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tions to the refusal to find certain conclusions of law are considered sufficiently in what has been said already.

*The decree of the Circuit Court is reversed, and the case is remanded, with a direction to enter a decree for the libellants for the full amount of their damages, with interest from the date of the report of the commissioner in the District Court, and for their costs in the District Court and in the Circuit Court, and in this court, on both appeals.*

## SOLOMONS v. UNITED STATES.

## APPEAL FROM THE COURT OF CLAIMS.

No. 64. Argued November 10, 11, 1890. — Decided December 8, 1890.

When a person in the employ of the United States makes an invention of value and takes out letters patent for it, the government, if it makes use of the invention without the consent of the patentee, becomes thereby liable to pay the patentee therefor.

If a person in the employ and pay of another, or of the United States, is directed to devise or perfect an instrument or means for accomplishing a prescribed result, and he obeys, and succeeds, and takes out letters patent for his invention or discovery, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer.

When a person in the employ of another in a certain line of work devises an improved method or instrument for doing that work, and uses the property of his employer and the services of other employes to develop and put in practicable form his invention, and explicitly assents to the use by his employer of such invention, a jury, or a court trying the facts, is warranted in finding that he has so far recognized the obligations of service flowing from his employment and the benefits resulting from his use of the property, and the assistance of the cemployes, of his employer, as to have given to such employer an irrevocable license to use such invention.

*McClurg v. Kingsland*, 1 How. 202, affirmed and applied.

DURING the years 1867 and 1868 Spencer M. Clark was in the employ of the government as Chief of the Bureau of Engraving and Printing. That bureau was not one created by any special act of Congress, but was established by order

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of the Secretary of the Treasury, under the general powers conferred by the second section of the act of July 11, 1862, 12 Stat. 532, now § 3577 Rev. Stat., which provides as follows:

"That the Secretary of the Treasury be, and is hereby, authorized, in case he shall think it inexpedient to procure said notes, or any part thereof, to be engraved and printed by contract, to cause the said notes, or any part thereof, to be engraved, printed, and executed, in such form as he shall prescribe, at the Treasury Department in Washington, and under his direction; and he is hereby empowered to purchase and provide all the machinery and materials, and to employ such persons and appoint such officers as may be necessary for this purpose."

While so employed he conceived the idea of a self-cancelling stamp, and under his direction the employés of that bureau, in the fall of 1867, using government property, prepared a die or plate, and put into being the conception of Mr. Clark. On February 10, 1868, Clark filed a caveat in the Patent Office, and on September 1 an application for a patent. While this application was pending, and on December 6, 1869, he assigned, by deed duly recorded, his rights to the appellant, in payment of a long-standing account of appellant against him. On December 21, 1869, the patent was issued to appellant, as the assignee of Clark, antedated to June 21, 1869. On December 27, 1869, appellant notified the Commissioner of Internal Revenue that he was the owner of the patent, and sought an arrangement for proper compensation for the use of this patented stamp by the government on whiskey barrels. No answer was made to this communication, and on September 17, 1875, appellant brought this suit in the Court of Claims to recover from the government for such use. In addition to the matters heretofore stated, the following facts were found by the Court of Claims:

"I. In the latter part of 1867, or early part of 1868, while the subject of revising the methods for collecting internal revenue was being considered by the Committee on Ways and Means of the House of Representatives, a subcommittee was

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given special charge of the tax on whiskey and distilled spirits. A room was assigned by the Secretary of the Treasury in the Treasury building to this subcommittee, which immediately proceeded to hold official consultations with the Secretary of the Treasury and Commissioner and Deputy Commissioner of Internal Revenue. Into these consultations Spencer M. Clark, the Chief of the Bureau of Engraving and Printing, was called officially, and to him was assigned the duty of devising a stamp, and it was early determined and understood by all, including Mr. Clark, that the scheme would proceed upon the assumption that the best stamp which he could devise would be adopted and made a part of the revised scheme. In these consultations it was mutually understood that Mr. Clark was acting in his official capacity, as Chief of the Bureau of Engraving and Printing, and it was not understood or intimated that the stamp which he was to devise would be patented or become his personal property.

"II. In the course of the consultations referred to in the first finding, Mr. Clark laid before the Commissioner and subcommittee a self-cancelling revenue stamp as being, in his opinion, a very desirable stamp for the prevention of fraud. This stamp was satisfactory to the Committee on Ways and Means and to the Commissioner of Internal Revenue. It was of the same design and construction as the stamp subsequently adopted by the Commissioner and manufactured and used by the government, as hereinafter set forth, and was the same device as that set forth and described in the specifications of Clark's patent annexed to and forming part of the petition.

"III. No bargain, agreement, contract or understanding was ever entered into or reached between the officers of the government and Mr. Clark concerning the right of the government to use the invention or concerning the remuneration, if any, which should be paid for it. Neither did Mr. Clark give notice or intimate that he intended to protect the same by letters patent, or that he would expect to be paid a royalty if the government should manufacture and use stamps of his invention. Before the final adoption of the stamp by the Commissioner of Internal Revenue he stated to him that the

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design was his own, but that he should make no charge to the government therefor, as he was employed on a salary by the government and had used the machinery and other property of the government in the perfection of the stamp. No express license to use the invention was ever given by Mr. Clark to the government, nor any notice prohibiting its use or intimating that he would demand a royalty.

IV. Immediately after the enactment of the act 20th July, 1868 (15 Stat. 125), and before Mr. Clark had filed an application for a patent, the Commissioner of Internal Revenue adopted the stamp as the one to be used in the collection of the tax on whiskey and distilled spirits. It was adopted by the Commissioner on the recommendation of Mr. Clark. The Commissioner's selection referred to the completed and perfected stamp which had been devised by the claimant and engraved and made in the Bureau of Engraving and Printing and approved by the Committee of Ways and Means, as set forth in the second finding. The Government then proceeded to manufacture at the Bureau of Engraving and Printing large quantities of these stamps. The first so manufactured were delivered to the Commissioner of Internal Revenue on the 25th August, 1868, and the 2d November following was fixed by the Secretary of the Treasury as the day for commencing the use thereof. Their manufacture and use were continued until some time in the year 1872, the last issue to the collection districts being on February 15, 1872."

And upon these facts judgment was entered in favor of the government. 21 C. Cl. 479, and 22 C. Cl. 335. From such judgment an appeal was brought to this court.

*Mr. Lewis Abraham* and *Mr. Benjamin F. Butler* for appellant.

*Mr. Solicitor General* for appellees.

Mr. Justice Brewer, after stating the case, delivered the opinion of the court.

The case presented by the foregoing facts is one not free from difficulties. The government has used the invention of

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Mr. Clark and has profited by such use. It was an invention of value. The claimant and appellant is the owner of such patent, and has never consented to its use by the government. From these facts, standing alone, an obligation on the part of the government to pay naturally arises. X The government has no more power to appropriate a man's property invested in a patent than it has to take his property invested in real estate; nor does the mere fact that an inventor is at the time of his invention in the employ of the government transfer to it any title to, or interest in it. An employé, performing all the duties assigned to him in his department of service, may exercise his inventive faculties in any direction he chooses, with the assurance that whatever invention he may thus conceive and perfect is his individual property. There is no difference between the government and any other employer in this respect. X But this general rule is subject to these limitations. If one is employed to devise or perfect an instrument, or a means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer. / So, also, when one is in the employ of another in a certain line of work, and devises an improved method or instrument for doing that work, and uses the property of his employer and the services of other employés to develop and put in practicable form his invention, and explicitly assents to the use by his employer of such invention, a jury, or a court trying the facts, is warranted in finding that he has so far recognized the obligations of service flowing from his employment and the benefits resulting from his use of the property, and the assistance of the coemployés, of his employer, as to have given to such employer an irrevocable license to use such invention. The case of *M'Clurg v. Kingsland*, 1 How. 202, is in point. In that case was presented the question as to the right of defendants to use an invention

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made and patented by one Harley. The facts as stated and the rulings of the court are these: "That Harley was employed by the defendants at their foundry in Pittsburgh, receiving wages from them by the week; while so employed, he claimed to have invented the improvement patented, and, after several unsuccessful experiments, made a successful one in October, 1834; the experiments were made in the defendants' foundry, and wholly at their expense, while Harley was receiving his wages, which were increased on account of the useful result. Harley continued in their employment on wages until January or February, 1835, during all which time he made rollers for them; he often spoke about procuring a patent, and prepared more than one set of papers for the purpose; made his application the 17th February, 1835, for a patent; it was granted on the 3d of March, assigned to the plaintiffs on the 16th of March, pursuant to an agreement made in January. While Harley continued in the defendants' employment, he proposed that they should take out a patent, and purchase his right, which they declined; he made no demand on them for any compensation for using his improvement, nor gave them any notice not to use it, till, on some misunderstanding on another subject, he gave them such notice, about the time of his leaving their foundry, and after making the agreement with the plaintiffs, who owned a foundry in Pittsburgh, for an assignment to them of his right. The defendants continuing to make rollers on Harley's plan, the present action was brought in October, 1835, without any previous notice by them. The court left it to the jury to decide what the facts of the case were; but, if they were as testified, charged that they would fully justify the presumption of license, a special privilege, or grant to the defendants to use the invention; and the facts amounted to 'a consent and allowance of such use,' and show such a consideration as would support an express license or grant, or call for the presumption of one to meet the justice of the case, by exempting them from liability; having equal effect with a license, and giving the defendants a right to the continued use of the invention." On review in this court, the rulings of the trial

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court were sustained. That case is decisive of this. Clark was in the employ of the government when he made this invention. His experiments were wholly at the expense of the government. He was consulted as to the proper stamp to be used, and it was adopted on his recommendation. He notified the government that he would make no charge if it adopted his recommendation and used his stamp; and for the express reason that he was in the government employ, and had used the government machinery in perfecting his stamp. He never pretended, personally, to make any charge against the government. Indeed, there is but one difference between that case and this: in that, Harley's wages were increased on account of his invention; in this, Clark's were not; but such difference does not seem vital. We think, therefore, the rulings of the Court of Claims were correct, and its judgment is

*Affirmed.*

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## MONTANA RAILWAY COMPANY *v.* WARREN.

ERROR TO THE SUPREME COURT OF THE TERRITORY OF MONTANA.

No. 80. Argued November 18, 19, 1890. — Decided December 8, 1890.

In this case the record contained the pleadings and a motion for a new trial, which motion was authenticated by the trial judge and set forth at length all the proceedings at the trial, including the evidence, the exceptions to testimony, the instructions to the jury, the exceptions to those instructions, a bill of exceptions in due form, properly certified by the presiding judge, the verdict, and the judgment on the verdict. This proceeding was in accordance with the practice authorized by the Statutes of Montana. *Held*, that it was sufficient for the purposes of review here.

*Kerr v. Clappitt*, 95 U. S. 188, distinguished from this case.

In this court inquiry is limited to matters presented to and considered by the court below, unless the record presents a question not passed upon by that court, which is vital, either to the jurisdiction, or to the foundation of right, and not simply one of procedure.

In a proceeding under the right of eminent domain to condemn, for use in the construction of a railroad, an undeveloped "prospect" in mineral land, the testimony of a competent witness, familiar with the country and its surroundings, as to the value of the land taken, may be received in evidence, inasmuch as such property is the constant subject of barter and

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## DALZELL v. DUEBER WATCH CASE MANUFACTURING COMPANY.

SAME v. SAME.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK.

Nos. 213, 214. Argued April 18, 1893. — Decided May 10, 1893.

An oral agreement for the sale and assignment of the right to obtain a patent for an invention is not within the statute of frauds, nor within section 4898 of the Revised Statutes requiring assignments of patents to be in writing; and may be specifically enforced in equity, upon sufficient proof thereof.

A manufacturing corporation, which has employed a skilled workman, for a stated compensation, to take charge of its works, and to devote his time and services to devising and making improvements in articles there manufactured, is not entitled to a conveyance of patents obtained for inventions made by him while so employed, in the absence of express agreement to that effect.

Specific performance will not be decreed in equity, without clear and satisfactory proof of the contract set forth in the bill.

Where, at the hearing in equity upon a plea and a general replication, the plea, as pleaded, is not supported by the testimony, it must be overruled, and the defendant ordered to answer the bill.

THESE were two bills in equity, heard together in the Circuit Court, and argued together in this court.

On March 31, 1886, Allen C. Dalzell, a citizen of the State of New York, and the Fahys Watch Case Company, a New York corporation, filed a bill in equity against the Dueber Watch Case Manufacturing Company, a corporation of Ohio, for the infringement of two patents for improvements in apparatus for making cores for watch cases, granted to Dalzell, October 27, 1885, for the term of which he had, on January 21, 1886, granted a license, exclusive for three years, to the Fahys Company.

To that bill the Dueber Company, on June 4, 1886, filed the following plea: "That prior to the grant of the said



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letters patent upon which the bill of complaint is based, and prior to the application therefor, and prior to any alleged invention by said Dalzell of any part, feature or combination described, shown or claimed in either of said letters patent, the said defendant, being then engaged in the manufacture of watch cases in the city of Newport in the State of Kentucky, and the said Dalzell having been in its employ as a tool-maker for a year preceding, it, said defendant, at the request of said Dalzell, reemployed said Dalzell at increased wages to aid in experimenting upon inventions upon machinery and tools to be used in the manufacture of various portions of watch cases; that said Dalzell did then and there agree with said defendant, in consideration of said increased salary as aforesaid to be paid to him, and which was paid to him by this defendant, to dedicate his best efforts, skill and inventive talent and genius towards the perfecting and improvement of watch-case machinery and such other devices as this defendant should direct and order, and in experimenting under the direction of this defendant for this purpose, and further agreed that any inventions or improvements made or contributed to by him, said Dalzell, should be patented at the expense of this defendant, and for its benefit exclusively, and that said Dalzell should execute proper deeds of assignment, at the expense of this defendant, to be lodged with the applications for all such patents in the United States Patent Office, and said patents were to be granted and issued directly to this defendant; that, in pursuance of said agreement, said Dalzell entered upon said employment, and while thus employed at the factory of this defendant, and while using its tools and materials, and receiving such increased wages from it, as aforesaid, the said alleged inventions were made; that said patents were applied for, with the permission of this defendant, by the said Dalzell; and that all fees and expenses of every kind, necessary or useful for obtaining said patents, including as well Patent Office fees, as fees paid the solicitor employed to attend to the work incident to the procuring of said patents and drawing said assignments to this defendant, were paid by this defendant; and that, notwithstanding the foregoing, said Dalzell did

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not sign the said deeds, although he had promised so to do, but fraudulently and secretly procured the said patents to be granted to himself; of all of which this defendant avers the complainant the Fahys Watch Case Company had notice, at and prior to the alleged making of the license by said Dalzell to it, more particularly referred to in the bill of complaint; and defendant avers that by reason of the premises the title in equity to said patents is in this defendant."

The plea, as required by Equity Rule 31 of this court, was upon a certificate of counsel that in his opinion it was well founded in point of law; and was supported by the affidavit of John C. Dueber, that he was the president of the Dueber Company, that the plea was not interposed for delay, and that it was true in point of fact.

After a general replication had been filed and some proofs taken in that case, including depositions of Dueber and of Dalzell, the Dueber Company, on January 17, 1887, filed a bill in equity against Dalzell and the Fahys Company, for the specific performance of an oral contract of Dalzell to assign to the Dueber Company the rights to obtain patents for his inventions, and for an injunction against Dalzell and the Fahys Company, and for further relief.

This bill contained the following allegations:

"That heretofore, to wit, prior to November 1, 1884, the said defendant Dalzell was in the employment of your orator, making and devising tools to be used in the construction of watch cases; that on or about said last-mentioned date, at the request of said Dalzell, his wages were raised, in consideration of a promise then made by said Dalzell to your orator that in the future his services would be of great value in the devising and perfecting of such tools; that, in pursuance of said promise and contract, the said Dalzell continued in the employ of your orator, and wholly at its expense, to devise and construct various tools to be used in your orator's watch-case factory in the manufacture of various parts of watch cases; that said Dalzell was so employed for a great length of time, to wit, a whole year, a large part of which time he was assisted by various workmen employed and paid by your orator to assist

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him, the said Dalzell, in constructing such tools and in the experiments incident thereto."

"That subsequently thereto, and when said tools were completed, said Dalzell requested your orator to apply for letters patent for the various inventions embodied in all of said tools, for the use and benefit of your orator, representing to your orator that he, said Dalzell, had made valuable discoveries and inventions while engaged in designing and constructing said tools, and further representing that, if your orator did not secure the exclusive right to said inventions by letters patent, in all probability some of the workmen employed at your orator's factory, who were familiar with the said inventions and the construction of said tools, might go to some other and rival watch-case company, and explain to it the construction of such tools, and make similar tools for such other company, in which case your orator would be without remedy."

"That said Dalzell then and there, and as a further inducement to your orator to have letters patent applied for for said inventions, voluntarily offered to your orator that, if your orator should permit him, Dalzell, to apply for letters patent, and your orator pay all the expenses incident to obtaining such letters patent, such letters patent might be taken for the benefit of your orator, and that he, Dalzell, would not ask or require any further or other consideration for said inventions and such letters patent as might be granted thereon, which proposition was then and there accepted by your orator, and it was then fully agreed between said parties that said Dalzell should immediately proceed, through a solicitor of his own selection, to procure said patents for and in the name of your orator, and that your orator should pay all bills that might be presented by said Dalzell or such solicitor as might be selected to attend to the business of procuring said patents."

This bill further alleged that Dalzell did, in pursuance of that agreement, select a solicitor and apply for the two patents mentioned in the bill for an infringement, and three other patents; that, when some of the patents had "passed for issue," the solicitor employed by Dalzell sent blank assignments thereof to the Dueber Company with a request that

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Dalzell sign them, and thus transfer the legal title in the inventions to the Dueber Company, and enable the patents to be granted directly to it; that it exhibited these assignments to Dalzell, and requested him to sign them; that Dalzell replied that he would postpone signing them until all the patents had "passed for issue," and would then sign all together, to all which the Dueber Company assented; that the Dueber Company paid all the fees and expenses necessary or useful in obtaining the patents; but that Dalzell fraudulently procured the patents to be granted to himself, and refused to assign them to the Dueber Company, and, as that company was informed and believed, conveyed, with the intention of defrauding it, certain interests in and licenses under the patents to the Fahys Company, with knowledge of the facts; and that Dalzell and the Fahys Company confederated and conspired to cheat and defraud the Dueber Company out of the patents, and, in pursuance of their conspiracy, filed their bill aforesaid against the Dueber Company.

Annexed to this bill was an affidavit of Dueber that he had read it and knew the contents thereof, and that the same was true of his own knowledge, except as to the matters therein stated on information and belief; and that as to those matters he believed it to be true.

To this bill answers were filed by Dalzell and the Fahys Company, denying the material allegations; and a general replication was filed to these answers.

By stipulation of the parties, the evidence taken in each case was used in both. After a hearing on pleadings and proofs, the Circuit Court dismissed the bill of Dalzell and the Fahys Company; and entered a decree against them, as prayed for, upon the bill of the Dueber Company. 38 Fed. Rep. 597. Dalzell and the Fahys Company appealed from each decree.

*Mr. J. E. Bowman* and *Mr. Edmund Wetmore* for appellants.

*Mr. James Moore* for appellee.

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MR. JUSTICE GRAY, after stating the substance of the pleadings and decrees, delivered the opinion of the court.

The more important of these cases, and the first to be considered, is the bill in equity of the Dueber Watch Case Manufacturing Company to compel specific performance by Dalzell of an oral agreement, alleged to have been made by him while in its employment, to assign to it the right to obtain patents for his inventions in tools for making parts of watch cases.

An oral agreement for the sale and assignment of the right to obtain a patent for an invention is not within the statute of frauds, nor within section 4898 of the Revised Statutes requiring assignments of patents to be in writing; and may be specifically enforced in equity, upon sufficient proof thereof. *Somerby v. Buntin*, 118 Mass. 279; *Gould v. Banks*, 8 Wend. 562; *Burr v. De la Vergne*, 102 N. Y. 415; *Blakeney v. Goode*, 30 Ohio St. 350.

But a manufacturing corporation, which has employed a skilled workman, for a stated compensation, to take charge of its works, and to devote his time and services to devising and making improvements in articles there manufactured, is not entitled to a conveyance of patents obtained for inventions made by him while so employed, in the absence of express agreement to that effect. *Hapgood v. Hewitt*, 119 U. S. 226.

Upon the question whether such a contract was ever made by Dalzell, as is alleged in the bill of the Dueber Company, the testimony of Dalzell and of Dueber, the president and principal stockholder of the Dueber Company, is in irreconcilable conflict.

Dalzell was a skilled workman in the manufacture of various parts of watch cases, and was employed by the Dueber Company, first for eight months as electroplater and gilder, and then for a year in its tool factory, at wages of twenty-five dollars a week, from February, 1883, until November, 1884, and thenceforth at wages of thirty dollars a week, until January 19, 1886, when he left their employment, and immediately entered the employment of the Fahys Company, and executed to that company a license to use his patents.

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The matters principally relied on by the Dueber Company, as proving the contract sought to be enforced, are a conversation between Dalzell and Dueber at the time of raising his wages in November, 1884; another conversation between them in the spring of 1885; and oral promises said to have been made by Dalzell in the summer of 1885, to assign to the Dueber Company his rights to obtain patents. It will be convenient to consider these matters successively.

The bill alleges that Dalzell's wages were raised in November, 1884, at his request, "and in consideration of a promise then made by said Dalzell to" the Dueber Company "that in the future his services would be of great value in the devising and perfecting of such tools," and that, "in pursuance of said promise and contract," Dalzell continued in the company's employ, at its expense, and with the assistance of its workmen, to devise and construct such tools.

Dueber's whole testimony on this point appears in the following question and answer: "Q. Please state the circumstances which induced your company to increase Mr. Dalzell's wages at the time they were increased. Ans. Mr. Dalzell came to me in the office, and he says, 'Mr. Dueber, a year is now up since I worked for you in this factory. I suppose you are satisfied with the improvements I have made, and I have come to have my wages raised, and I will show you that, if you raise my wages, the improvements I will make this year will justify you in doing so.' I asked him what wages he wanted; he said 'thirty dollars per week,' and he was paid that until the time he left. When that year was up, nothing was said about wages."

This testimony tends to show no more than that Dalzell expressed a confident belief that, if his wages should be raised, the improvements which he would make during the coming year would justify the increase. It has no tendency to prove any such promise or contract as alleged in the bill, or any other promise or contract on Dalzell's part. So far, therefore, no contract is proved, even if full credit is given to Dueber's testimony.

As to what took place in the spring of 1885, the bill alleges

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that, subsequently to the aforesaid interview, "and when said tools were completed," Dalzell requested the company to apply, for its own use and benefit, for patents for inventions which he represented that he had made "while engaged in designing and constructing said tools," and which, he suggested, might, if not secured by letters patent, be made known and explained by some of the workmen then employed there to rival companies; and, as a further inducement to the company to have such patents applied for, voluntarily offered, if the company would permit him to do so, and would pay all expenses of obtaining patents, to apply therefor, for the benefit of the company, and "not ask or require any further or other consideration for said inventions and such letters patent as might be granted thereon;" and that this proposition was "then and there accepted by" the company, and "it was then fully agreed between said parties" that Dalzell should immediately proceed, through a solicitor of his own selection, to procure the patents in the name of the company, and the company should pay the necessary expenses.

Upon this point, Dueber's testimony was as follows: "Qu. Who first suggested the idea of patenting these devices, and when? Ans. Mr. Dalzell, in the spring of 1885. Qu. Please state all that took place at that time. Ans. Mr. Dalzell came to me and said, 'Mr. Dueber, we have got a very good thing here; let us patent this for the benefit of the concern; we have some men here, who may run away and carry those ideas with them.' I objected at first; finally he says, 'If you will pay for getting them out, I don't want anything for them.' I then said, 'Let us go over to Mr. Layman to-morrow, and attend to it.' He said he knew a more competent lawyer than that, that he would send for." Dueber also testified that, when Dalzell first suggested taking out letters patent, Dueber told him that he did not think the improvements of sufficient value to justify taking out patents and paying for them; and that "about all" that Dalzell replied was, "We have a good many men here who may carry off these ideas into other shops, and I want to retain them for this concern."

All this testimony of Dueber was given in September, 1886,

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before the filing of the bill for specific performance. Being recalled, after this bill had been filed, he testified, on cross-examination, that he now considered the inventions covered by the patents sued on as valuable, because the company had spent a great deal of money on them; and he declined or evaded giving any other reason.

Bearing in mind that there was no proof whatever of any previous agreement between the parties on the subject, the contract as alleged in the bill and testified to by Dueber, by which Dalzell is said to have voluntarily offered, with no other motive than to prevent workmen from injuring the Dueber Company by communicating the inventions to rival companies, and for no other consideration than the payment by the Dueber Company of the expenses of obtaining patents, and without himself receiving any consideration, benefit or reward, and without the company's even binding itself, for any fixed time, to pay him the increased wages, or to keep him in its service, is of itself highly improbable; and it may well be doubted whether, if such a contract were satisfactorily proved to have been made, a court of equity would not consider it too unconscionable a one between employer and employed, to be specifically enforced in favor of the former against the latter. *Cathcart v. Robinson*, 5 Pet. 264, 276; *Mississippi & Missouri Railroad v. Cromwell*, 91 U. S. 643; *Pope Manuf. Co. v. Gormally*, 144 U. S. 224.

Moreover, Dueber throughout manifests extreme readiness to testify in favor of the theory which he is called to support, and much unwillingness to disclose or to remember any inconsistent or qualifying circumstances. The record shows that he has at different times made oath to four different versions of the contract:

1st. On March 16, 1886, when the Dueber Company filed a petition in the superior court of Cincinnati against Dalzell to compel him to assign his patents to it, Dueber made oath to the truth of the statements in that petition, one of which was "that, at the time of the making of application for said patents, it was agreed, for a valuable consideration before that time paid, that said patents and inventions were the property



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of this plaintiff, and should be transferred to it immediately upon the issue thereof, and prior to the grant of the patents."

2d. On June 4, 1886, he made oath that the plea was true in point of fact, which stated that the whole contract, both for an increase of Dalzell's wages and for his assignment to the Dueber Company of his rights to patents for his inventions, was made "prior to any alleged invention by said Dalzell," and in consideration of an increase of wages to be thereafter paid.

3d. In September, 1886, he testified that the increase of wages was made upon the mere statement of Dalzell that he would show that the improvements he would make during the coming year would justify the increase; and that the subsequent contract to assign the patent rights was after the inventions had been made.

4th. On January 17, 1887, he made oath to the truth, of his own knowledge, of this bill, which alleged that Dalzell's wages were raised "in consideration of a promise" by Dalzell "that in the future his services would be of great value in the devising and perfecting of such tools," and also alleged that the agreement to assign the patent rights was made after the inventions.

Dalzell, being called as a witness in his own behalf, directly contradicted Dueber in every material particular; and testified that the real transaction was that, after his inventions had been made, and shown to Dueber, the latter was so pleased with them that he, of his own accord, raised Dalzell's wages, and offered to furnish the money to enable him to take out patents. There is much evidence in the record, which tends to contradict Dalzell in matters aside from the interviews between him and Dueber, and to impeach Dalzell's credibility as a witness. But impeaching Dalzell does not prove that Dueber's testimony can be relied on.

What took place, or is said to have taken place, after these interviews may be more briefly treated.

Whitney, the solicitor employed at Dalzell's suggestion, applied for and obtained the patents in Dalzell's name, and was paid his fees and the expenses of applying for the patents

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by the Dueber Company with Dalzell's knowledge. In the summer of 1885, before the patents were issued, he sent blank assignments thereof to the Dueber Company to be signed by Dalzell, which Moore, the general manager of the company, as well as Dueber, in the absence of each other, asked Dalzell to sign.

Upon what Dalzell then said, as upon nearly every material point in the case, the testimony is conflicting. Dueber and Moore testified, in accordance with the allegations in the bill, that Dalzell replied that he would not sign any of them until all the patents had "passed for issue," and would then sign all together. But the manner in which they testified to this does not carry much weight. And Dalzell testified that he positively refused to assign the patents until some arrangement for compensating him had been agreed upon.

Parts of a correspondence of Whitney with Dueber, and with Dalzell, during the summer of 1885, were put in evidence, which indicate that Whitney, while advising Dalzell as to his interests, sought to ingratiate himself with the Dueber Company. But they contain nothing to show any admission by Dalzell that he had agreed, or intended, to assign the patent rights to the Dueber Company, without first obtaining some arrangement whereby he might be compensated for his inventions.

The Circuit Court, in its opinion, after alluding to various matters tending to throw discredit on the testimony of each of the principal witnesses, said, "The case is one on which different minds may well reach a contrary opinion of the merits." 38 Fed. Rep. 599. We concur in that view; and it affords of itself a strong reason why the specific performance prayed for should not be decreed.

From the time of Lord Hardwicke, it has been the established rule that a court of chancery will not decree specific performance, unless the agreement is "certain, fair and just in all its parts." *Buxton v. Lister*, 3 Atk. 383, 385; *Underwood v. Hitchcox*, 1 Ves. Sen. 279; *Franks v. Martin*, 1 Eden, 309, 323. And the rule has been repeatedly affirmed and acted on by this court. In *Colson v. Thompson*, Mr. Justice Washing-

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ton, speaking for the court, said: "The contract which is sought to be specifically executed ought not only to be proved, but the terms of it should be so precise as that neither party could reasonably misunderstand them. If the contract be vague or uncertain, or the evidence to establish it be insufficient, a court of equity will not exercise its extraordinary jurisdiction to enforce it, but will leave the party to his legal remedy." 2 Wheat. 336, 341. So this court has said that chancery will not decree specific performance, "if it be doubtful whether an agreement has been concluded, or is a mere negotiation," nor "unless the proof is clear and satisfactory, both as to the existence of the agreement and as to its terms." *Carr v. Duval*, 14 Pet. 79, 83; *Nickerson v. Nickerson*, 127 U. S. 668, 676; *Hennessy v. Woolworth*, 128 U. S. 438, 442.

For these reasons, we are of opinion that the contract set forth in the bill for specific performance has not been so clearly and satisfactorily proved as to justify a decree for specific performance of that contract; and that the decree for the plaintiff on the bill of the Dueber Company must, therefore, be reversed, and the bill dismissed.

The decree sustaining the plea to the bill against the Dueber Company for an infringement, and ordering that bill to be dismissed, is yet more clearly erroneous; for none of the evidence introduced by either party tended to prove such a contract as was set up in that plea. The only issue upon the plea and replication was as to the sufficiency of the testimony to support the plea as pleaded; and as the plea was not supported by the testimony, it should be overruled, and the defendant ordered to answer the bill. *Stead v. Course*, 4 Cranch, 403, 413; *Furley v. Kittson*, 120 U. S. 303, 315, 318; Equity Rule 34.

It is proper to add that the question whether the Dueber Company, by virtue of the relations and transactions between it and Dalzell, had the right, as by an implied license, to use Dalzell's patents in its establishment, is not presented by either of these records, but may be raised in the further proceedings upon the bill against the Dueber Company for an infringement.

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Syllabus.

*Decrees reversed, and cases remanded to the Circuit Court, with directions to dismiss the bill for specific performance, and to overrule the plea to the other bill, and order the defendant to answer it.*

MR. JUSTICE BREWER dissented.

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 WADE v. CHICAGO, SPRINGFIELD AND ST. LOUIS  
RAILROAD COMPANY.

## AMERICAN LOAN AND TRUST COMPANY v. WADE.

APPEALS FROM THE CIRCUIT COURT OF THE UNITED STATES FOR  
THE SOUTHERN DISTRICT OF ILLINOIS.

Nos. 247, 248. Submitted April 21, 1893. — Decided May 10, 1893.

The "after-acquired property" clause in a railroad mortgage covers not only legal acquisitions, but also all equitable rights and interests subsequently acquired either by or for the railroad company, the mortgagor.

Where negotiable paper has been put in circulation, and there is no infirmity or defence between the antecedent parties thereto, a purchaser of such securities is entitled to recover thereon, as against the maker, the whole amount, irrespective of what he may have paid therefor.

A railroad company contracted with a construction company to build and complete its railroad on a line designated on a map of the same, and to furnish and equip it, agreeing to pay for the same in stock and mortgage bonds, to be issued from time to time as sections should be completed. A mortgage was made of the road and property then existing and afterwards to be acquired. The construction company began work and completed a small section, for which it received the stipulated pay in stock and bonds. It parted with the latter for a good consideration, and they eventually came by purchase into the possession of W. No further section was completed, but work was done at various points on the line, and the construction company acquired for the railroad company rights of way through nearly or quite the entire route. Subsequently another railroad company acquired these properties through the construction company, and completed the road. *Held*, that W., being a *bona fide* holder of the bonds secured by the first mortgage, who had purchased the bonds in good faith, had through the mortgage a prior lien on the whole line

tion was prior to that of Bruckman, but no interference was declared between that and Bruckman. Instead of having split molds, its molds are in a solid bed, and the baked cones are extracted by hand, or by any other means.

[3] If, in the light of *Alexander Millburn Co. v. Davis-Bournonville Co.*, supra, these applications had been considered, they would not have affected the claim of Bruckman to be the first inventor of the extraction method, which he showed and which the court found entitled him to be classed as a pioneer. The petition to file a supplemental bill in the nature of a bill of review is therefore denied.

The alleged infringing machine of Denaro was in operation in the city of Cambridge; and the learned District Judge, in order to avail himself of a close inspection of this machine in operation, adjourned the hearing to the factory where it was being operated, and some of the testimony was taken there.

Although counsel have in great detail pointed out other important particulars in which it is claimed infringement was proven, we content ourselves with considering again the invention which Bruckman made in the extraction of the baked cone from the molds without being touched by the hand. The infringing machine, as did the first machine of Denaro held by this court to infringe, retains the core within the molds while they are being separated. Although in the second machine it is claimed that the slight raising of the core within the mold is simultaneous with the cracking open of the mold, yet during the whole of the remainder of the opening of the mold, until the baked cone drops from it, the core remains suspended within it, and assists, as does the core in Bruckman, in stripping the cone from the mold. It is entirely immaterial whether the core is raised simultaneously with the partial opening of the mold, or whether this raising precedes that opening as in Bruckman. The purpose for which this is done is the same in both, namely, to free the core from the cone which adheres to it, and then the core is left suspended within the mold, to assist in stripping the cone from its sides as it is opened. Not only is the same result accomplished in both, but the means used are practically identical.

[4] Error is assigned because the District Court declined to receive in evidence certain depositions bearing upon the price of ice cream cones, both before and after Bruckman's machine was put upon the market. As

the patent had been held by this court to be valid, these depositions were correctly excluded.

The decree of the District Court is affirmed, with costs to the appellee.

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### HOUGHTON v. UNITED STATES.

Circuit Court of Appeals, Fourth Circuit.  
January 10, 1928.

No. 2662.

1. Master and servant  $\Leftrightarrow$ 62—Invention conceived and perfected by employee while discharging duties is property of employee.

Where an employee, while discharging duties assigned to him in his department of service, conceives and perfects an invention, such invention is property of employee.

2. Master and servant  $\Leftrightarrow$ 62—Invention resulting from improvement by employee of method or instrument for doing work belongs to employee, subject to irrevocable license in employer.

Where employee, while employed in certain line of work, has devised an improved method or instrument for doing such work, using property of employer and services of other employees, and has assented to employer's use of same, invention is property of employee, subject to irrevocable license on part of employer to use it.

3. Master and servant  $\Leftrightarrow$ 62—Invention of fumigant for vessels by employee of Public Health Service held property of United States.

Where one was employed as research chemist in Public Health Service to conduct experiments for purpose of combining a warning or irritant gas with hydrocyanic acid gas, therefore used in fumigating vessels, so as to produce gas which could be readily detected and safely used as fumigant, *held*, that invention of such employee, by combining such hydrocyanic acid gas and cyanogen chloride gas, was the property of the United States.

4. Master and servant  $\Leftrightarrow$ 62—Employer's right to invention of employee is based on nature of service in which employee is engaged.

The right of an employer to invention of employee, depends, not on the terms of an original contract hiring him, but on the nature of service in which employee is engaged at time he makes invention, and arises out of duty which employee owes to employer with respect to service in which he is engaged.

5. Master and servant  $\Leftrightarrow$ 62—Employee, set to experimenting with view of making inventions, must disclose discoveries to employer, and results of efforts belong to employer.

If an employee is set to experimenting with view of making an invention, and accepts pay for such work, he must disclose to employer his discoveries in making experiments, and what he accomplishes by experiments belongs to employer.

**6. Master and servant ¶62—That United States does not desire monopoly in invention is no ground for denying its right to invention of government employee.**

Where government employee was assigned to conduct experiments for producing safe fumigant for vessels, right of United States to employee's invention cannot be denied on ground that rule that inventions made by one employed to invent belong to employer will not be applied, because the government does not desire a monopoly.

**7. Master and servant ¶62—Approval of government employee's application for patent did not deprive United States of ownership of invention.**

Where government employee, assigned to the particular task of inventing a safe fumigant for vessels, made such invention, United States acquired ownership of such invention, regardless of approval of government officers of employee's preparation of application for patent, since no subsequent recognition of right in employee, or even a conveyance to him, would confer any right on him, or bind government.

Appeal from the District Court of the United States for the District of Maryland, at Baltimore; Morris A. Soper, Judge.

Suit by the United States against Harry W. Houghton. Decree for the United States (20 F.[2d] 434), and defendant appeals. Affirmed.

Joseph William Hazell, of Washington, D. C. (Francis B. Lecch, of Washington, D. C., on the brief), for appellant.

Henry C. Workman, of Washington, D. C. (F. Gwynn Gardiner, of Washington, D. C., H. J. Galloway, Asst. Atty. Gen., and A. W. W. Woodcock, U. S. Atty., of Baltimore, Md., on the brief), for the United States.

Before WADDILL, PARKER, and NORTHCOTT, Circuit Judges.

PARKER, Circuit Judge. This is an appeal from a decision that the United States is the equitable owner and entitled to the assignment of a patent issued to the defendant Houghton, who, when he made the invention which is the subject thereof, was an employee of the Public Health Service in the Treasury Department. The facts are fully stated in the opinion of the court below. U. S. v. Houghton (D. C.) 20 F.(2d) 434. Those necessary to an understanding of the questions involved in this appeal can be stated very briefly.

Houghton was a trained chemist holding a degree from a university. He was appointed assistant chemist in the office of Industrial Hygiene and Sanitation in the Public Health Service in June, 1920, at a salary of \$2,-

500 per year, which in December of that year was increased to \$3,000. Prior to his being designated to make the experiments hereinafter described, his duties consisted chiefly in analyzing samples of dust from industrial plants.

The patent granted Houghton covers a fumigant gas produced by a combination of hydrocyanic acid gas with cyanogen chloride gas. Hydrocyanic acid gas had been used as a fumigant in disinfecting vessels in the ports of the United States for a number of years prior to the granting of the patent. Its use for this purpose, however, was fraught with considerable danger, on account of the fact that its presence could not readily be detected, and a very small amount of it would cause death. After Dr. Hugh S. Cumming was appointed Surgeon General of the Public Health Service in 1920, and at his direction, experiments were conducted for the purpose of combining a warning or irritant gas with this hydrocyanic acid gas, so as to produce a gas which could be readily detected and thus safely used as a fumigant.

About the 1st of March, 1922, a board composed of three members of the Public Health Service was appointed to conduct investigations for the purpose of developing such a fumigant gas, and Houghton was named as a member of the board. He was familiar with the results of the experiments and investigations which had previously been conducted by or at the request of the Health Service, had made a study of the literature on the subject at the direction of his superior in the service, and at the time of his appointment clearly understood that it was the special duty of the board to develop a fumigant or method of fumigation which would achieve the end desired. He also understood at that time that cyanogen chloride was one of the derivatives of cyanogen, which it was the duty of the board to investigate and consider in its attempt to solve the problem committed to it.

Shortly after Houghton's appointment to the board, he was sent to the Edgewood Arsenal Laboratory to conduct experiments in the production of the gas, in collaboration with three employees of the Chemical Warfare Service. These experiments were conducted, not only at the direction of the officials of the Public Health Service, but in accordance with their advice and along the general lines indicated by previous study and investigation. Houghton made reports during the progress of the experiments to his immediate superior, Dr. Thompson, who was

in charge of the office of Industrial Hygiene and Sanitation, and continuously received orders from him for further experiments and investigations, the laboratory details of which were left to his judgment and that of the chemists of the Chemical Warfare Service who were co-operating with him. The experiments resulted in the production of the desired gas, which was a mixture of hydrocyanic acid gas and cyanogen chloride, through a proper combination of sodium chlorate, sodium cyanide, and dilute hydrochloric acid. The method adopted for generating the gas was suggested by Houghton, but the success of the method was due in part to suggestions contributed by the chemists of the Chemical Warfare Service, who were at work with him on the problem.

Prior to the development of the desired gas, nothing was said as to securing a patent, and the patenting of the gas or of the method of producing it seems not to have been considered. After the experiments had proved successful, however, this matter was discussed, and Houghton agreed with his three associates of the Chemical Warfare Service that a patent should be obtained, in which each should have a one-fourth interest, subject to a nonexclusive license on the part of the government, and this agreement seems to have received the approval of his superior in the office of Industrial Hygiene and Sanitation. He accordingly made arrangements for filing an application for a patent through a patent attorney attached to the War Department; but before the application was filed he asked permission of the Surgeon General to apply for the patent, and the Surgeon General requested the opinion of the Solicitor of the Treasury Department with regard to the matter. The opinion of the Solicitor of the Treasury was that the invention belonged to the government; but, before it was received, Houghton had proceeded to file the application, filing at the same time an assignment to the Secretary of the Treasury and his successors in office, granting to them a nonexclusive license to make, use, and sell the gas which was the subject of the patent application. The Surgeon General protested the granting of the patent, and the first application was finally abandoned. Subsequently Houghton secured private patent attorneys and filed a new application, on which a patent was granted him over the protest of the Surgeon General. Before the filing of the original application, the three chemists who had collaborated with Houghton signed an instrument dedicating to the public their interest in the invention. A little over a year

later, and while the original application was pending, Houghton consented to assign to the government, in trust for the public, his interest in the patent to be issued, but later withdrew the consent.

[1-3] It is clear, we think, upon these facts, that the case presented is not the ordinary case of an invention made by an employee, who, while discharging the duties assigned to him in his department of service, conceives and perfects an invention. In such case the rule is that the invention is the property of the employee. *Hapgood v. Hewitt*, 119 U. S. 226, 7 S. Ct. 193, 30 L. Ed. 369; *Solomons v. U. S.*, 137 U. S. 342, 346, 11 S. Ct. 88, 34 L. Ed. 667; *Dalzell v. Dueber Mfg. Co.*, 149 U. S. 315, 13 S. Ct. 886, 37 L. Ed. 749. Nor is it a case where the only claim of the employer arises out of the fact that the employee, while employed in a certain line of work, has devised and improved a method or instrument for doing that work, using the property of his employer and the services of other employees to develop his invention, and has assented to the employer's use of same. In such case the rule applies which Houghton seeks to invoke, viz. that the invention is the property of the employee, subject to an irrevocable license on the part of the employer to use it. *McClurg v. Kingsland*, 1 How. 202, 11 L. Ed. 102; *Solomons v. U. S.*, supra; *Lane & Bodley Co. v. Locke*, 150 U. S. 193, 14 S. Ct. 78, 37 L. Ed. 1049; *Gill v. U. S.*, 160 U. S. 426, 16 S. Ct. 322, 40 L. Ed. 480.

But the case here presented is that of an employee who makes a discovery or invention while employed to conduct experiments for the purpose of making it. Houghton did not conceive the idea of combining an irritant gas with hydrocyanic acid gas, so as to produce a safe fumigant. That was the idea of Dr. Cumming, the Surgeon General, under whom he was working. He did not conceive the idea of using cyanogen chloride gas as the irritant with the deadly gas. That idea had been advanced in a German periodical, and experiments and studies along that line had previously been conducted at the direction of the Health Service. All that he did was to take the idea of the Surgeon General, upon which the Health Service had been experimenting, and conduct experiments under its direction, for the purpose of determining how best to produce and combine the gases so as to achieve the result which the Surgeon General had in mind. For this he was relieved of other work and sent to the Edgewood Arsenal to make the experiments. His regular salary was paid to him while he was thus engaged, and, when he deduced from the

experiments the method to be followed in producing and combining the gases, he did merely that which he was being paid his salary to do. Under such circumstances, we think there can be no doubt that his invention is the property of his employer, the United States. *U. S. v. Solomons*, supra; *Gill v. U. S.*, supra, 160 U. S. 426, 435, 436, 16 S. Ct. 322, 40 L. Ed. 480; *Standard Parts Co. v. Peck*, 264 U. S. 52, 44 S. Ct. 239, 68 L. Ed. 560, 32 A. L. R. 1033.

The rule applicable in such cases cannot be better stated than it was by Mr. Justice Brewer in the *Solomons Case*, supra, where he said (at page 346 [11 S. Ct. 89]):

"An employé, performing all the duties assigned to him in his department of service, may exercise his inventive faculties in any direction he chooses, with the assurance that whatever invention he may thus conceive and perfect is his individual property. There is no difference between the government and any other employer in this respect. But this general rule is subject to these limitations. If one is employed to devise or perfect an instrument, or a means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer."

It is true, as argued by defendant, that in the *Solomons Case* claim was made against the government for use of the device covered by the patent, and it was held that the patentee was estopped to claim compensation from the government under the authority of *McClurg v. Kingsland*, supra; but in the later case of *Gill v. U. S.*, supra, Mr. Justice Brown cites with approval the reasoning of the *Solomons Case*, which we have quoted, and says that the case might have been decided on that proposition alone, saying:

"There is no doubt whatever of the proposition, laid down in *Solomons Case*, that the mere fact that a person is in the employ of the government does not preclude him from making improvements in the machines with which he is connected, and obtaining patents therefor, as his individual property, and that in such case the government would have no more right to seize upon and appropriate such property, than any other proprietor would have. On the other hand, it is equally

clear that, if the patentee be employed to invent or devise such improvements his patents obtained therefor belong to his employer, since in making such improvements he is merely doing what he was hired to do. *Indeed, the Solomons Case might have been decided wholly upon that ground, irrespective of the question of estoppel*, since the finding was that Clark had been assigned the duty of devising a stamp, and it was understood by everybody that the scheme would proceed upon the assumption that the best stamp which he could devise would be adopted and made a part of the revised scheme. In these consultations it was understood that he was acting in his official capacity as Chief of the Bureau of Engraving and Printing, but it was not understood or intimated that the stamp he was to devise would be patented or become his personal property. *In fact, he was employed and paid to do the very thing which he did, viz. to devise an improved stamp; and, having been employed for that purpose, the fruits of his inventive skill belonged as much to his employer as would the fruits of his mechanical skill.*" (Italics ours.)

In the recent case of *Standard Parts Co. v. Peck*, supra, the Supreme Court held that where an employee agreed to devote his time to the development of a process and machinery, his invention belonged to his employer, and reversed a holding by the Circuit Court of Appeals that such contract did not of its own force convey to the employer the equitable title to the patentable inventions, but gave him a license only. It cited with approval both the *Solomons Case* and the *Gill Case* as sustaining the proposition decided, and apropos of the contention (also made here) that the expressions in those cases as to the equitable ownership of the patents by the employer were mere dicta said:

"It is going very far to say that the declaration of *Solomons v. United States*, repeated in subsequent cases, and apparently constituting their grounds of decision, may be put aside or underrated—assigned the inconsequence of dicta. It might be said that there is persuasion in the repetition."

The court further said (and this seems to us decisive of the question involved in the case at bar):

"It cannot be contended that the invention of a specific thing cannot be made the subject of a bargain and pass in execution of it. And such, we think, was the object and effect of *Peck's* contract with the *Hess-Pontiac Spring & Axle Company*. That company had a want in its business—a 'problem'



is Peck's word—and he testified that 'Mr. Hess thought probably' that he (Peck) 'could be of some assistance to him (Hess) in working out' the 'problem,' and the 'thought' was natural. Hess had previous acquaintance with Peck—his inventive and other ability—and approached him, the result being the contract of August 23, 1915. . . . By the contract Peck engaged to 'devote his time to the development of a process and machinery' and was to receive therefor a stated compensation. Whose property was the 'process and machinery' to be when developed? The answer would seem to be inevitable and irresistible—of him who engaged the services and paid for them. . . ."

See, also, *Goodyear Tire & Rubber Co. v. Miller* (C. C. A. 9th) 22 F.(2d) 353; *Magnetic Mfg. Co. v. Dings Magnetic Separator Co.* (C. C. A. 7th) 16 F.(2d) 739; *British Reinforced Concrete Co. v. Lind*, 86 L. J. Ch. N. S. 486, 116 L. T. N. S. 243, 33 Times L. R. 170; *Air Reduction Co. v. Walker*, 118 Misc. Rep. 827, 195 N. Y. S. 120; *Wireless Specialty Apparatus Co. v. Mica Condenser Co.*, 239 Mass. 158, 131 N. E. 307, 16 A. L. R. 1170; *Dental Vulcanite Co. v. Wetherbee*, Fed. Cas. No. 3,810.

[4, 5] It is contended, however, that the rule which we have discussed has no application here, because it is said that defendant was not employed by the government as an inventor, or to invent the fumigant gas which is the subject of the patent, but merely to do ordinary work as a chemist, such as the analyzing of dust samples. The trouble with this argument is that it gives too narrow a meaning to the word "employed." The right of the employer to the invention or discovery of the employee depends, not upon the terms of the original contract of hiring, but upon the nature of the service in which the employee is engaged at the time he makes the discovery or invention, and arises, not out of the terms of the contract of hiring, but out of the duty which the employee owes to his employer with respect to the service in which he is engaged. It matters not in what capacity the employee may originally have been hired, if he be set to experimenting with the view of making an invention, and accepts pay for such work, it is his duty to disclose to his employer what he discovers in making the experiments, and what he accomplishes by the experiments belongs to the employer. During the period that he is so engaged, he is "employed to invent," and the results of his efforts at invention belong to his employer in the same way as would the product of his efforts in any other direction. In the Solo-

mons Case, supra, Clark was not employed as an inventor or to invent, but as Chief of the Bureau of Engraving and Printing. He devised the stamp, which was the subject of the patent, at the request of a committee of Congress, and was paid nothing for his efforts at invention other than his regular salary. In the case of *British Reinforced Concrete Engineering Co. v. Lind*, supra, the patentee Lind was employed as an assistant engineer, and made the invention for which the patent was granted when directed by his employer to design an appropriate lining for the heading of a coal mine. What we deem to be the correct rule was well stated by Judge Soper in the court below as follows:

"The broad principle is now laid down by the Supreme Court, too clearly to be misunderstood, that, when an employee merely does what he is hired to do, his successes, as well as failures, belong to his employer. Nor can it be said that one who willingly carries out the orders of his employer is not engaged upon that which he is employed to do. An employee, who undertakes upon the direction of his employer to solve a specific problem within the scope of his general employment, is as truly employed and paid for the particular project as if it had been described at the outset in the contract of employment."

[6] Defendant contends that the rule to the effect that inventions made by one employed to invent belong to the employer is based upon the presumed intention of the parties, and will not be applied where the employer, as in the case of the government, does not desire a monopoly. We think, however, that there is no sound basis for the distinction sought to be made. Even though the employer may not desire a monopoly on the rights in the invention, it may well be that he desires that it be thrown open to the public; and his desire to thus dedicate it to the public should not be thwarted because he does not desire monopolistic control. Let a case be supposed of a charitable foundation, which employs chemists and physicians to study diseases, with a view of discovering a cure for them, one of whose employees, in the course of experiments conducted for it, discovers a remedy which it is seeking, and for the discovery of which the experiments are conducted, and procures a patent on it. Should such employee be allowed to withhold the patent from the foundation for his own profit, merely because the foundation does not desire to monopolize the remedy but to give the benefit of the discovery to mankind?

To ask such a question is to answer it; and yet we do not think that the principle in-

volved is different from that involved in the case at bar. If there be any difference, there would be less reason in allowing an employee of the Public Health Service to withhold a patent from the government than in allowing an employee to withhold a patent from a private charitable organization. The Public Health Service represents the people of the United States. Its interest is their interest. Its investigations and discoveries are made for their benefit. And although neither it nor they have any interest in monopolizing inventions which may be made in the course of its studies and experiments, both have an interest in seeing that these inventions are not monopolized by any one. In the case of the fumigant gas developed by the defendant while employed and paid by the government to develop it, they are interested, not only in the use which the Health Service itself may make of it, but also and primarily in having it supplied to the public as freely and cheaply as possible. It is unthinkable that, where a valuable instrument in the war against disease is developed by a public agency through the use of public funds, the public servants employed in its production should be allowed to monopolize it for private gain and levy a tribute upon the public which has paid for its production, upon merely granting a nonexclusive license for its use to the governmental department in which they are employed. We think, therefore, that the distinction which complainant seeks to draw in favor of employees of the government has no basis in reason. The authorities hold that the ordinary rule is applicable in the case of such employees. *Solomons v. U. S.* supra; *Gill v. U. S.*, supra; note in 16 A. L. R. at 1196.

[7] Finally, the contention is made that the parties did not intend that the government should have the right of ownership in the invention, but that it should have a mere non-exclusive license to make and use the gas under a patent to be secured by defendant, this contention being based upon the fact that the Chief of the Office of Sanitation and Hygiene approved of defendant's preparing the application for patent. There is manifestly nothing in this contention. In the first place, although, as stated, there had been some talk as to taking out a patent which was approved of by the Chief of the Office of Sanitation and Hygiene, when the consent of the Surgeon General was sought to the application for patent, he opposed the application acting upon the advice of the Solicitor General of the Treasury that the invention belonged to the government. In the second place, the

invention was made before a patent was mentioned or apparently thought of by any one. Upon the principles heretofore discussed, it was the property of the government. No official of the government was authorized to give away any interest in it, and no subsequent recognition of a right in defendant, not even a conveyance to defendant, could have conferred any right upon him or been binding upon the government. The *Floyd Acceptances*, 7 Wall. 666, 19 L. Ed. 169; *Wisconsin Cent. R. Co. v. U. S.*, 164 U. S. 190, 17 S. Ct. 45, 41 L. Ed. 399; *Sutton v. U. S.*, 256 U. S. 575, 441 S. Ct. 563, 65 L. Ed. 1009, 19 A. L. R. 403.

There was no error, and the decree of the District Court is accordingly affirmed.

Affirmed.

#### LYBRAND et al. v. ALLEN.

Circuit Court of Appeals, Fourth Circuit.  
January 10, 1928.

No. 2656.

1. *Mortgages* ⇨137—Conveyance subject to purchase-money mortgage conveys merely equity of redemption.

When land is conveyed, and a mortgage executed to secure the purchase price, the practical effect of the transaction is to convey merely the equity of redemption.

2. *Bankruptcy* ⇨188(9)—Mortgage and note executed by bankrupt for land conveyed by his father in carrying out plan of securing father's creditors, held valid as respects bankrupt and his trustee.

Where bankrupt's father, being in financial difficulties and owning considerable realty, adopted the plan of conveying separate parcels of land to bankrupt at an agreed price and taking notes and mortgages therefor, which he hypothecated with his various creditors as security, for existing and future indebtedness, held that, in the absence of fraud or bad faith, a note and mortgage so executed by bankrupt was valid, and neither bankrupt nor his trustee could retain the property and at the same time repudiate mortgage.

3. *Bankruptcy* ⇨217(1)—Burden was on mortgagor's bankruptcy trustee to show mortgage was paid or released.

Burden was on mortgagor's bankruptcy trustee, suing to enjoin mortgage foreclosure action in state court, to show that mortgage had been paid or released.

4. *Bankruptcy* ⇨217(1)—Evidence held not to sustain burden on mortgagor's bankruptcy trustee of proving that mortgage had been paid or released.

In bankruptcy trustee's suit to enjoin mortgage foreclosure action in state court, brought by subsequent holder of mortgage, evidence held not to sustain burden on trustee of showing that mortgage executed by bankrupt had been paid or released.

deemed to accrue from property of someone other than Douglas Smith. The case is plainly distinguishable from *Hooper v. Tax Commission*, 284 U.S. 206, on which respondents rely, for there the attempt was to tax income arising from property always owned by one other than the taxpayer, who had never had title to or control over either the property or the income from it. The measure of control of corpus and income retained by the grantor was sufficient to justify the attribution of the income of the trust to him. The enactment does not violate the Fifth Amendment.

A contrary decision would make evasion of the tax a simple matter. There being no legally significant distinction between the trustee and a stranger to the trust as joint holder with the grantor of a power to revoke, if the contention of the respondents were accepted it would be easy to select a friend or relative as co-holder of such a power and so place large amounts of principal and income accruing therefrom beyond the reach of taxation upon the grantor while he retained to all intents and purposes control of both. Congress had power, in order to make the system of income taxation complete and consistent and to prevent facile evasion of the law, to make provision by § 219 (g) for taxation of trust income to the grantor in the circumstances here disclosed. Compare *Taft v. Bowers*, 278 U.S. 470, 482, 483; *Tyler v. United States*, *supra*, at p. 505. *Judgment reversed.*

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CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE  
THIRD CIRCUIT

Nos. 316, 317, and 318. Argued January 13, 16, 1933.—Decided  
April 10, 1933

1. One who is employed to invent is bound by contractual obligation to assign the patent for the invention to his employer. P. 187.

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Argument for the United States.

2. Where the contract of employment does not contemplate invention, but an invention is made by the employee during the hours of his employment and with the aid of the employer's materials and appliances, the right of patent belongs to the employee, and the employer's interest in the invention is limited to a non-exclusive right to practice it—a "shop-right." P. 188.
  3. These principles are settled as respects private employment and they apply also as between the United States and its employees. P. 189.
  4. No servant of the United States has by statute been disqualified from applying for and receiving a patent for his invention, save officers and employees of the Patent Office during the period for which they hold their appointments. P. 189.
  5. Scientists employed by the United States in the Radio Section of the Electric Division of the Bureau of Standards, while assigned to research concerning use of radio in airplanes, made discoveries concerning the use of alternating current in broadcast receiving sets—a subject not within their assignment and not being investigated by the Section; and, having with the consent of their superior perfected their inventions in the Bureau laboratory, obtained patents. *Held*, upon the facts, that there was no employment to invent and no basis for implying a contract to assign to the United States, or a trust in its favor, save as to shop-rights. P. 193.
  6. The proposition that anyone who is employed by the United States for scientific research should be forbidden to obtain a patent for what he invents is at variance with the policy heretofore evidenced by Congress. P. 199.
  7. If public policy demands such a prohibition, Congress, and not the courts, must declare it. Pp. 197, 208.
- 59 F. (2d) 387, affirmed.

CERTIORARI, 287 U.S. 588, to review the affirmance of decrees dismissing the bills in three suits brought by the United States to compel the exclusive licensee under certain patents to assign all its right, title and interest in them to the United States, and for an accounting.

*Solicitor General Thacher*, with whom *Assistant Attorney General Rugg* and *Messrs. Alexander Holtzoff, Paul D. Miller, and H. Brian Holland* were on the brief, for the United States.

This Court has held that if one is expressly hired for the purpose of making a specific invention, or is designated or directed to develop such invention, the patent rights arising out of such invention become the property of the employer. The *ratio decidendi* of this holding is that in making the invention the employee is merely doing what he was hired to do, having contracted in advance for the performance of work of an inventive character, and therefore the fruits of his work belong to the employer.

The same result should follow if an employee, instead of being hired or being assigned to make a specific invention, is hired for the purpose of doing inventive work in a particular field. If in such event the employee makes an invention within that field, he has only done that which he was hired to do and accordingly the patent rights to such invention are the property of the employer.

The employment of Lowell and Dunmore included the duty to exercise their inventive faculties within the general field to which they were assigned. It is not disputed that they were in the actual performance of their employment while engaged in the research which led to the inventions in question. Their duties were not confined to the solution of specially designated problems, but they were expected to and did follow "leads" uncovered during the progress of their work. The inventions in question represented a natural and progressive development of the work which they were pursuing under the direction of their superiors, and which they systematically described in their official reports.

Essentially the purpose of industrial research is to apply to industry the discoveries of science. When one is employed for scientific research to meet the needs of a rapidly advancing industrial art, such as radio, his employment necessarily includes the duty to employ his

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talent in devising new and useful appliances for the improvement of the art. If, in this process, discovery and application to useful purposes rise to the level of invention, the invention is the fruit of the employment.

There is no basis for the holding that because "research" and "invention" are not synonymous, the research work of Lowell and Dunmore did not include the duty to make inventions. The research work in which they were engaged had for its express purpose the improvement of the radio art by invention.

In the efficient conduct of modern research laboratories it is necessary to permit scientists to exercise initiative and freedom in the solution of particular problems and in following suggestions or leads arising out of a specific task. Discoveries and inventions seldom can be anticipated and, hence, it is often impossible to assign the development of a particular invention as a task to be performed.

Research work regularly resulting in numerous inventions is continually being carried on in laboratories conducted by governmental agencies. It is against public interest that private individuals should collect royalties for the use of inventions developed at public cost.

The rule adopted by the courts below, if allowed to stand, would tend to demoralize the Bureau of Standards as a center for scientific and industrial research. The experience of private industry shows that invention is not discouraged where the employer retains property rights to the inventions of employees engaged in inventive work.

The Act of March 3, 1883, as amended by the Act of April 30, 1928, does not express the entire governmental policy with regard to patent rights on inventions of government employees. Its obvious purpose was to accord the privilege of obtaining patents without charge to gov-

ernment employees who might make an invention under such circumstances that the Government would have neither title to the patent nor a license under it.

*Mr. James H. Haighes, Jr., with whom Messrs. E. Enmalls Berl and John B. Brady were on the brief, for respondent.*

MR. JUSTICE ROBERTS delivered the opinion of the Court.

Three suits were brought in the District Court for Delaware against the respondent as exclusive licensee under three separate patents issued to Francis W. Dunmore and Percival D. Lowell. The bills recite that the inventions were made while the patentees were employed in the radio laboratories of the Bureau of Standards, and are therefore, in equity, the property of the United States. The prayers are for a declaration that the respondent is a trustee for the Government, and, as such, required to assign to the United States all its right, title and interest in the patents; for an accounting of all moneys received as licensee, and for general relief. The District Court consolidated the cases for trial, and after a hearing dismissed the bills.<sup>1</sup> The Court of Appeals for the Third Circuit affirmed the decree.<sup>2</sup>

The courts below concurred in findings which are not challenged and, in summary, are:

The Bureau of Standards is a subdivision of the Department of Commerce.<sup>3</sup> Its functions consist in the custody of standards; the comparison of standards used in scientific investigations, engineering, manufacturing, commerce, and educational institutions with those adopted

<sup>1</sup> 49 F. (2d) 306.

<sup>2</sup> 59 F. (2d) 381.

<sup>3</sup> See Act of March 3, 1901, 31 Stat. 1449; Act of February 14, 1903, § 4, 32 Stat. 826.

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or recognized by the Government; the construction of standards, their multiples or subdivisions; the testing and calibration of standard measuring apparatus; the solution of problems which arise in connection with standards; and the physical properties of materials. In 1915 the Bureau was also charged by Congress with the duty of investigation and standardization of methods and instruments employed in radio communication, for which special appropriations were made.<sup>4</sup> In recent years it has been engaged in research and testing work of various kinds for the benefit of private industries, other departments of the Government, and the general public.<sup>5</sup>

The Bureau is composed of divisions, each charged with a specified field of activity, one of which is the electrical division. These are further subdivided into sections. One section of the electrical division is the radio section. In 1921 and 1922 the employees in the laboratory of this section numbered approximately twenty men doing technical work, and some draftsmen and mechanics. The twenty were engaged in testing radio apparatus and methods and in radio research work. They were subdivided into ten groups, each group having a chief. The work of each group was defined in outlines by the chief or alternate chief of the section.

Dunmore and Lowell were employed in the radio section and engaged in research and testing in the laboratory. In the outlines of laboratory work the subject of "airplane radio" was assigned to the group of which Dunmore was chief and Lowell a member. The subject of "radio receiving sets" was assigned to a group of which J. L. Preston was chief, but to which neither Lowell nor Dunmore belonged.

<sup>4</sup> Act of March 4, 1915, 38 Stat. 1044; Act of May 29, 1920, 41 Stat. 684; Act of March 3, 1921, 41 Stat. 1303.

<sup>5</sup> The fees charged cover merely the cost of the service rendered, as provided in the Act of June 30, 1932, § 312, 47 Stat. 410.



In May, 1921, the Air Corps of the Army and the Bureau of Standards entered into an arrangement whereby the latter undertook the prosecution of forty-four research projects for the benefit of the Air Corps. To pay the cost of such work, the Corps transferred and allocated to the Bureau the sum of \$267,500. Projects Nos. 37 to 42, inclusive, relating to the use of radio in connection with aircraft, were assigned to the radio section and \$25,000 was allocated to pay the cost of the work. Project No. 38 was styled "visual indicator for radio signals," and suggested the construction of a modification of what was known as an "Eckhart recorder." Project No. 42 was styled "airship bomb control and marine torpedo control." Both were problems of design merely.

In the summer of 1921 Dunmore, as chief of the group to which "airplane radio" problems had been assigned, without further instructions from his superiors, picked out for himself one of these navy problems, that of operating a relay for remote control of bombs on airships and torpedoes in the sea, "as one of particular interest and having perhaps a rather easy solution, and worked on it." In September he solved it.

In the midst of aircraft investigations and numerous routine problems of the section, Dunmore was wrestling in his own mind, impelled thereto solely by his own scientific curiosity, with the subject of substituting house-lighting alternating current for direct battery current in radio apparatus. He obtained a relay for operating a telegraph instrument which was in no way related to the remote control relay devised for aircraft use. The conception of the application of alternating current concerned particularly broadcast reception. This idea was conceived by Dunmore August 3, 1921, and he reduced the invention to practice December 16, 1921. Early in 1922 he advised his superior of his invention and spent addi-

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tional time in perfecting the details. February 27, 1922 he filed an application for a patent.

In the fall of 1921 both Dunmore and Lowell were considering the problem of applying alternating current to broadcast receiving sets. This project was not involved in or suggested by the problems with which the radio section was then dealing and was not assigned by any superior as a task to be solved by either of these employees. It was independent of their work and voluntarily assumed.

While performing their regular tasks they experimented at the laboratory in devising apparatus for operating a radio receiving set by alternating current with the hum incident thereto eliminated. The invention was completed on December 10, 1921. Before its completion no instructions were received from and no conversations relative to the invention were held by these employees with the head of the radio section, or with any superior.

They also conceived the idea of energizing a dynamic type of loud speaker from an alternating current house-lighting circuit, and reduced the invention to practice on January 25, 1922. March 21, 1922, they filed an application for a "power amplifier." The conception embodied in this patent was devised by the patentees without suggestion, instruction, or assignment from any superior.

Dunmore and Lowell were permitted by their chief, after the discoveries had been brought to his attention, to pursue their work in the laboratory and to perfect the devices embodying their inventions. No one advised them prior to the filing of applications for patents that they would be expected to assign the patents to the United States or to grant the Government exclusive rights thereunder.

The respondent concedes that the United States may practice the inventions without payment of royalty, but asserts that all others are excluded, during the life of the

patents, from using them without the respondent's consent. The petitioner insists that the circumstances require a declaration either that the Government has sole and exclusive property in the inventions or that they have been dedicated to the public so that anyone may use them.

*First.* By Article I, § 8, clause 8 of the Constitution, Congress is given power to promote the progress of science and the useful arts by securing for limited times to inventors the exclusive rights to their respective discoveries. R.S. 4886 as amended (U.S. Code, Title 35, § 31) is the last of a series of statutes which since 1793 have implemented the constitutional provision.

Though often so characterized, a patent is not, accurately speaking, a monopoly, for it is not created by the executive authority at the expense and to the prejudice of all the community except the grantee of the patent. *Seymour v. Osborne*, 11 Wall. 516, 533. The term monopoly connotes the giving of an exclusive privilege for buying, selling, working or using a thing which the public freely enjoyed prior to the grant.<sup>9</sup> Thus a monopoly takes something from the people. An inventor deprives the public of nothing which it enjoyed before his discovery, but gives something of value to the community by adding to the sum of human knowledge. *United States v. Bell Telephone Co.*, 167 U.S. 224, 239; *Paper Bag Patent Case*, 210 U.S. 405, 424; *Brooks v. Jenkins*, 3 McLean 432, 437; *Parker v. Haworth*, 4 McLean 370, 372; *Allen v. Hunter*, 6 McLean 303, 305-306; *Attorney General v. Rumford Chemical Works*, 2 Bann. & Ard. 298, 302. He may keep his invention secret and reap its fruits indefinitely. In consideration of its disclosure and the consequent benefit to the community, the patent is granted. An exclusive enjoyment is guaranteed him for

<sup>9</sup> Webster's New International Dictionary: "Monopoly."

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seventeen years, but upon the expiration of that period, the knowledge of the invention enures to the people, who are thus enabled without restriction to practice it and profit by its use. *Kendall v. Winsor*, 21 How. 322, 327; *United States v. Bell Telephone Co.*, *supra*, p. 239. To this end the law requires such disclosure to be made in the application for patent that others skilled in the art may understand the invention and how to put it to use.<sup>7</sup>

A patent is property and title to it can pass only by assignment. If not yet issued an agreement to assign when issued, if valid as a contract, will be specifically enforced. The respective rights and obligations of employer and employee, touching an invention conceived by the latter, spring from the contract of employment.

One employed to make an invention, who succeeds, during his term of service, in accomplishing that task, is bound to assign to his employer any patent obtained. The reason is that he has only produced that which he was employed to invent. His invention is the precise subject of the contract of employment. A term of the agreement necessarily is that what he is paid to produce belongs to his paymaster. *Standard Parts Co. v. Peck*, 264 U.S. 52. On the other hand, if the employment be general, albeit it cover a field of labor and effort in the performance of which the employee conceived the invention for which he obtained a patent, the contract is not so broadly construed as to require an assignment of the patent. *Hapgood v. Hewitt*, 119 U.S. 226; *Dalzell v. Dueber Watch Case Mfg. Co.* 149 U.S. 315. In the latter case it was said [p. 320]:

“But a manufacturing corporation, which has employed a skilled workman, for a stated compensation, to take charge of its works, and to devote his time and services to devising and making improvements in articles

<sup>7</sup> U.S. Code, Tit. 35, § 33.

there manufactured, is not entitled to a conveyance of patents obtained for inventions made by him while so employed, in the absence of express agreement to that effect."

The reluctance of courts to imply or infer an agreement by the employee to assign his patent is due to a recognition of the peculiar nature of the act of invention, which consists neither in finding out the laws of nature, nor in fruitful research as to the operation of natural laws, but in discovering how those laws may be utilized or applied for some beneficial purpose, by a process, a device or a machine. It is the result of an inventive act, the birth of an idea and its reduction to practice; the product of original thought; a concept demonstrated to be true by practical application or embodiment in tangible form. *Clark Thread Co. v. Willimantic Linen Co.*, 140 U.S. 481, 489; *Symington Co. v. National Castings Co.*, 250 U.S. 383, 386; *Pyrene Mfg. Co. v. Boyce*, 292 Fed. 480, 481.

Though the mental concept is embodied or realized in a mechanism or a physical or chemical aggregate, the embodiment is not the invention and is not the subject of a patent. This distinction between the idea and its application in practice is the basis of the rule that employment merely to design or to construct or to devise methods of manufacture is not the same as employment to invent. Recognition of the nature of the act of invention also defines the limits of the so-called shop-right, which shortly stated, is that where a servant, during his hours of employment, working with his master's materials and appliances, conceives and perfects an invention for which he obtains a patent, he must accord his master a non-exclusive right to practice the invention. *McClurg v. Kingsland*, 1 How. 202; *Solomons v. United States*, 137 U.S. 342; *Lane & Bodley Co. v. Locke*, 150 U.S. 193. This is an application of equitable principles. Since the servant uses his master's time, facilities and materials to attain a

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concrete result, the latter is in equity entitled to use that which embodies his own property and to duplicate it as often as he may find occasion to employ similar appliances in his business. But the employer in such a case has no equity to demand a conveyance of the invention, which is the original conception of the employee alone, in which the employer had no part. This remains the property of him who conceived it, together with the right conferred by the patent, to exclude all others than the employer from the accruing benefits. These principles are settled as respects private employment.

*Second.* Does the character of the service call for different rules as to the relative rights of the United States and its employees?

The title of a patentee is subject to no superior right of the Government. The grant of letters patent is not, as in England, a matter of grace or favor, so that conditions may be annexed at the pleasure of the executive. To the laws passed by the Congress, and to them alone, may we look for guidance as to the extent and the limitations of the respective rights of the inventor and the public. *Attorney General v. Rumford Chemical Works, supra*, at pp. 303-4. And this court has held that the Constitution evinces no public policy which requires the holder of a patent to cede the use or benefit of the invention to the United States, even though the discovery concerns matters which can properly be used only by the Government; as, for example, munitions of war. *James v. Campbell*, 104 U.S. 356, 358. *Hollister v. Benedict Mfg. Co.*, 113 U.S. 59, 67.

No servant of the United States has by statute been disqualified from applying for and receiving a patent for his invention, save officers and employees of the Patent Office during the period for which they hold their appointments.\*

\* R.S. 480; U.S. Code, Tit. 35, § 4.

This being so, this court has applied the rules enforced as between private employers and their servants to the relation between the Government and its officers and employees.

*United States v. Burns*, 12 Wall. 246, was a suit in the Court of Claims by an army officer as assignee of a patent obtained by another such officer for a military tent, to recover royalty under a contract made by the Secretary of War for the use of the tents. The court said, in affirming a judgment for the plaintiff [p. 252]:

"If an officer in the military service, *not specially employed to make experiments with a view to suggest improvements*, devises a new and valuable improvement in arms, tents, or any other kind of war material, he is entitled to the benefit of it, and to letters-patent for the improvement from the United States, equally with any other citizen not engaged in such service; and the government cannot, after the patent is issued, make use of the improvement any more than a private individual, without license of the inventor or making compensation to him."

In *United States v. Palmer*, 128 U.S. 262, Palmer, a lieutenant in the army, patented certain improvements in infantry accoutrements. An army board recommended their use and the Secretary of War confirmed the recommendation. The United States manufactured and purchased a large number of the articles. Palmer brought suit in the Court of Claims for a sum alleged to be a fair and reasonable royalty. From a judgment for the plaintiff the United States appealed. This court, in affirming, said [p. 270]:

"It was at one time somewhat doubted whether the government might not be entitled to the use and benefit of every patented invention, by analogy to the English law which reserves this right to the crown. But that

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notion no longer exists. It was ignored in the case of Burns."

These principles were recognized in later cases involving the relative rights of the Government and its employees in instances where the subject-matter of the patent was useful to the public generally. While these did not involve a claim to an assignment of the patent, the court reiterated the views earlier announced.

In *Solomons v. United States*, 137 U.S. 342, 346, it was said:

"The government has no more power to appropriate a man's property invested in a patent than it has to take his property invested in real estate; *nor does the mere fact that an inventor is at the time of his invention in the employ of the government transfer to it any title to, or interest in it.* An employé, performing all the duties assigned to him in his department of service, may exercise his inventive faculties in any direction he chooses, with the assurance that whatever invention he may thus conceive and perfect is his individual property. *There is no difference between the government and any other employer in this respect.*"

And in *Gill v. United States*, 160 U.S. 426, 435:

"There is no doubt whatever of the proposition laid down in *Solomons case*, that the mere fact that a person is in the employ of the government does not preclude him from making improvements in the machines with which he is connected, and obtaining patents therefor, as his individual property, and that in such case the government would have no more right to seize upon and appropriate such property, than any other proprietor would have. . . ."

The distinction between an employment to make an invention and a general employment in the course of



which the servant conceives an invention has been recognized by the executive department of the Government. A lieutenant in the navy patented an anchor while he was on duty in the Bureau of Equipment and Recruiting, which was charged with the duty of furnishing anchors for the navy; he was not while attached to the bureau specially employed to make experiments with a view to suggesting improvements to anchors or assigned the duty of making or improving. The Attorney General advised that as the invention did not relate to a matter as to which the lieutenant was specially directed to experiment with a view to suggesting improvements, he was entitled to compensation from the Government for the use of his invention in addition to his salary or pay as a navy officer.<sup>9</sup>

A similar ruling was made with respect to an ensign who obtained a patent for improvements in "B.L.R. ordnance" and who offered to sell the improvements, or the right to use them, to the Government. It was held that the navy might properly make a contract with him to this end.<sup>10</sup>

The United States is entitled, in the same way and to the same extent as a private employer, to shop-rights, that is, the free and non-exclusive use of a patent which results from effort of its employee in his working hours and with material belonging to the Government. *Solomons v. United States*, *supra*, pp. 346-7; *McAleer v. United States*, 150 U.S. 424; *Gill v. United States*, *supra*.

The statutes, decisions and administrative practice negate the existence of a duty binding one in the service of the Government different from the obligation of one in private employment.

<sup>9</sup> 19 Opinions Attorney-General, 407.

<sup>10</sup> 20 Opinions Attorney-General, 329. And compare Report Judge Advocate General of the Navy, 1901, p. 6; Digest, Opinions Judge Advocate General of the Army, 1912-1930, p. 237; Opinions, Judge Advocate General of the Army, 1918, Vol. 2, pp. 529, 988, 1066.

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*Third.* When the United States filed its bills it recognized the law as heretofore declared; realized that it must like any other employer, if it desired an assignment of the respondent's rights, prove a contractual obligation on the part of Lowell and Dunmore to assign the patents to the Government. The averments clearly disclose this. The bill in No. 316 is typical. After reciting that the employees were laboratory apprentice and associate physicist, and laboratory assistant and associate physicist, respectively, and that one of their duties was "to carry on investigation research and experimentation in such problems relating to radio and wireless *as might be assigned to them* by their superiors," it is charged "in the course of his employment as aforesaid, *there was assigned* to said Lowell by his superiors in said radio section, for *investigation and research*, the problem of developing a radio receiving set capable of operation by alternating current. . . ."

Thus the Government understood that respondent could be deprived of rights under the patents only by proof that Dunmore and Lowell were employed to devise the inventions. The findings of the courts below show how far the proofs fell short of sustaining these averments.

The Government is consequently driven to the contention that though the employees were not specifically assigned the task of making the inventions (as in *Standard Parts Co. v. Peck, supra*), still, as the discoveries were "within the general field of their research and *inventive work*," the United States is entitled to an assignment of the patents. The courts below expressly found that Dunmore and Lowell did not agree to exercise their inventive faculties in their work, and that invention was not within its scope. In this connection it is to be remembered that the written evidence of their employment does not mention research, much less invention; that never was there

a word said to either of them, prior to their discoveries, concerning invention or patents or their duties or obligations respecting these matters; that as shown by the records of the patent office, employees of the Bureau of Standards and other departments had, while so employed, received numerous patents and enjoyed the exclusive rights obtained as against all private persons without let or hindrance from the Government.<sup>11</sup> In no proper

"No exhaustive examination of the official records has been attempted. It is sufficient, however, for present purposes, to call attention to the following instances.

Dr. Frederick A. Kolster was employed in the radio section, Bureau of Standards, from December, 1912, until about March 1, 1921. He applied for the following patents: No. 1,609,366, for radio apparatus, application dated November 26, 1920. No. 1,447,165, for radio method and apparatus, application dated January 30, 1919. No. 1,311,654, for radio method and apparatus, application dated March 25, 1916. No. 1,394,560, for apparatus for transmitting radiant energy, application dated November 24, 1916. The Patent Office records show assignments of these patents to Federal Telegraph Company, San Francisco, Cal., of which Dr. Kolster is now president. He testified that these are all subject to a non-exclusive license in the United States to use and practice the same.

Burton McCollum was an employee of the Bureau of Standards between 1911 and 1924. On the dates mentioned he filed the following applications for patents, which were issued to him. No. 1,035,373, alternating current induction motor, March 11, 1912. No. 1,156,364, induction motor, February 25, 1915. No. 1,226,091, alternating current induction motor, August 2, 1915. No. 1,724,495, method and apparatus for determining the slope of subsurface rock boundaries, October 24, 1923. No. 1,724,720, method and apparatus for studying subsurface contours, October 12, 1923. The last two inventions were assigned to McCollum Geological Explorations, Inc., a Delaware corporation.

Herbert B. Brooks, while an employee of the Bureau between 1912 and 1930, filed, November 1, 1919, an application on which patent No. 1,357,197, for an electric transformer, was issued.

William W. Coblentz, an employee of the Bureau of Standards from 1913, and still such at the date of the trial, on the dates mentioned, filed applications on which patents issued as follows: No.

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sense may it be said that the contract of employment contemplated invention; everything that Dunmore and Lowell knew negatived the theory that they were employed to invent; they knew, on the contrary, that the past and then present practice was that the employees of the Bureau were allowed to take patents on their inventions and have the benefits thereby conferred save as to use by the

1,418,362, for electrical resistance, September 22, 1920. No. 1,458,165, system of electrical control, September 22, 1920. No. 1,450,061, optical method for producing pulsating electric current, August 6, 1920. No. 1,563,557, optical means for rectifying alternating currents, September 18, 1923. The Patent Office records show that all of these stand in the name of Coblentz, but are subject to a license to the United States of America.

August Hund, who was an employee of the Bureau from 1922 to 1927, on the dates mentioned filed applications on which letters patent issued: No. 1,649,828, method of preparing Piezo-electric plates, September 30, 1925. No. 1,688,713, Piezo-electric-crystal oscillator system, May 10, 1927. No. 1,688,714, Piezo-electric-crystal apparatus, May 12, 1927. No. 1,648,689, condenser transmitter, April 10, 1926. All of these patents are shown of record to have been assigned to Wired Radio, Inc., a corporation.

Paul R. Heyl and Lyman J. Briggs, while employees of the Bureau, filed an application January 11, 1922, for patent No. 1,660,751, on inductor compass, and assigned the same to the Aeronautical Instrument Company of Pittsburgh, Pennsylvania.

C. W. Burrows was an employee of the Bureau of Standards between 1912 and 1919. While such employee he filed applications on the dates mentioned for patents, which were issued: No. 1,322,405, October 4, 1917, method and apparatus for testing magnetizable objects by magnetic leakage; assigned to Magnetic Analysis Corporation, Long Island City, N.Y. No. 1,329,578, relay, March 13, 1918; exclusive license issued to make, use and sell for the field of railway signaling and train control, to Union Switch & Signal Company, Swissvale, Pa. No. 1,459,970, method of and apparatus for testing magnetizable objects, July 25, 1917; assigned to Magnetic Analysis Corporation, Long Island City, N.Y.

John A. Willoughby, an employee of the Bureau of Standards between 1918 and 1922, while so employed, on June 26, 1919, applied for and was granted a patent, No. 1,555,345, for a loop antenna.

United States. The circumstances preclude the implication of any agreement to assign their inventions or patents.

The record affords even less basis for inferring a contract on the part of the inventors to refrain from patenting their discoveries than for finding an agreement to assign them.

The bills aver that the inventions and patents are held in trust for the United States, and that the court should so declare. It is claimed that as the work of the Bureau, including all that Dunmore and Lowell did, was in the public interest, these public servants had dedicated the offspring of their brains to the public, and so held their patents in trust for the common weal, represented here in a corporate capacity by the United States. The patentees, we are told, should surrender the patents for cancellation, and the respondent must also give up its rights under the patents.

The trust cannot be express. Every fact in the case negatives the existence of one. Nor can it arise *ex maleficio*. The employees' conduct was not fraudulent in any respect. They promptly disclosed their inventions. Their superiors encouraged them to proceed in perfecting and applying the discoveries. Their note books and reports disclosed the work they were doing, and there is not a syllable to suggest their use of time or material was clandestine or improper. No word was spoken regarding any claim of title by the Government until after applications for patents were filed. And, as we have seen, no such trust has been spelled out of the relation of master and servant, even in the cases where the employee has perfected his invention by the use of his employer's time and materials. The cases recognizing the doctrine of shop rights may be said to fix a trust upon the employee in favor of his master as respects the use of the invention

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by the latter, but they do not affect the title to the patent and the exclusive rights conferred by it against the public.

The Government's position in reality is, and must be, that a public policy, to be declared by a court, forbids one employed by the United States, for scientific research, to obtain a patent for what he invents, though neither the Constitution nor any statute so declares.

Where shall the courts set the limits of the doctrine? For, confessedly, it must be limited. The field of research is as broad as that of science itself. If the petitioner is entitled to a cancellation of the patents in this case, would it be so entitled if the employees had done their work at home, in their own time and with their own appliances and materials? What is to be said of an invention evolved as the result of the solution of a problem in a realm apart from that to which the employee is assigned by his official superiors? We have seen that the Bureau has numerous divisions. It is entirely possible that an employee in one division may make an invention falling within the work of some other division. Indeed this case presents that exact situation, for the inventions in question had to do with radio reception, a matter assigned to a group of which Dunmore and Lowell were not members. Did the mere fact of their employment by the Bureau require these employees to cede to the public every device they might conceive?

Is the doctrine to be applied only where the employment is in a bureau devoted to scientific investigation *pro bono publico*? Unless it is to be so circumscribed, the statements of this court in *United States v. Burns, supra*, *Solomons v. United States, supra*, and *Gill v. United States, supra*, must be held for naught.

Again, what are to be defined as bureaus devoted entirely to scientific research? It is common knowledge that many in the Department of Agriculture conduct re-

searches and investigations; that divisions of the War and Navy Departments do the like; and doubtless there are many other bureaus and sections in various departments of government where employees are set the task of solving problems all of which involve more or less of science. Shall the field of the scientist be distinguished from the art of a skilled mechanic? Is it conceivable that one working on a formula for a drug or an antiseptic in the Department of Agriculture stands in a different class from a machinist in an arsenal? Is the distinction to be that where the government department is, so to speak, a business department operating a business activity of the government, the employee has the same rights as one in private employment, whereas if his work be for a bureau interested more particularly in what may be termed scientific research he is upon notice that whatever he invents in the field of activity of the bureau, broadly defined, belongs to the public and is unpatentable? Illustrations of the difficulties which would attend an attempt to define the policy for which the Government contends might be multiplied indefinitely.

The courts ought not to declare any such policy; its formulation belongs solely to the Congress. Will permission to an employee to enjoy patent rights as against all others than the Government tend to the improvement of the public service by attracting a higher class of employees? Is there in fact greater benefit to the people in a dedication to the public of inventions conceived by officers of government, than in their exploitation under patents by private industry? Should certain classes of invention be treated in one way and other classes differently? These are not legal questions, which courts are competent to answer. They are practical questions, and the decision as to what will accomplish the greatest good for the inventor, the Government and the public rests

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with the Congress. We should not read into the patent laws limitations and conditions which the legislature has not expressed.

*Fourth.* Moreover, we are of opinion Congress has approved a policy at variance with the petitioner's contentions. This is demonstrated by examination of two statutes, with their legislative history, and the hearings and debates respecting proposed legislation which failed of passage.

Since 1883 there has been in force an act<sup>12</sup> which provides:

"The Secretary of the Interior [now the Secretary of Commerce, Act of February 14, 1903, c. 552, § 12, 32 Stat. 830] and the Commissioner of Patents are authorized to grant any officer of the government, except officers and employees of the Patent Office, a patent for any invention of the classes mentioned in section forty eight hundred and eighty six of the Revised Statutes, when such invention is used or to be used in the public service, without the payment of any fee: *Provided*, That the applicant in his application shall state that the invention described therein, if patented, may be used by the government or any of its officers or employees in the prosecution of work for the government, or by any other person in the United States, without the payment to him of any royalty thereon, which stipulation shall be included in the patent."

This law was evidently intended to encourage government employees to obtain patents, by relieving them of the payment of the usual fees. The condition upon which the privilege was accorded is stated as the grant of free use by the government, "its officers or employees in the prosecution of work for the government, or by any

<sup>12</sup>Act of March 3, 1883, c. 143, 22 Stat. 625.



*other person in the United States.*" For some time the effect of the italicized phrase was a matter of doubt.

In 1910 the Judge Advocate General of the Army rendered an opinion to the effect that one taking a patent pursuant to the act threw his invention "open to public and private use in the United States."<sup>13</sup> It was later realized that this view made such a patent a contradiction in terms, for it secured no exclusive right to anyone. In 1918 the Judge Advocate General gave a well-reasoned opinion<sup>14</sup> holding that if the statute were construed to involve a dedication to the public, the so-called patent would at most amount to a publication or prior reference. He concluded that the intent of the act was that the free use of the invention extended only to the Government or those doing work for it. A similar construction was adopted in an opinion of the Attorney General.<sup>15</sup> Several federal courts referred to the statute and in *dicta* indicated disagreement with the views expressed in these later opinions.<sup>16</sup>

The departments of government were anxious to have the situation cleared, and repeatedly requested that the act be amended. Pursuant to the recommendations of the War Department an amendment was enacted April 30, 1928.<sup>17</sup> The proviso was changed to read:

"*Provided*, That the applicant in his application shall state that the invention described therein, if patented,

<sup>13</sup> See *Squier v. American T. & T. Co.*, 21 F. (2d) 747, 748.

<sup>14</sup> November 30, 1918; Opinions of Judge Advocate General, 1918, Vol. 2, p. 1029.

<sup>15</sup> 32 Opinions Attorney General, 145.

<sup>16</sup> See *Squier v. American Tel. & Tel. Co.*, 7 F. (2d) 831, 21 F. (2d) 747; *Hazeltine Corporation v. Electric Service Engineering Corp.*, 18 F. (2d) 662; *Hazeltine Corporation v. A. W. Grebe & Co.*, 21 F. (2d) 643; *Selden Co. v. National Aniline & Chemical Co.*, 48 F. (2d) 270.

<sup>17</sup> 45 Stat. 467, 468.

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may be manufactured or used by or for the Government for governmental purposes without the payment to him of any royalty thereon, which stipulation shall be included in the patent."

The legislative history of the amendment clearly discloses the purpose to save to the employee his right to exclude the public.<sup>18</sup> In the report of the Senate Committee on Patents submitted with the amendment, the object of the bill was said to be the protection of the interests of the Government, primarily by securing patents on inventions made by officers and employees, presently useful in the interest of the national defense or those which may prove useful in the interest of national defense in the future; and secondarily, to encourage the patenting of inventions by officers and employees of the Government with the view to future protection of the Government against suits for infringement of patents. The committee stated that the bill had the approval of the Commissioner of Patents and was introduced at the request of the Secretary of War. Appended to the report is a copy of a letter of the Secretary of War addressed to the committees of both Houses stating that the language of the legislation then existing was susceptible of two interpretations contrary to each other. The letter quoted the proviso of the section as it then stood, and continued:

"It is clear that a literal construction of this proviso would work a dedication to the public of every patent taken out under the act. If the proviso must be construed literally we would have a situation wherein all the patents taken out under the act would be nullified by the

<sup>18</sup> Report No. 871, 70th Cong., 1st Sess., House of Representatives, to accompany H.R. 6103; Report No. 765, 70th Cong., 1st Sess., Senate, to accompany H.R. 6103; Cong. Rec., House of Representatives, March 19, 1928, 70th Cong., 1st Sess., p. 5013; Cong. Rec., Senate, April 24, 1928, 70th Cong., 1st Sess., p. 7066.

very terms of the act under which they were granted, for the reason that a patent which does not carry with it the limited monopoly referred to in the Constitution is in reality not a patent at all. The only value that a patent has is the right that it extends to the patentee to exclude all others from making, using, or selling the invention for a certain period of years. A patent that is dedicated to the public is virtually the same as a patent that has expired."

After referring to the interpretation of the Judge Advocate General and the Attorney General and mentioning that no satisfactory adjudication of the question had been afforded by the courts, the letter went on to state:

"Because of the ambiguity referred to and the unsettled condition that has arisen therefrom, it has become the policy of the War Department to advise all its personnel who desire to file applications for letters patent, to do so under the general law and pay the required patent-office fee in each case."

And added:

"If the proposed legislation is enacted into law, Government officers and employees may unhesitatingly avail themselves of the benefits of the act with full assurance that in so doing their patent is not dedicated to the public by operation of law. The War Department has been favoring legislation along the lines of the proposed bill for the past five or six years."

When the bill came up for passage in the House a colloquy occurred which clearly disclosed the purpose of the amendment.<sup>19</sup> The intent was that a government

<sup>19</sup> Cong. Rec., 70th Cong., 1st Sess., Vol. 69, Part 5, p. 5013:

"Mr. LaGuardia. Mr. Speaker, reserving the right to object, is not the proviso too broad? Suppose an employee of the Government invents some improvement which is very valuable, is he compelled to give the Government free use of it?"

"Mr. Vestal [who reported the bill for the Committee and was in charge of it]. If he is employed by the Government and the in-

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employee who in the course of his employment conceives an invention should afford the Government free use thereof, but should be protected in his right to exclude all others. If Dunmore and Lowell, who tendered the Government a non-exclusive license without royalty, and always understood that the Government might use their inventions freely, had proceeded under the act of 1883, they would have retained their rights as against all but the United States. This is clear from the executive interpretation of the act. But for greater security they pursued the very course then advised by the law officers of the Government. It would be surprising if they thus lost all rights as patentees; especially so, since Congress has now confirmed the soundness of the views held by the law officers of the Government.

vention is made while working in his capacity as an agent of the Government. If the head of the bureau certifies this invention will be used by the Government, then the Government, of course gets it without the payment of any royalty.

"Mr. LaGuardia. *The same as a factory rule?*

"Mr. Vestal. *Yes; but the man who takes out the patent has his commercial rights outside.*

"Mr. LaGuardia. *Outside of the Government?*

"Mr. Vestal. *Yes.*

"Mr. LaGuardia. But the custom is, and without this bill, the Government has the right to the use of the improvement without payment if it is invented in Government time and in Government work.

"Mr. Vestal. That is correct; and then on top of that, may I say that a number of instances have occurred where an employee of the Government, instead of taking out a patent had some one else take out the patent and the Government has been involved in a number of suits. There is now \$600,000,000 worth of such claims in the Court of Claims."

It will be noted from the last statement of the gentleman in charge of the bill that Congress was concerned with questions of policy in the adoption of the amendment. These, as stated above, are questions of business policy and business judgment—what is to the best advantage of the Government and the public. They are not questions as to which the courts ought to invade the province of the Congress.

Until the year 1910 the Court of Claims was without jurisdiction to award compensation to the owner of a patent for unauthorized use by the United States or its agents. Its power extended only to the trial of claims based upon an express or implied contract for such use.<sup>20</sup> In that year Congress enlarged the jurisdiction to embrace the former class of claims.<sup>21</sup> In giving consent to be sued, the restriction was imposed that it should not extend to owners of patents obtained by employees of the Government while in the service. From this it is inferred that Congress recognized no right in such patentees to exclude the public from practicing the invention. But

<sup>20</sup> See *Belknap v. Schild*, 161 U.S. 10, 16; *Eager v. United States*, 35 Ct. Cls. 556.

<sup>21</sup> Act of June 25, 1910, 36 Stat. 851: (See *Crozier v. Krupp*, 224 U.S. 290.)

"That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: *Provided, however*, That said Court of Claims shall not entertain a suit or reward [*sic*] compensation under the provisions of this Act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, That the benefits of this Act shall not inure to any patentee, who, when he makes such claim is in the employment or service of the Government of the United States; or the assignee of any such patentee; nor shall this Act apply to any device discovered or invented by such employee during the time of his employment or service."

The Act was amended in respects immaterial to the present question, July 1, 1918, 40 Stat. 705. See *William Cramp & Sons Co. v. Curtis Turbine Co.*, 246 U.S. 28; *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 343. As amended it appears in U.S.C., Tit. 35, § 68.

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an examination of the legislative record completely refutes the contention.

The House Committee in reporting the bill, after referring to the law as laid down in the *Solomons* case, said: "The United States in such a case has an implied license to use the patent without compensation, for the reason that the inventor used the time or the money or the material of the United States in perfecting his invention. The use by the United States of such a patented invention without any authority from the owner thereof is a lawful use under existing law, and we have inserted the words 'or lawful right to use the same' in order to make it plain that we do not intend to make any change in existing law in this respect, and do not intend to give the owner of such a patent any claim against the United States for its use."<sup>22</sup> From this it is clear that Congress had no purpose to declare a policy at variance with the decisions of this court.

The executive departments have advocated legislation regulating the taking of patents by government employees and the administration by government agencies of the patents so obtained. In 1919 and 1920 a bill sponsored by the Interior Department was introduced. It provided for the voluntary assignment or license by any government employee, to the Federal Trade Commission, of a patent applied for by him, and the licensing of manufacturers by the Commission, the license fees to be paid into the Treasury and such part of them as the President might deem equitable to be turned over to the patentee.<sup>23</sup> In the hearings and reports upon this measure stress was laid not only upon the fact that action by an employee thereunder would be voluntary, but that the inventor would be protected at least to some extent in his private

<sup>22</sup> House Report 1288, 61st Cong., 2d Sess.

<sup>23</sup> S. 5265, 65th Cong. 3d Sess.; S. 3223, 66th Cong., 2d Sess.; H.R. 9932, 66th Cong., 2d Sess.; H.R. 11984, 66th Cong., 3d Sess.

right of exclusion. It was recognized that the Government could not compel an assignment, was incapable of taking such assignment or administering the patent, and that it had shop-rights in a patent perfected by the use of government material and in government working time. Nothing contained in the bill itself or in the hearings or reports indicates any intent to change the existing and well understood rights of government employees who obtain patents for their inventions made while in the service. The measure failed of passage.

In 1923 the President sent to the Congress the report of an interdepartmental patents-board created by executive order to study the question of patents within the government service and to recommend regulations establishing a policy to be followed in respect thereof. The report adverted to the fact that in the absence of a contract providing otherwise a patent taken out by a government employee, and any invention developed by one in the public service, is the sole property of the inventor. The committee recommended strongly against public dedication of such an invention, saying that this in effect voids a patent, and, if this were not so, "there is little incentive for anyone to take up a patent and spend time, effort, and money . . . on its commercial development without at least some measure of protection against others free to take the patent as developed by him and compete in its use. In such a case one of the chief objects of the patent law would be defeated."<sup>24</sup> In full accord is the statement on behalf of the Department of the Interior in a memorandum furnished with respect to the bill introduced in 1919.<sup>25</sup>

With respect to a policy of permitting the patentee to take a patent and control it in his own interest (subject,

<sup>24</sup> Sen. Doc. No. 83, 68th Cong., 1st Sess., p. 3.

<sup>25</sup> Hearings, Senate Patent Committee, 66th Cong., 2d Sess., January 23, 1920, p. 11.

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of course, to the Government's right of use, if any) the committee said:

"... it must not be lost sight of that in general it is the constitutional right of every patentee to exploit his patent as he may desire, however expedient it may appear to endeavor to modify this right in the interest of the public when the patentee is in the Government service."<sup>26</sup>

Concerning a requirement that all patents obtained by government employees be assigned to the United States or its agent, the committee said:

"... it would, on the one hand, render difficult securing the best sort of technical men for the service and, on the other, would influence technical workers to resign in order to exploit inventions which they might evolve and suppress while still in the service. There has always been more or less of a tendency for able men in the service to do this, particularly in view of the comparative meagerness of Government salaries; thus the Government has suffered loss among its most capable class of workers."<sup>27</sup>

The committee recommended legislation to create an Interdepartmental Patents Board; and further that the law make it part of the express terms of employment, having the effect of a contract, that any patent application made or patent granted for an invention discovered or developed during the period of government service and incident to the line of official duties, which in the judgment of the board should, in the interest of the national defense, or otherwise in the public interest, be controlled by the Government, should upon demand by the board be assigned by the employee to an agent of the Government. The recommended measures were not adopted.

<sup>26</sup> Sen. Doc. No. 83, 68th Cong., 1st Sess., p. 3.

<sup>27</sup> *Ibid.*, p. 4.



*Fifth.* Congress has refrained from imposing upon government servants a contract obligation of the sort above described. At least one department has attempted to do so by regulation.<sup>28</sup> Since the record in this case discloses that the Bureau of Standards had no such regulation, it is unnecessary to consider whether the various departments have power to impose such a contract upon employees without authorization by act of Congress. The question is more difficult under our form of government than under that of Great Britain, where such departmental regulations seem to settle the matter.<sup>29</sup>

All of this legislative history emphasizes what we have stated—that the courts are incompetent to answer the difficult question whether the patentee is to be allowed his exclusive right or compelled to dedicate his invention to the public. It is suggested that the election rests with the authoritative officers of the Government. Under what power, express or implied, may such officers, by administrative fiat, determine the nature and extent of rights exercised under a charter granted a patentee pursuant to constitutional and legislative provisions? Apart from the fact that express authority is nowhere to be found, the question arises, who are the authoritative officers whose determination shall bind the United States and the patentee? The Government's position comes to this—that the courts may not reexamine the exercise of an authority by some officer, not named, purporting to deprive the patentee of the rights conferred upon him by law. Nothing would be settled by such a holding, except that the determination of the reciprocal rights and obligations of the Government and its employee as re-

<sup>28</sup> See Annual Report, Department of Agriculture, for 1907, p. 775. See *Selden Co. v. National Aniline & Chemical Co.*, 48 F. (2d) 270, 273.

<sup>29</sup> Queen's Regulations (Addenda 1895, 1st February); Ch. 1, Instructions for Officers in General, pp. 15-16.

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spects inventions are to be adjudicated, without review, by an unspecified department head or bureau chief. Hitherto both the executive and the legislative branches of the Government have concurred in what we consider the correct view,—that any such declaration of policy must come from Congress and that no power to declare it is vested in administrative officers.

The decrees are

*Affirmed.*

MR. JUSTICE STONE, dissenting.

I think the decrees should be reversed.

The Court's conclusion that the employment of Dunmore and Lowell did not contemplate that they should exercise inventive faculties in their service to the government, and that both courts below so found, seems to render superfluous much that is said in the opinion. For it has not been contended, and I certainly do not contend, that if such were the fact there would be any foundation for the claim asserted by the government. But I think the record does not support the Court's conclusion of fact. I am also unable to agree with the reasoning of the opinion, although on my view of the facts it would lead to the reversal of the decree below, which I favor.

When originally organized<sup>1</sup> as a subdivision of the Department of Commerce, the functions of the Bureau of Standards consisted principally of the custody, comparison, construction, testing and calibration of standards and the solution of problems arising in connection with standards. But in the course of its investigation of standards of quality and performance it has gradually expanded into a laboratory for research of the broadest character in various branches of science and industry and particularly

<sup>1</sup> Act of March 3, 1901, 31 Stat. 1449; Act of February 14, 1903, § 4, 32 Stat. 825, 826. For an account of the origin and development of the Bureau and its predecessor, see Weber, *The Bureau of Standards*, 1-75.

in the field of engineering.<sup>2</sup> Work of this nature is carried on for other government departments,<sup>3</sup> the general public<sup>4</sup> and private industries.<sup>5</sup> It is almost entirely supported by public funds,<sup>6</sup> and is maintained in the pub-

<sup>2</sup> Much of the expansion of the Bureau's activities in this direction took place during the war. See Annual Report of the Director, Bureau of Standards, for 1919, p. 25; War Work of the Bureau of Standards (1921), Misc. Publications of the Bureau of Standards No. 46. The scope of the Bureau's scientific work is revealed by the annual reports of the Director. See also the bibliography of Bureau publications for the years 1901-1925, Circular of the Bureau of Standards No. 24 (1925).

<sup>3</sup> The Act of May 29, 1920, 41 Stat. 631, 683, 684, permitted other departments to transfer funds to the Bureau of Standards for such purposes, though even before that time it was one of the major functions of the Bureau to be of assistance to other branches of the service. See *e.g.* Annual Reports of the Director for 1915, 1916, 1917, p. 16; Annual Report for 1918, p. 18; compare Annual Report for 1921, p. 25; for 1922, p. 10.

<sup>4</sup> The consuming public is directly benefited not only by the Bureau's work in improving the standards of quality and performance of industry, but also by the assistance which it lends to governmental bodies, state and city. See Annual Reports of the Director for 1915, 1916, 1917, p. 14; Annual Report for 1918, p. 16; National Bureau of Standards, Its Functions and Activity, Circular of the Bureau of Standards, No. 1 (1925), pp. 28, 33.

<sup>5</sup> Coöperation with private industry has been the major method relied upon to make the accomplishments of the Bureau effective. See Annual Report for 1922, p. 7; Annual Report for 1923, p. 3. A system of research associates permits industrial groups to maintain men at the Bureau for research of mutual concern. The plan has facilitated coöperation. See Annual Report for 1923, p. 4; Annual Report for 1924, p. 35; Annual Report for 1925, p. 38; Annual Reports for 1926, 1928, 1929, 1931, 1932, p. 1; Research Associates at the Bureau of Standards, Bureau Circular No. 296 (1926). For a list of coöperating organizations as of December 1, 1926, see Misc. Publications No. 96 (1927).

<sup>6</sup> No fees have been charged except to cover the cost of testing, but the Act of June 30, 1932, c. 314, § 312, 47 Stat. 410, directs that "for all comparisons, calibrations, tests or investigations, performed" by the Bureau except those performed for the Government of the United

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lic interest. In 1915, as the importance of radio to the government and to the public increased, Congress appropriated funds<sup>7</sup> to the Bureau "for investigation and standardization of methods and instruments employed in radio communication." Similar annual appropriations have been made since and public funds were allotted by Acts of July 1, 1916, c. 209, 39 Stat. 262, 324 and October 6, 1917, c. 79, 40 Stat. 345, 375, for the construction of a fireproof laboratory building "to provide additional space to be used for research and testing in radio communication," as well as "space and facilities for coöperative research and experimental work in radio communication" by other departments of the government. Thus, the conduct of research and scientific investigation in the field of radio has been a duty imposed by law upon the Bureau of Standards since 1915.

Radio research has been conducted in the Radio Section of the Electric Division of the Bureau. In 1921 and 1922, when Dunmore and Lowell made the inventions in controversy, they were employed in this section as members of the scientific staff. They were not, of course, engaged to invent, in the sense in which a carpenter is employed to build a chest, but they were employed to conduct scientific investigations in a laboratory devoted principally to applied rather than pure science with full knowledge and expectation of all concerned that their investigations might normally lead, as they did, to invention. The Bureau was as much devoted to the advancement of the radio art by invention as by discovery which falls short of it. Hence, invention in the field of radio was a goal intimately related to and embraced within the purposes of the work of the scientific staff.

States or a State, "a fee sufficient in each case to compensate the . . . Bureau . . . for the entire cost of the services rendered shall be charged. . . ."

<sup>7</sup> Act of March 4, 1915, c. 141, 38 Stat. 997, 1044.

Both courts below found that Dunmore and Lowell were impelled to make these inventions "solely by their own scientific curiosity." They undoubtedly proceeded upon their own initiative beyond the specific problems upon which they were authorized or directed to work by their superiors in the Bureau, who did not actively supervise their work in its inventive stages. But the evidence leaves no doubt that in all they did they were following the established practice of the Section. For members of the research staff were expected and encouraged to follow their own scientific impulses in pursuing their researches and discoveries to the point of useful application, whether they involved invention or not, and even though they did not relate to the immediate problem in hand. After the inventions had been conceived they were disclosed by the inventors to their chief and they devoted considerable time to perfecting them, with his express approval. All the work was carried on by them in the government laboratory with the use of government materials and facilities, during the hours for which they received a government salary. Its progress was recorded throughout in weekly and monthly reports which they were required to file, as well as in their laboratory notebooks. It seems clear that in thus exercising their inventive powers in the pursuit of ideas reaching beyond their specific assignments, the inventors were discharging the duties expected of scientists employed in the laboratory; Dunmore as well as his supervisors, testified that such was their conception of the nature of the work. The conclusion is irresistible that their scientific curiosity was precisely what gave the inventors value as research workers; the government employed it and gave it free rein in performing the broad duty of the Bureau of advancing the radio art by discovery and invention.

The courts below did not find that there was any agreement between the government and the inventors as to

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their relative rights in the patents and there was no evidence to support such a finding. They did not find, and upon the facts in evidence and within the range of judicial notice, they could not find that the work done by Dunmore and Lowell leading to the inventions in controversy was not within the scope of their employment. Such a finding was unnecessary to support the decisions below, which proceeded on the theory relied on by the respondent here, that in the absence of an express contract to assign it, an employer is entitled to the full benefit of the patent granted to an employee, only when it is for a particular invention which the employee was specifically hired or directed to make. The bare references by the court below to the obvious facts that "research" and "invention" are not synonymous, and that all research work in the Bureau is not concerned with invention, fall far short of a finding that the work in the Bureau did not contemplate invention at all. Those references were directed to a different end, to the establishment of what is conceded here, that Dunmore and Lowell were not *specifically* hired or directed to make the inventions because in doing so they proceeded beyond the assignments given them by their superiors. The court's conception of the law, applied to this ultimate fact, led inevitably to its stated conclusion that the claim of the government is without support in reason or authority "unless we should regard a general employment for research work as synonymous with a particular employment (or assignment) for inventive work."

The opinion of this Court apparently rejects the distinction between specific employment or assignment and general employment to invent, adopted by the court below and supported by authority, in favor of the broader position urged by the government that wherever the employee's duties involve the exercise of inventive powers, the employer is entitled to an assignment of the pat-

ent on any invention made in the scope of the general employment. As I view the facts, I think such a rule, to which this Court has not hitherto given explicit support, would require a decree in favor of the government. It would also require a decree in favor of a private employer, on the ground stated by the court that as the employee "has only produced what he is employed to invent," a specifically enforceable "term of the agreement necessarily is that what he is paid to produce belongs to his paymaster." A theory of decision so mechanical is not forced upon us by precedent and cannot, I think, be supported.

What the employee agrees to assign to his employer is always a question of fact. It cannot be said that merely because an employee agrees to invent, he also agrees to assign any patent secured for the invention. Accordingly, if an assignment is ordered in such a case it is no more to be explained and supported as the specific enforcement of an agreement to transfer property in the patent than is the shop-right which equity likewise decrees, where the employment does not contemplate invention. All the varying and conflicting language of the books cannot obscure the reality that in any case where the rights of the employer to the invention are not fixed by express contract, and no agreement in fact may fairly be implied, equity determines after the event what they shall be. In thus adjudicating *in invitum* the consequences of the employment relationship, equity must reconcile the conflicting claims of the employee who has evolved the idea and the employer who has paid him for his time and supplied the materials utilized in experimentation and construction. A task so delicate cannot be performed by accepting the formula advanced by the petitioner any more than by adopting that urged by the respondent, though both are not without support in the

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opinions of this Court. Compare *Hapgood v. Hewitt*, 119 U.S. 226; *Dalzell v. Dueber Mfg. Co.*, 149 U.S. 315; *Solomons v. United States*, 137 U.S. 342, 346; *Gill v. United States*, 160 U.S. 426, 435; *Standard Parts Co. v. Peck*, 264 U.S. 52.

Where the employment does not contemplate the exercise of inventive talent the policy of the patent laws to stimulate invention by awarding the benefits of the monopoly to the inventor and not to someone else leads to a ready compromise: a shop-right gives the employer an adequate share in the unanticipated boon.<sup>8</sup> *Hapgood v. Hewitt*, *supra*; *Lane & Bodley Co. v. Locke*, 150 U.S. 193; *Dalzell v. Dueber Mfg. Co.*, *supra*; *Pressed Steel Car Co. v. Hansen*, 137 Fed. 403; *Amdyco Corp. v. Urquhart*, 39 F. (2d) 943, *aff'd* 51 F. (2d) 1072; *Ingle v. Landis Tool Co.*, 272 Fed. 464; see *Beecroft & Blackman v. Rooney*, 268 Fed. 545, 549.

But where, as in this case, the employment contemplates invention, the adequacy of such a compromise is more doubtful not because it contravenes an agreement for an assignment, which may not exist, but because, arguably, as the patent is the fruit of the very work which the employee is hired to do and for which he is paid, it should no more be withheld from the employer, in equity and good conscience, than the product of any other service which the employee engages to render. This result has been reached where the contract was to devise a means for solving a defined problem, *Standard Parts Co. v. Peck*, *supra*, and the decision has been thought to establish the employer's right wherever the employee is hired or assigned to evolve a process or mechanism for meeting a specific need. *Magnetic Mfg. Co. v. Dings Magnetic Separator Co.*, 16 F. (2d) 739; *Goodyear Tire & Rubber*

<sup>8</sup> See the cases collected in 30 *Columbia Law Rev.* 1172; 36 *Harvard Law Rev.* 468.



*Co. v. Miller*, 22 F. (2d) 353, 356; *Houghton v. United States*, 23 F. (2d) 386. But the court below and others have thought (*Pressed Steel Car Co. v. Hansen, supra*; *Houghton v. United States, supra*; *Amdyco Corp. v. Urquhart, supra*), as the respondent argues, that only in cases where the employment or assignment is thus specific may the employer demand all the benefits of the employee's invention. The basis of such a limitation is not articulate in the cases. There is at least a question whether its application may not be attributed, in some instances, to the readier implication of an actual promise to assign the patent, where the duty is to invent a specific thing (see *Pressed Steel Car Co. v. Hansen, supra*, 415), or, in any case, to the reluctance of equity logically to extend, in this field, the principle that the right to claim the service includes the right to claim its product. The latter alternative may find support in the policy of the patent laws to secure to the inventor the fruits of his inventive genius, in the hardship which may be involved in imposing a duty to assign all inventions, see *Dalzell v. Dueber Mfg. Co., supra*, 323, cf. *Aspinwall Mfg. Co. v. Gill*, 32 Fed. 697, 700, and in a possible inequality in bargaining power of employer and employee. But compare *Goodyear Tire & Rubber Co. v. Miller, supra*, 355; *Hulse v. Bonsack Mach. Co.*, 65 Fed. 864, 868; see 30 Columbia Law Rev. 1172, 1176-8. There is no reason for determining now the weight which should be accorded these objections to complete control of the invention by the employer, in cases of ordinary employment for private purposes. Once it is recognized, as it must be, that the function of the Court in every case is to determine whether the employee may, in equity and good conscience retain the benefits of the patent, it is apparent that the present case turns upon considerations which distinguish it from any which has thus far been decided.

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The inventors were not only employed to engage in work which unmistakably required them to exercise their inventive genius as occasion arose; they were a part of a public enterprise. It was devoted to the improvement of the art of radio communication for the benefit of the people of the United States, carried on in a government laboratory, maintained by public funds. Considerations which might favor the employee where the interest of the employer is only in private gain are therefore of slight significance; the policy dominating the research in the Bureau, as the inventors knew, was that of the government to further the interests of the public by advancing the radio art. For the work to be successful, the government must be free to use the results for the benefit of the public in the most effective way. A patent monopoly in individual employees, carrying with it the power to suppress the invention, or at least to exclude others from using it, would destroy this freedom; a shop-right in the government would not confer it. For these employees, in the circumstances, to attempt to withhold from the public and from the government the full benefit of the inventions which it has paid them to produce, appears to me so unconscionable and inequitable as to demand the interposition of a court exercising chancery powers. A court which habitually enjoins a mortgagor from acquiring and setting up a tax title adversely to the mortgagee, *Middletown Savings Bank v. Bacharach*, 46 Conn. 513, 524; *Chamberlain v. Forbes*, 126 Mich. 86; 85 N.W. 253; *Waring v. National Savings & Trust Co.*, 138 Md. 367; 114 Atl. 57; see 2 Jones on Mortgages (8th ed.), § 841, should find no difficulty in enjoining these employees and the respondent claiming under them from asserting, under the patent laws, rights which would defeat the very object of their employment. The capacity of equitable doctrine for growth and of courts of equity to mould it to

new situations, was not exhausted with the establishment of the employer's shop-right. See *Essex Trust Co. v. Enwright*, 214 Mass. 507; 102 N.E. 441; *Meinhard v. Salmon*, 249 N.Y. 458; 164 N.E. 545.

If, in the application of familiar principles to the situation presented here, we must advance somewhat beyond the decided cases, I see nothing revolutionary in the step. We need not be deterred by fear of the necessity, inescapable in the development of the law, of setting limits to the doctrine we apply, as the need arises. That prospect does not require us to shut our eyes to the obvious consequences of the decree which has been rendered here. The result is repugnant to common notions of justice and to policy as well, and the case must turn upon these considerations if we abandon the illusion that equity is called upon merely to enforce a contract, albeit, one that is "implied." The case would be more dramatic if the inventions produced at public expense were important to the preservation of human life, or the public health, or the agricultural resources of the country. The principle is the same here, though the inventions are of importance only in the furtherance of human happiness. In enlisting their scientific talent and curiosity in the performance of the public service in which the Bureau was engaged, Dunmore and Lowell necessarily renounced the prospect of deriving from their work commercial rewards incompatible with it.\* Hence, there is nothing oppressive or

\* It has been said that many scientists in the employ of the government regard the acceptance of patent rights leading to commercial rewards in any case as an abasement of their work. Hearings on Exploitation of Inventions by Government Employees, Senate Committee on Patents, 65th Cong., 3d Sess. (1919), pp. 16, 17; see also the Hearings before the same Committee, January 23, 1920, 66th Cong., 2d Sess. (1920), p. 5. The opinion of the Court attributes importance to the fact, seemingly irrelevant, that other employees of the Bureau have in some instances in the past taken out patents on their

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unconscionable in requiring them or their licensee to surrender their patents at the instance of the United States, as there probably would be if the inventions had not been made within the scope of their employment or if the employment did not contemplate invention at all.

The issue raised here is unaffected by legislation. Undoubtedly the power rests with Congress to enact a rule of decision for determining the ownership and control of patents on inventions made by government employees in the course of their employment. But I find no basis for saying that Congress has done so or that it has manifested any affirmative policy for the disposition of cases of this kind, which is at variance with the considerations which are controlling here.

The Act of June 25, 1910, 36 Stat. 851, as amended July 1, 1918, 40 Stat. 704, 705, permitted patentees to sue the government in the Court of Claims for the unauthorized use of their patents. It was in effect an eminent domain statute by which just compensation was secured to the patentee, whose patent had been used by the government. See *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331. This statute excluded government employees from the benefits of the Act in order, as the House Committee Report explicitly points out, to leave unaffected the shop-rights of the government. See H.R. Report No. 1288, 61st Cong. 2d Sess. A statute thus

inventions which, so far as appears, the government has not prevented them from enjoying. The circumstances under which those inventions were made do not appear. But even if they were the same as those in the present case there is no basis for contending that because the government saw fit not to assert its rights in other cases it has lost them in this. Moreover, there is no necessary inconsistency in the government's position if it concluded in those cases that the public interest would be served best by permitting the employees to exploit their inventions themselves, and adopted a contrary conclusion here.

aimed at protecting in every case the minimum rights of the government can hardly be taken to deny other and greater rights growing out of the special equity of cases like the present.

The Act of April 30, 1928, 45 Stat. 467, 468, amending an earlier statute of 1883 (22 Stat. 625), so as to permit a patent to be issued to a government employee without payment of fees, for any invention which the head of a department or independent bureau certifies "is used or liable to be used in the public service," and which the application specifies may, if patented, "be manufactured and used by or for the Government for governmental purposes without the payment of . . . any royalty," was passed, it is true, with the general purpose of encouraging government employees to take out patents on their inventions. But this purpose was not, as the opinion of the Court suggests, born of a Congressional intent that a government employee who conceives an invention in the course of his employment should be protected in his right to exclude all others but the government from using it. Congress was concerned neither with enlarging nor with narrowing the relative rights of the government and its employees.<sup>10</sup> This is apparent from the language of the statute that the patent shall be issued without a fee "subject to existing law," as well as from the records of its legislative history.<sup>11</sup>

<sup>10</sup> Throughout the various speculations in committee as to what those rights were, it was generally agreed that they were intended to remain unchanged by the bill. See Hearings before the House Committee on Patents, 68th Cong., 2d Sess., on H.R. 3267 and 11403 (1925); Hearings before the same Committee, 70th Cong., 1st Sess. (1928), especially at pp. 8-13. The discussion on the floor of the House, referred to in the opinion of the Court (see note 19) does not indicate the contrary.

<sup>11</sup> In addition to the hearings cited *supra*, note 10, see H.R. Report No. 1596, 68th Cong., 2d Sess.; H.R. Report No. 871, Senate Report

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The purpose of Congress in facilitating the patenting of inventions by government employees was to protect the existing right of the government to use all devices invented in the service, whether or not the patentee was employed to use his inventive powers. Experience had shown that this shop-right was jeopardized unless the employee applied for a patent, since without the disclosure incident to the application the government was frequently hampered in its defense of claims by others asserting priority of invention. But doubt which had arisen whether an application for a patent under the Act of 1883 did not operate to dedicate the patent to the public,<sup>12</sup> and reluctance to pay the fees otherwise required, had led government employees to neglect to make applications, even when they were entitled to the benefits of the monopoly subject only to the government's right of use. This doubt the amendment removed. It can hardly be contended that in removing it in order to aid the government in the protection of its shopright, Congress declared a policy that it should have no greater right to control a patent procured either under this special statute or under the general patent laws by fraud or any other type of inequitable conduct. Had such a policy been declared, it is difficult to see on what basis we could award the government a remedy, as it seems to be agreed we would, if Dunmore and Lowell had been specifically employed to make the inventions. There is nothing to indicate that Congress adopted one policy for such a case and a contrary one for this.

No. 765, 70th Cong., 1st Sess. The bill was originally a companion proposal to the Federal Trade Commission bill discussed *infra*, note 13. See the references given there.

<sup>12</sup> See *Selden Co. v. National Aniline & Chemical Co.*, 48 F. (2d) 270, 272; *Squier v. American Telephone & Telegraph Co.*, 7 F. (2d) 831, 832, affirmed 21 F. (2d) 747.

Other legislation proposed but not enacted,<sup>13</sup> requires but a word. Even had Congress expressly rejected a bill purporting to enact into law the rule of decision which I think applicable here, its failure to act could not be accorded the force of law. But no such legislation has been proposed to Congress, and that which was suggested may have been and probably was defeated for reasons unconnected with the issue presented in this case. The legislative record does show, as the opinion of the Court states, that it is a difficult question which has been the subject of consideration at least since the war, whether the public interest is best served by the

<sup>13</sup>The bill referred to in the opinion of the Court was one sponsored by the executive departments to endow the Federal Trade Commission with the power to accept assignments of patents from government employees and administer them in the public interest. It passed the Senate on one occasion and the House on another but failed to become a law. (S. 5265, 65th Cong., 3d Sess., S. 3223, 66th Cong., 1st Sess., H.R. 9932, 66th Cong., 1st Sess., H.R. 11984, 66th Cong., 3d Sess.) In the course of hearings and debates many points of view were expressed. See Hearings on Exploitation of Inventions by Government Employees, Senate Committee on Patents, 65th Cong., 3d Sess. (1919); Hearing before the same Committee, 66th Cong., 2d Sess. (1920); Senate Report No. 405, H.R. Report No. 595, 66th Cong., 2d Sess., recommending passage. See 59 Cong. Rec., 2300, 2421, 2430, 3908, 4682, 4771, 8359, 8360, 8483, 8490; 60 *ibid.* 356; Conference Report, H.R. No. 1294, Sen. Doc. No. 379, 66th Cong., 3d Sess. And see 60 Cong. Rec., 2890, 3229, 3264-3269, 3537. Differences were stressed in the purposes and needs of different agencies of the Government. See especially Hearings (1919), *supra*, pp. 22, 24-5. The need of commercial incentives to private exploiters, as well as the general desirability of such exploitation were admitted, but the dangers were recognized as well. It was thought that the public interest would best be served by the establishment of a single agency for government control, with the power to determine upon some compensation for the inventor.

After the death of this bill in the Senate, February 21, 1921, the subject was again considered by an Interdepartmental Board estab-

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dedication of an invention to the public or by its exploitation with patent protection under license from the government or the inventor. But the difficulty of resolving the question does not justify a decree which does answer it in favor of permitting government employees such as these to exploit their inventions without restriction, rather than one which would require the cancellation of their patents or their assignment to the United States.

The decrees should be reversed.

MR. JUSTICE CARDOZO concurs in this opinion.

MR. CHIEF JUSTICE HUGHES, dissenting:

I agree with Mr. Justice Stone's analysis of the facts showing the nature of the employment of Dunmore and Lowell, and with his conclusions as to the legal effect

lished by executive order of President Harding, August 9, 1922. Its report was transmitted to Congress by President Coolidge, in December, 1923. Sen. Doc. No. 83, 68th Cong., 1st Sess. The Board found that there had never been any general governmental policy established with respect to inventions, that whether public dedication, private exploitation or governmental control and administration is desirable, depends largely on the nature of the invention. Accordingly, legislation was recommended establishing a permanent Interdepartmental Patents Board with the power to demand assignments of patents on those inventions thereafter developed in the service which "in the interest of the national defense, or otherwise in the public interest" should be controlled by the Government. No action was taken upon this proposal.

Since that time the Director of the Bureau of Standards has recommended that a "uniform, equitable policy of procedure" be defined for the government by legislation. (Annual Report for 1925, p. 40.) In the Report for 1931 it is said (p. 46) that the "patent policy of this Bureau has always been that patentable devices developed by employees paid out of public funds belong to the public," and the Report for 1932 adds (p. 40) "if not so dedicated directly, the vested rights should be held by the Government."



of that employment. As the people of the United States should have the unrestricted benefit of the inventions in such a case, I think that the appropriate remedy would be to cancel the patents.

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UNITED STATES *v.* DARBY

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES  
FOR THE DISTRICT OF MARYLAND

No. 653. Argued March 14, 1933.—Decided April 10, 1933

Under R.S., § 5209, as amended, which makes it a crime for an officer of a Federal Reserve Bank, or of any member bank, to make any false entry in its books with intent to defraud, the entry of a name appearing on a discounted note as that of co-maker, is a false entry if made with knowledge that the name is a forgery. P. 226.

2 F.Supp. 378, reversed.

APPEAL from a judgment quashing an indictment.

*Mr. Whitney North Seymour* argued the cause, and *Solicitor General Thacher* and *Messrs. Paul D. Miller* and *William H. Ramsey* filed a brief, on behalf of the United States.

*Mr. Lucien H. Mercier* for appellee.

MR. JUSTICE CARDOZO delivered the opinion of the Court.

The case involves the construction of a statute of the United States which makes it a crime for an officer or employee of a federal reserve bank, or of any member bank, to make any entry in its books with intent to defraud. R.S. § 5209 as amended by the Act of Septem-