of course, the customers visiting can witness the overall picture.

To the small inventor, a patent serves as a means of excluding others from the manufacture of a device, and he can license others to make his invention for a fee. For the company, a patent serves as a means of protecting its rights by excluding others from manufacturing the invention. In some cases it is a means of getting revenue from a second or third license, if the market requires additional manufacturing sources beyond one's means. In the automotive field, in which multiple sources are a requirement, this is a common practice. A company may further take advantage of foreign patent rights and export its inventions into countries where labor rates or local laws would ordinarily prevent the importing of products.

Negative Rules of Invention

Perhaps the simplest way of contemplating invention is to consider what is not invention. These are known as the negative rules of invention.

1. Mere Skill—Mere skill is not an invention; that is, to produce a process, machine, manufacture, composition of matter or design which any skillful mechanic, electrician, chemist, or other expert would produce when required to solve this problem.¹

2. Substitution of Materials—It is not invention to substitute one well-known material for another in the same art.²

3. Change of Size—It is not invention to strengthen or enlarge a product or machine so that it will operate on larger material than before.³

4. Change of Degree—It is not invention to change the size or the degree of an article or a machine.⁴

5. Reversal of Parts—It is not invention to reverse parts which produce no new and useful result.⁵

¹ *Atlantic Works v. Brady*, 107 U. S. 192, 199, 27 L. Ed. 438, 440 (1882); *Jungersen v. Ostby & Barton Co.*, 335 U. S. 560, 93 L. Ed. 235 (1949).

² *Hotchkiss v. Greenwood*, 11 Howard 248, 266, 13 L. Ed. 683, 690 (1850).

³ *Willamette Iron & Steel Works v. Columbia Eng. Wks.*, 252 F. 594 (9th Cir., 1918).

⁴ *Baldwin v. Kresl*, 76 F. 823 (1896); *Detroit v. Fitzgerald*, 89 F. 2d 178 (7th Cir., 1937).

⁵ *Hamilton Beach Mfg. Co. v. P. A. Geier Co.*, 230 F. 430, 437 (7th Cir., 1916).

6. Multiplication of Parts—It is not invention to make an invention of more than one part when it was originally known to be of an integral construction. The converse is also true.⁶

7. Converting a Manual Operation to a Mechanical Operation—It is not invention to convert a hand-operated machine to mechanical operation if there has been no substantial change in the mechanics or method of making a product.⁷

8. Duplication of Parts—It is not invention to duplicate one or more parts of a machine unless the duplication causes a new mode of operation or produces a new unitary result.⁸

9. Omission of Parts—It is not invention to omit one or more parts of a machine unless the omission causes some new mode of operation of the remaining parts.⁹

10. Substitution of Equivalents—It is not invention to change a portion of a process, machine, manufacture or composition of matter by substituting an equivalent for any of its parts unless the new part performs some new and additional function besides the function it performed originally.¹⁰

11. Combination—It is not invention to combine old devices into a new machine or manufacture without producing any new mode of operation.¹¹

12. Aggregation—Mere aggregation of a number of old parts which perform no new or different function than that heretofore performed is not patentable.¹²

These are merely guides, and exceptions exist. If some unexpected or unobvious result is secured by reason of changing size, or the color, etc., invention may be found to exist.

Trade Secrets

Completely outside the generally recognized field of Patents is that of trade secrets which are protectable at common law and at equity. This field of trade secrets, much misunderstood, is grounded on the concept that a person who conceives an idea has the right to keep the work which he has done to himself. The fact that another might rediscover or conceive of the same idea himself, does not authorize this latter person to steal or pilfer the idea from the first party. This entire field then is

⁶ Howard v. Detroit Stove Works, 150 U. S. 164, 170, 37 L. Ed. 1039 (1893).

⁷ Thropp's Sons Co. v. Seiberling, 264 U. S. 320, 328, 68 L. Ed. 708 (1924); Ronneny v. Caterpillar, 129 F. 2d 70 (7th Cir., 1942), *cert. den.*, 317 U. S. 670, 87 L. Ed. 538 (1942).

⁸ Dunbar v. Myers, 94 U. S. 187 (1876).

⁹ Stow v. Chicago, 3 Bann. & Ard. 83, 92 (1877), *aff'd.*, 104 U. S. 547, 26 L. Ed. 816 (1881); Utah v. General Motors, 106 F. 2d 5 (2d Cir., 1939).

¹⁰ Smith v. Nichols, 21 Wall. 112, 119, 22 L. Ed. 566, 567 (1875).

¹¹ A. & P. v. Supermarket, 340 U. S. 147, 95 L. Ed. 162 (1950).

¹² Lincoln Eng. Co. v. Stewart Warner, 303 U. S. 545; 82 L. Ed. 1008 (1938).

somewhat broader than trade secrets alone, and invades that of unfair competition, which, in the first instance, was limited to situations where a party had sought to "pass off" as his goods those of another. This has now been greatly expanded to a much wider interpretation, and perhaps a better phrase would be "unfair business practices." An example might be one like the following: By bribery you induce a competitor's employee to give you certain of his trade secrets.

As found in the case of *In re Brosnahan, Jr.*,¹³ and in the case of *Six Wheel Corp. v. Sterling Motor Truck Co.*,¹⁴ a trade secret is properly

The right of an inventor to the product of his talent and is recognized by the common law, and no constitutional statutory provision of the United States was, or ever has been, necessary to the right of any person to make an invention, discovery or machine, or to use it when made, or to sell it to some one else. Such a right has always existed, and would exist now if all patent laws were repealed. It is a right which may be called a natural right, and which, so far as may be regulated by law, belongs to ordinary, municipal legislation; and it is unaffected by anything in the constitution or patent laws of the United States.

Trade secret law is an important aspect of the protection of industrial property rights in that frequently an idea may not be patentable or, if patentable, there is some bar to the granting of a patent. Consequently, when a company or individual wishes to sell a right in a secret process of some type, this can be done by contract. When one party discloses his idea to a second party and the second later uses the idea, this latter party has to pay a stipulated sum for its use. There must be an agreement for compensation in order for this contract to be valid.

It goes without saying, of course, that a particular idea or invention, patentable or unpatentable, to constitute a trade secret must be kept secret.

Trademarks

A trademark is a word, name, symbol, or device used by a manufacturer to identify his goods in commerce and to distinguish them from those of other manufacturers.¹⁵ A right to a trademark does not simply accrue to the first user, but only to the first user to use the mark in connection with the particular goods identified.¹⁶ To fully comprehend the meaning of a trade-

¹³ *In re Brosnahan, Jr.*, 18 F. 62, 64 (D. C. Mo., 1883).

¹⁴ *Six Wheel Corp. v. Sterling Motor Truck Co.*, 50 F. 2d 568 (9th Cir., 1931).

¹⁵ Sec. 45, Trademark Act of 1946, as amended.

¹⁶ *Tillman & Bendel v. California Packing Corp.*, 63 F. 2d 498, 506 (9th Cir., 1933), *cert den.*, 290 U. S. 638, 78 L. Ed. 554, 54 Sup. Ct. 55 (1933); *Standard Brands, Inc. v. Smidler*, 151 F. 2d 34 (2nd Cir., 1945).

mark, we should understand that a trademark can consist of a word, such as "Lux" for toilet soap. Thus, for example, "Jeep" is a trademark for two and four wheel drive military and commercial vehicles made by Willys Motors, Inc. It is not the generic name for all small vehicles. A trademark can be the housemark of a family of products made by a company. For example, Dow and Du Pont are housemarks and each has a series of product marks underneath the housemark. All of these characteristics do not change the pattern that a workmark such as "Kodak" or "Jeep," together with a word and design mark and sometimes a design mark alone, are used to identify the goods or services of a manufacturer.

In addition to the foregoing marks relating to products there are service marks,¹⁷ representing the quality of service that may be obtained from the service of a particular manufacturer if in general no product is involved. In addition, there are collective marks¹⁸ such as "Sunkist" and certification marks¹⁸ such as "Good Housekeeping Seal." To this background, which is provided for in the Trademark Act of 1946 or "Lanham Act," we now have a sound background of Trademark Law, but this did not come about with any ease. We must start back to the point where there were Merchants' Marks. These have been used for many thousand of years, but the Trademark Law, in practice as we now know it, did not develop until relatively recently.

When and How They Started

Trademarks did not develop as a valuable symbol of good will as long as producers and consumers were in close contact; that is to say, before the 17th Century there was no need for trademarks as symbols of good will. There was need for them as Merchants' Marks. From antiquity we find early silversmiths and early potters that have used Merchants' Marks. In 1766, when the second volume of Blackstone's Commentaries came out, there was no reference whatsoever to trademarks, though, of course, patents and copyrights were discussed. United States Trademarks were granted by Thomas Jefferson, then Secretary of State, in 1791, to Boston Sailmakers. They did not become important assets of value in commerce in contradistinction to local trade until about 1850. In the 1860's and 1870's the first trademark acts were passed. However, in 1870 only 121 trademarks were registered. In contrast to this, there are now 15,355 trademarks in an average year, such as 1958. The first trademark statute was enacted in this country in 1870 and a further improvement or revision in 1876. Although the English courts at this time were basing injunction and damages for trademark infringement upon the theory of deceit, the American courts were basing theirs on unjust enrichment.

¹⁷ 15 U. S. C. § 1053.

¹⁸ 15 U. S. C. § 1054.

As this Trademark Law developed, there was some concern to determine the principles by which the adjudication of trademark infringement may be made. In the leading decision of *Hanover Milling Co. v. Metcalf*¹⁹ the United States Supreme Court stated:

The redress that is accorded in trade-mark cases is based upon the party's right to be protected in the good-will of a trade or business. The primary and proper function of a trade-mark is to identify the origin or ownership of the article to which it is affixed . . . Courts afford redress or relief upon the ground that a party has valuable interest in the good-will of his trade or business, and in the trade-marks adopted to maintain and extend it. The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another.

Thus, a trademark is a guarantee to the consumer, when it is used in the same channels of trade as certain other goods that have given the consumer satisfaction. He can learn to rely upon the name.

Medieval proprietary marks, while not strictly speaking trademarks in the modern sense of the word, were an important factor in the development of modern Trademark Law. As appears from municipal documents and records of courts, and also from the Statute of 27 Edward II, Merchants' Marks were granted as establishing *prima facie*, and often even conclusive, evidence of the ownership of goods to which they were affixed. This proprietary significance of Merchants' Marks still survives, and distinctly tinges the judicial concept of the function of a trademark. At some time, then, the liability aspect of a trademark, which showed against whom a dissatisfied buyer could go, drifted at some point to an asset mark whereby he knew he could rely upon that name for future items. Thus, the primary function of a trademark became that of identifying the source of the goods.

Trademarks, like copyrights, are enforceable at common law or, if registered, under state or federal law.

Registration in accordance with state or federal laws establishes, for the proprietor of the mark, jurisdiction and a *prima facie* case of exclusive right which in effect shifts the burden of proof to the other user. Enforcement of an unregistered mark necessitates establishment of exclusive right to the mark by the claimant.

Copyright

A copyright is a literary and artistic property right to prevent unauthorized copying of writings, musical compositions, pictures and works of art. It is derived from the author's right, in-

¹⁹ *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 412-413 (1915).

herited in our common law from England, that from time "whereof the memory of man runneth not to the contrary," the author's right to his works of manuscripts was recognized as a principle of law, because it was the product of intellectual labor.²⁰ In its modern form, according to the Constitution,²¹ Congress has provided in the most recent Act (the Copyright Act of 1947) that for a limited time authors may have exclusive rights to their writings for 28 years, renewable for 28 additional years.²² This is in contrast to the common law rights and is a statutory grant by the Government of a species of monopoly, meant to encourage the production and publication of literary, dramatic, musical and artistic works. The author must comply with certain formalities, such as providing proper notice that the work is copyrighted, in a specialized form, and he must, in general, provide two copies of the best edition to the Library of Congress. The copyright arises merely by the act of claiming it at the time of publication, by placing notation thereof and the date on the published work. Registration of this claim is provided by Statute,²³ and has the important aspects of conferring jurisdiction upon the federal courts where the right to exclude others from copying may be enforced, by providing the claimant with a *prima facie* case of exclusive right.

Two authors could conceivably write the identical work, and each could register a valid copyright. Two people might take identical pictures of the Washington Monument. Each could register a valid copyright because the essence of the wrong is copying. The registration is formal and no proof of novelty or originality is required.

Copyright Law started during the Protestant Reformation, when Stationers' Company, the leading publisher of London, was established by decree to protect the spread of Protestantism. It concentrated the whole world of publishing business in its hand.²⁴ Out of this has grown Copyright Law, which has restricted the exclusive right of publication to a term of years.²⁵ This latter was begun with the celebrated Statute of Anne.²⁶ In this country we borrowed from those sections liberally, and our first Copyright Act was passed in 1790.²⁷ The most recent act is the Copyright Act of 1947.²⁸ This act, forgetting for the moment the complexities of intercountry operations, permits an individual author or composer, who complies with certain formalities and

²⁰ Blackstone, 2 Com. 405.

²¹ Article 1, § 8.

²² Copyright Act of July 30, 1947, 61 Stat. 652, Title 17, U. S. C.

²³ Hallam, 1 Const. History 238.

²⁴ Drone, Law of Property in Intellectual Productions 69.

²⁵ Statute of Anne, 8 Anne Ch. 19, 1710; *Donaldson v. Becket*, 4 Burrows 2303 (1774); Constitution, Art. I, § 8.

²⁶ *Op. cit. supra* note 3.

²⁷ *Op. cit. supra* note 4.

copyrights his work, revenue for a period of 56 years for reproductions of that work. Although this period might be considered too short, it provides a means whereby the author's right to his own writings can really be protected, without danger of piracy of that right. This right has now been construed, in some instances, to mean that the rights to other media, such as the reworking of a book into a play or a motion picture story, are also protected. Although there is still a need for improvement and there is constant attention focused on the weaknesses of the act, it is still a big step forward in protecting literary and artistic rights. It is a part of the main body of intellectual property rights.

It is only in efforts to stretch the property right law that its big weakness is found. It does not protect, except in limited ways, the title to a book or play, and, further, it does not protect the plot to a story. For example, copyrighting the rules to a game of "Monopoly" does not mean that the game is protected, apart from the reproduction of the rules in their identical form. In this instance, the trademark "Monopoly" probably protects it more than anything else, and the copyright on the game board is similarly protected. A patent, however, provided the best protection until it ran out after 17 years.²⁸

A copyright is used to signify both statutory copyright and common law copyright, but a statutory copyright is not a natural right; it is an intangible right, privilege or franchise granted through Congress by the United States Constitution, Art. I, Sec. 8.²⁹ It must be carefully brought out that the copyright protects only the subject matter, treatment and content of the work. The title is protected by the law of unfair competition. It may be that a work that received only little publicity and sold few copies, whose title comes into prominence because of a popular favorite, has little or no right to prevent a popular novel or play from using the title, since copyright cases arise under statutes of the United States. The forum for infringement of a statutory copyright is the federal courts.

One of the big problems in copyrights is how to protect a format for a radio program or other type of program. This was accomplished in a California court, in a now famous case, for a test program involving audience participation in a show that was later to be made into a movie.³⁰

A still further problem is that of protecting two dimensional and three dimensional works of art. In 1954 this much litigated problem was resolved in *Mazer v. Stein*,³¹ which held valid copy-

²⁸ U. S. Patent No. 2,198,670 to Johnson.

²⁹ U. S. Const., Art. I, § 8 reads: "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."

³⁰ *Stanley v. Columbia Broadcasting System*, 192 P. 2d 495 (Cal. App. 1948); *affd.*, 208 P. 2d 9 (1949).

³¹ *Mazer v. Stein*, 347 U. S. 201 (Mar. 8, 1954).

rights on statuettes as works of art although they were published as lamp bases, *i.e.*, useful articles, and notwithstanding a possibility that they might have been protected by design patents. The advantage was that design patents would have a maximum term of fourteen years, while copyright protection, if renewed, would last 56 years. It has been this decision which has opened the door to many types of ornamental design protection for any manner of useful articles. However, because of time limitations, it has not always been possible, and certain categories do not fit within the copyright statute as works of art. As a consequence, there is under consideration a new type of design law patterned after the copyright law, covering designs not now adequately protected. Under proposed legislation, a design registration would be obtained quickly by simple registration, and would provide for protection for a limited period, possibly five years, against those who copy instead of originating their own designs.³² This would have a stimulating result on product designs, instead of fostering design piracy.

The importance to industry of these forms of intellectual property can be appreciated in the realization that about 60% of the approximately 50,000 patents issuing each year are assigned to corporations. Annually about 15,000 trademarks are registered to corporations, both domestic and foreign, engaged in business in the classes where such marks are registered.³³

³² H. R. 8873, 85th Cong., 1st Sess.

³³ "Distribution of Patents 1939-1955," U. S. Senate, Committee on the Judiciary, 84th Cong. 2d Sess., Study No. 3, 1953.