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Enforcement of Intellectual Property Rights

Albert R. Teare*

Wrongful use or appropriation of the property of another is a tort. The owner of a patent has a remedy by civil action for infringement of his patent, and the District Courts of the United States have original jurisdiction of any civil action arising under any act of Congress relating to patents, trademarks and copyrights.

Patents

Generally speaking, a "case" under the Patent Laws of the United States arises in an action for infringement of a patent, or in an action brought under the provisions of the Declaratory Judgment Act seeking a declaration of invalidity of a patent by one who has been notified of infringement thereof. There are instances, however, where "questions" arise relating to Letters Patent, as distinguished from "cases" arising under the Patent Laws. Under the former circumstances the Federal Courts have no jurisdiction, unless diversity of citizenship is present, and the amount in controversy, exclusive of interest and costs, exceeds the sum of ten thousand dollars. Such "questions" may arise out of contracts concerning the grant of rights under a patent.

Actions for infringement of a patent may be brought either at law, seeking damages only, or in equity seeking an injunction as well as money recovery. By far, however, the majority of actions has been suits in equity seeking an injunction for the purpose of protecting the exclusive right to prevent others from making, using or selling the invention set forth in the patent.

Suits for infringement of a patent are restricted (a) to the district of which the defendant is an inhabitant, or (b) to any district in which the defendant has committed acts of infringement, and has a regular and established place of business. An action for infringement of a patent brought against the Government of the United States, however, may be brought only in the United States Court of Claims.

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3 Id. § 2201.
ENFORCING INTELLECTUAL PROPERTY RIGHTS

The plaintiff, in an action for infringement of a patent, may be the owner of the entire right, title and interest in the patent, or the owner of an exclusive right under the patent. But where the exclusive licensee institutes the action, the suit must be brought in the name of the owner of the legal title to the patent and the owner must be joined as a party plaintiff. 7 A holder of a license short of an exclusive license cannot bring an action for infringement.8

The defendant in an action for patent infringement may be any party (person, partnership or corporation) who, without authority, makes, uses or sells the patented invention within the United States and during the term of the patent. 9 Additionally, an action may be brought for infringement against one who actively induces infringement10 or contributes to the infringement. The statute defines a contributory infringer as one who sells . . . a component of a patented machine, manufacture, combination of composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, . . .11

In any action for infringement, a patent shall be presumed to be valid, and the burden of establishing invalidity rests upon the party asserting it.12 The statute provides additionally that in any action involving the validity or infringement of a patent, certain defenses may be pleaded, such as:

(a) non-infringement or unenforceability,
(b) invalidity of any claim in suit for failure to comply with any condition for patentability in connection with the prosecution of the application for a patent,
(c) invalidity of any claim in suit for failure to describe the invention in such full, clear, concise and exact terms as to enable any person skilled in the art to which it pertains to make and use the same, and
(d) any other fact or act which is made a defense by Title 35 U. S. C.13

Any court having jurisdiction of cases arising under the Patent Laws may grant injunctions, in accordance with the prin-

8 Gayler v. Wilder, 10 How. 477 (1850).
10 Id. § 271 (b).
11 Id. § 271 (c).
12 Id. § 282.
13 Id.
principles of equity, to prevent the violation of any rights secured by the patent, and on such terms as the court deems reasonable.\textsuperscript{14}

Upon finding for the plaintiff in an action for infringement of a patent, the court shall award damages to the prevailing party adequate to compensate for the infringement, "but in no event, less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the Court." \textsuperscript{15}

The Statute of Limitations for recovery in any action for patent infringement is six years prior to the filing of the complaint in the action. In the case of a counterclaim for infringement (either to bring another patent into the suit, or in an action for declaratory judgment), the Statute of Limitations is six years prior to the filing of the counterclaim.\textsuperscript{16}

Although a patent, when issued, is presumed to be valid, nevertheless, in any action for infringement, the court may, upon proof declare that any claim of a patent is invalid under certain circumstances such as:

(a) the invention was known or used by others in the United States, or patented or described in a printed publication in the United States or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in the United States or in a foreign country, or in public use or on sale in the United States more than one year prior to the date of the application for patent in the United States, or

(c) the invention has been abandoned by the inventor, or,

(d) the invention was first patented or caused to be patented by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in the United States, on an application filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) the applicant did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof, the invention was made in the United States by another who had not abandoned, suppressed or concealed it.\textsuperscript{17}

\textsuperscript{14} Id. § 283.
\textsuperscript{15} Id. § 284.
\textsuperscript{16} Id. § 286.
\textsuperscript{17} Id. § 102.
In addition to the foregoing, a court may declare the claim of a patent to be invalid in any action for infringement, even though the invention is not identically disclosed in any of the patents or publications mentioned aforesaid, if the differences between the subject matter patented and that disclosed in the prior patents or publications are such that the subject matter as a whole would have been obvious, at the time the invention was made, to a person having ordinary skill in the art to which the invention pertains.

Appeal from a final decree in a patent infringement suit may be taken to the Court of Appeals for the Circuit in which the District Court is located.\textsuperscript{18}

The Supreme Court, by writ of certiorari to a Court of Appeals, may review the judgment in a suit in equity for infringement of a patent.\textsuperscript{19}

Usually, damages are not awarded until after a decision by a court of last resort, or by a court of competent jurisdiction from whose decision no appeal is taken within the time provided by law therefor. The damages are ordinarily determined by a special master, who is appointed by the District Court after the final decision that the patent is valid and has been infringed. The special master has power to take proceedings, hear the evidence and report his findings, and the proceedings before him are governed by the Federal Rules of Civil Procedure.

The report of the special master may be reviewed by the District Court, which may adopt, reject or modify it and render judgment accordingly. Thereafter, the decision of the District Court on the award is subject to further consideration by the Court of Appeals for the Circuit in which the judgment is rendered. Additionally, the Supreme Court may, by writ of certiorari to the Court of Appeals, review the decision on the accounting.

If a plaintiff prevails in an action for patent infringement in the District Court, an injunction may be issued against the defendant immediately, but the injunction and accounting may be suspended upon the posting of a bond in an amount adequate to protect the plaintiff for damages sustained for past infringement and for infringement pending the appeal, but the injunction becomes permanent when the mandate is returned to the District Court. The accounting proceedings do not operate to stay the injunction.

In any action for patent infringement, the court has power to award damages adequate to compensate for the infringement. In no event, however, shall the damages be less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs, as fixed by the court, and such damages may, within the discretion of the court, be increased

\textsuperscript{18} 28 U. S. C. § 1291.

\textsuperscript{19} Id. § 1254.
up to three times the amount found or assessed. In addition to the damages, the court may, in exceptional cases, award a reasonable attorney’s fee to the prevailing party. The Statute of Limitations on the recovery of damages for infringement of a patent is six years prior to the date of the filing of the complaint.

A patentee or parties owning a patent and engaged in the making or selling of any patented item may give notice to the public that the same is patented by fixing thereon the word “patent” together with the number of the patent, or by fixing a notice to a package containing the article, or to a label thereon. Failure to so mark bars the recovery of damages in any action for past infringement, except upon proof that the infringer was notified of the infringement and continued to infringe thereafter. In the absence of notice on the patented item or its container, damages may be recovered only for infringement occurring after the date of actual notice. The filing of an action for infringement, however, shall constitute notice as of the date of filing of the complaint.

Trademarks

The owner of any trademark registered in the United States Patent Office has a remedy by civil action for infringement of his trademark, in the District Courts of the United States. Such courts have original jurisdiction without regard to the amount in controversy, or to diversity of citizenship of the parties.

Appeals from decisions of the District Courts, and writs of certiorari by the Supreme Court, extend to trademarks in the same manner as is provided in cases arising under the Patent Laws.

The prevailing party in any action for infringement of a registered trademark has a right to an injunction, which may be served upon the parties against whom the injunction is granted, anywhere in the United States where they may be found. Moreover, the injunction shall be operative and may be enforced by proceedings to punish for contempt by the Court which granted the injunction, or by any other United States District Court in whose jurisdiction the defendants may be found.

Infringement of a registered trademark occurs in commerce by (a) use without the consent of the registrant of any copy or colorable imitation of the registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion,

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21 Id. § 285.
22 Id. § 286.
23 Id. § 287.
25 Id. § 1116.
or mistake, or to deceive purchasers as to the source of origin of the goods or services; or (b) by the reproduction or colorable imitation of the registered mark on labels, packages or advertisements intended to be used upon or in connection with the sale in commerce of such goods or services. Under sub-section (b), aforesaid, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that the mark is intended to be used to cause confusion or mistake or to deceive purchasers.

Upon the establishment of the right of any registrant of a mark registered in the Patent Office, the prevailing party shall be entitled to recover generally speaking, (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the taxable costs in the action. In assessing profits, the plaintiff is required to prove only the defendant's sales. Then, the defendant must prove all elements of cost or deduction claimed. However, the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times the amount. In any event, if the court should find that the amount of the recovery, based as aforesaid, is either inadequate or excessive, the court may, in its discretion, enter judgment for such sum as may be found to be just, according to the circumstances of the case.

In addition to a recovery, the court may order that all labels, packages, advertisements and the like in the possession of the defendant and bearing the registered mark, together with all plates or other means of making the same, be delivered up and destroyed.

Copyrights

The proceedings for enforcing rights in any work protected under the Copyright Laws of the United States, insofar as they concern original jurisdiction and appeals, are substantially the same as those stated in connection with the discussion of patents and trademarks. An infringer, however, may be liable not only to an injunction, restraining infringement, but also for damages sustained by the copyright proprietor, as well as the profits which the infringer shall have made from such infringement.

A provision which is peculiar to copyright infringement is that which enables a court, upon such terms and conditions as may be prescribed, to impound, during the pendency of the action, all articles alleged to infringe the copyrighted work.

26 Id. § 1114 (1).
27 Id. § 1117.
28 Id. § 1118.
30 Id. § 101 (b).
31 Id. § 101 (c).
A further provision in infringement proceedings authorizes the court to order the destruction of infringing copies and plates, or other means for making the infringing copies.\textsuperscript{32}

Any person who wilfully and for profit shall infringe any copyright, or who shall knowingly or wilfully aid or abet such infringement, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by imprisonment for a term not exceeding one year, or by a fine of not less than $100.00 or not more than $1,000.00, or both, at the discretion of the court.\textsuperscript{33}

An exception to the foregoing is a performance which is given for charitable or educational purposes and not for profit.

No criminal proceedings, however, shall be maintained under the Copyright Act unless the action is commenced with three years after the cause of action arose.\textsuperscript{34}

\textbf{Conclusion}

The laws of the United States provide for: (a) injunctive relief from the infringement of rights to intellectual property, as represented by the grant of a patent, a certificate of trademark registration, or a certificate of copyright registration; and (b) the recovery of damages for the infringement.

\textsuperscript{32} Id. § 101 (d).
\textsuperscript{33} Id. § 104.
\textsuperscript{34} Id. § 115.