Patents—Infringement under 35 U.S.C. § 271—Repair vs. Reconstruction.—*Aro Mfg. Co. v. Convertible Top Replacement Co.*[1]—Action was brought for direct[2] and contributory[3] infringement of a combination patent[4] on a "Convertible Folding Top with Automatic Seal at the Rear Quarter" covering the combination, in an automobile body, of a flexible top fabric, supporting structures, and a mechanism for sealing the fabric against the side of the body structure. The essential improvement over the prior "snap fastened" top lay in the provision of a fabric of a new shape, characterized by certain elongated flaps of material adapted for permanent attachment below the belt line of the car, which eliminated the need for leaving the car to secure the top at the rear quarter and more effectively kept out rain. Defendant manufactured, sold, and in many cases installed,[5] a replacement top fabric designed to fit models originally equipped with tops embodying the patented combination.

The United States District Court for the District of Massachusetts[6] rendered judgment for the plaintiff and the defendant appealed. The Court of Appeals[7] affirmed, holding that the relative long life and high cost of the fabric characterized its replacement a "reconstruction" rather than a "repair."[8] The Supreme Court on a writ of certiorari reversed in an opinion by Mr. Justice Whittaker.[9] HELD: The maintenance of the useful life of the

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1 365 U.S. 336 (1960).

2 66 Stat. 811 (1952), 35 U.S.C.. § 271(a) (1958): "Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent." Prior to the enactment of § 271, infringement had not been defined by statute. Section 271 is merely a codification of the case law existing when the statute was enacted in 1952. On this point the entire court in the present case agreed. See also Federico, Commentary on the New Patent Act, 35 U.S.C.A. preceding § 1, at p. 51.

3 66 Stat. 811 (1952), 35 U.S.C. § 271(c) (1958): "Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer." Section 271(c) represents the first attempt to define contributory infringement by a statute. For a lengthy analysis of § 271 see Contributory Infringement and Misuse—the Effect of Section 271 of the Patent Act of 1952, 66 Harv. L. Rev. 909-18 (1953).

4 U.S. Letters Patent No. 2,569,724, commonly known as the Mackie-Duluk patent, issued Oct. 2, 1951.

5 Aro's "replacement" tops, although having the unique Mackie-Duluk shape, otherwise differed in style, construction, and mode of installation from original tops. Further, in "replacing" an original top Aro sometimes added structural elements not present originally, and in some cases removed perfectly good (unworn) structural elements from the car. Brief for Respondent, pp. 27-32.

6 119 U.S.P.Q. 122 (D. Mass. 1958).

7 270 F.2d 200 (1st Cir. 1959).

8 Id. at 205.

9 Mr. Justice Black concurred fully but with additional comment. Mr. Justice Brennan concurred in the result only. Justices Frankfurter and Stewart concurred in a dissent by Mr. Justice Harlan.

whole of a patented combination through the replacement of a spent,[10] unpatented element does not constitute infringing reconstruction, that the replacement of the fabric of a patented convertible top is permissible repair, that the car owner did not infringe, and that the fabric manufacturer did not contributorily infringe. Defendant's manufacture and sale of the fabric in question did not constitute direct infringement[11] since the patentees made no attempt to claim the fabric or its shape as a separate invention and since the claims made in the patent are the sole measure of the grant.[12] Thus, the fabric of itself was merely an unpatented element of the combination claimed as the invention, and the patent conferred no monopoly over the fabric or its shape.[13]

The issue of contributory infringement was the focal point of the case.[14] In order to prove contributory infringement[15] it has always been necessary that there be a direct infringement in the purchaser's creation or replacement, for it has long been settled case law that if there be no direct infringement of a patent there can be no contributory infringement.[16] Section 271(c) makes no change in this regard as that section defines contributory infringement in terms of direct infringement, i.e., the sale of a component for use "in an infringement," and Section 271(a) which defines "infringement" left intact the entire body of case law on direct infringement.[17] Thus the determinative issue in the case was whether the car owner would infringe the combination patent by replacing the fabric element of the patented top. More specifically, whether such a replacement by the car owner is infringing "reconstruction" or permissible "repair" . . . since the law is that when the subject of a combination patent is sold, the purchaser obtains a right to the use of the whole which includes the right to "repair" but does not include the right to "reconstruct" (remake) the article.[18]

On this critical issue of "repair" vs. "reconstruction" the plaintiff's argument, generally stated, was that when an unpatented element of a patented combination is relatively durable (even though perhaps not so durable as some other parts of the combination), relatively expensive, relatively difficult to replace, and *the* "essential" or "distinguishing" part of the combination, replacement of that element, when it becomes unusable, con-

[10] Whether "spent" is a true characterization of the replaced tops is open to question. See Aro Mfg. Co. v. Convertible Top Replacement Co., supra note 7, and also Brief for Respondent, p. 37.

[11] Supra note 2.

[12] Mercoid Corp. v. Mid-Continent Inv. Co., 320 U.S. 661, 667 (1943).

[13] Ibid.

[14] Supra note 1, at 340.

[15] It was admitted that the defendants in the present case knew purchasers intended to use the fabric for replacement purposes on tops covered by the patent. Supra note 1, at 341.

[16] "In a word, if there is no infringement of a patent there can be no contributory infringement." Supra note 12, at 677.

[17] Supra note 2.

[18] C. & R. Research Corp. v. Write, Inc., 19 F.2d 380, 381 (D. Del. 1927); Goodyear Shoe Mach. Co. v. Jackson, 112 Fed. 146, 149-50 (1st Cir. 1901).

stitutes infringing "reconstruction" rather than permissible "repair" and a new license must be acquired from the patentee for such privilege. The defendant argued that the patentee's reward comes from the profit or royalty associated with the initial sale of each patented combination, but he is not entitled to an additional royalty thereafter, when *one* of the unpatented parts of the combination is replaced. The United States, as amicus curiae, argued that Supreme Court decisions required that reconstruction of a patented combination comprised of unpatented elements be limited to "true reconstruction." This latter term was to mean "in fact [to] make a new article" after the combination viewed as a whole, has been destroyed or has otherwise disintegrated; in short "a second creation of the patented entity."

In an opinion which was but a thinly disguised copy of the government's brief, the Court in effect held that there can be no direct infringement (and thus, naturally, no contributory infringement)[19] of a combination patent through the replacement of any of the components of the combination unless (1) such component is itself the subject of a separate and distinct patent or (2) the *entire* entity is reconstructed at one time. The majority found the rule, thus promulgated, in *Wilson v. Simpson*[20] which it considers the paramount authority on the question.[21] However, the majority derives its notion of the "distilled essence" of the *Wilson* case[22] from a single sentence, a passing reference, used by Judge Learned Hand to illustrate the scope of the term *monopoly* in *United States v. Aluminum Co. of America*,[23] an action under the Sherman Act for adjudicating a corporate defendant's monopolization of interstate and foreign commerce in the manufacture and sale of "virgin" aluminum ingots. The "Hand" test submitted by the government and accepted by the majority does not seem, however, to be the test of *Wilson v. Simpson*[24] and the cases following. That case does state that as a general principle "when the wearing or injury is partial, then repair is restoration, and not reconstruction . . . . repairing partial injuries . . . is only refitting machine (*sic*) for use. And it is no more than that, though it shall be a replacement of an essential part.[25] However, the *Wilson* court goes on to say:

19 Supra note 16 and accompanying text.

20 50 U.S. (9 How.) 109 (1850).

21 "None of this court's later decisions dealing with the distinctions between 'repair' and 'reconstruction' have added to the exposition made in Wilson v. Simpson . . . and that opinion has long been recognized as the Court's authoritative expression on the subject." Supra note 1, n. 9 at 343. The majority also cites Morgan Envelope Co. v. Albany Perforated Wrapping Paper Co., 152 U.S. 425 (1894); Heyer v. Duplicator Mfg. Co., 263 U.S. 100 (1923); American Cotton-Tie Co. v. Simmons, 106 U.S. 89 (1882). Supra note 1, n. 9, at 343.

22 "'The [patent] monopolist cannot prevent those to whom he sells from . . . reconditioning articles worn by use unless they in fact make a new article.'" Supra note 1, at 343.

23 148 F.2d 416, 425 (2d Cir. 1945).

24 In that case a combination patent was obtained upon a milling machine for planing rough boards by passing them on rollers under a series of cutting knives. Every sixty to ninety days it became necessary to replace these knives. Such replacement was held to be a repair of the machine even though the cutting edges were admittedly "an essential part of [the] combination."

25 Supra note 20, at 123.

> "the right [of the owner] to replace the cutter knives is not because they are of perishable materials, but because the inventor of the machine has so arranged them as a part of its combination, that the machine could not be continued in use without a succession of knives at short intervals. Unless they are replaced the invention would have been of little use to the inventor or to others.[26] The other constitutent parts of this invention, though liable to be worn out, are not made with reference to any use of them which will require them to be replaced. These, without having a definite duration, are contemplated by the inventor to last so long as the materials of which they are formed can hold together in use in such a combination. No replacement of them at intermediate intervals is meant or is necessary. They may be repaired as the use may require. With such intentions, they are put into the structure. So it is understood by a purchaser, and beyond the duration of them a purchaser of the machine has not a longer use."[27]

Thus the *Wilson* court distinguished between certain parts of a patented combination that could be replaced without reconstruction and certain other parts which, while they might be repaired, could not be replaced without infringing reconstruction. While as a general rule the owner may repair the whole or the parts, there are certain parts which cannot be replaced in the course of repairing the whole without constituting reconstruction. That case mentions various guides for distinguishing between these parts including perishability (not deemed the determining factor in the case), relative life, intention of the vendor, and the understanding of the purchaser. The Supreme Court in the *Cotton-Tie* case,[28] cited by the majority in the present case as another "repair-reconstruction" case, in speaking of *Wilson* said "the principle of that case was that *temporary* parts wearing out in a machine might be replaced to preserve the machine, *in accordance with the intention of the vendor*, without amounting to a reconstruction of the machine." (emphasis added).[29]

In the Supreme Court cases following *Wilson v. Simpson* there appeared a continuing recognition of the principle that "repair" and "reconstruction" were not of a different species but merely different in degree; that the whole might be repaired; but that when, in the course of this repair, a certain part, parts, or group of parts, were replaced then the repair became infringing reconstruction. The criteria for determining what parts could legitimately be replaced were variously stated. Thus in *Heyer v. Duplicator Mfg. Co.*,[30] in evaluating whether replacement of gelatin bands in a duplicating machine

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[26] In the present cases most of the cars originally equipped with Mackie-Duluk tops were complete with snaps so that regular snap-fastened tops could be used as replacements. Top replacement in such manner was cheaper and apparently more weather proof than replacement with Mackie-Duluk tops. Supra note 6, at 124 n. 8.

[27] Supra note 20, at 125-26.

[28] Supra note 21.

[29] Id. at 94.

[30] Supra note 21.

was reconstruction or permissive repair, the Court considered many factors including the cost of the replaced component relative to the cost of the combination, its life, and its importance to the inventive concept.[31] On the facts, the Court found permissive repair, but stated that the controlling criterion was "common sense applied to the specific facts." In *American Cotton-Tie Co. v. Simmons*,[32] the patent was for a fastener for baled cotton which consisted of a buckle and an iron strap that passed around the bale. When the cotton reached the mill the strap was cut. The defendant bought up the severed straps and the buckles as scrap, riveted the old straps together, and then sold them. The Court found reconstruction and infringement even though the untouched buckle was the unique feature of the invention, reasoning that the ties upon severance had completely performed their intended function.[33] The Court distinguished *Wilson* as a replacement of worn and temporary parts necessary to preserve the machine in accord with the intent of the vendor.[34] In *Leeds & Catlin v. Victor Talking Machine Co.*,[35] the defendants sold additional records to purchasers of a talking machine and record combination covered by plaintiff's patent. The Court found reconstruction reasoning that the substituted parts resulted in an increase in the capacity of the combination (repertory of tunes) and stressing that it was the very disc replaced that served to distinguish the invention—to mark the advance upon the prior art.[36]

Substantially every circuit has affirmed that the question of whether the replacement of a particular part is repair or reconstruction depends on a number of factors including: (1) the life of the part replaced in relation to the useful life of the whole commbination,[37] (2) the cost of the component relative to the cost of the combination,[38] (3) the importance of the replaced element to the inventive concept,[39] (4) the ease or difficulty of replacement,[40] (5) the intention of the inventor,[41] (6) the physical domina-

[31] On this latter point, for example, the Court said the gelatine bands were "less distinctive to the machine" than the cutter knives of Wilson v. Simpson, supra note 21, at 102.

[32] Supra note 21.

[33] The buckles were stamped "Licensed to use once only." The Court apparently attached some importance to this fact.

[34] Supra note 29.

[35] 213 U.S. 325 (1909).

[36] Ibid., at 330.

[37] Payne v. Dickinson, 109 F.2d 52, 54 (3d Cir. 1940), cert. denied, 310 U.S. 637 (1940); El Dorado Foundry, Machine & Supply Co. v. Fluid Packed Pump Co., 81 F.2d 782, 786 (8th Cir. 1936).

[38] American Safety Razor Corp. v. Frings Bros. Co., 62 F.2d 416, 418 (3d Cir. 1932); Slocomb & Co. v. Layman Machine Co., 227 Fed. 94, 98 (D. Del. 1915), aff'd, 230 Fed. 1021 (3d Cir. 1916); El Dorado Foundry v. Pump Co., supra note 37.

[39] Davis Electrical Works v. Edison Electric Light Co., 60 Fed. 276, 282 (1st Cir. 1894); Morrin v. Robert White Eng'r Works, 143 Fed. 519 (2d Cir. 1905); Williams v. Hughes Tool Co., 186 F.2d 278, 284 (10th Cir. 1950), cert. denied, 341 U.S. 903 (1950).

[40] Westinghouse Elec. & Mfg. Co. v. Hesser, 131 F.2d 406, 410 (6th Cir. 1942); Electric Auto-Lite Co. v. P. & D. Mfg. Co., 78 F.2d 700, 704 (2d Cir. 1935).

[41] Westinghouse Elec. & Mfg. Co. v. Hesser, ibid.

[42] Automotive Parts Co. v. Wisconsin Axle Co., 81 F.2d 125, 127 (6th Cir. 1935);

tion of the parts replaced relative to the remaining original parts of the patented device.[42] Thus all of the prior cases, including *Wilson*, dealing with the repair-reconstruction problem appear to have used the various above mentioned tests to determine whether the part or parts replaced in the course of repair did, under the specific circumstances, *in essence* amount to creation of a new combination ("reconstruction") and thus infringement. But now the majority of the Supreme Court characterizes the application of these criteria or tests as "focus[ing] attention on operative facts not properly determinative of the question of permissible repair *versus* forbidden reconstruction."[43] The Court finds a "basic fallacy" in "ascribing to one element of the combination the status of the patented invention," citing the two *Mercoid* cases[44] as holding that "there is no legally recognizable or protected 'essential' element, 'gist' or 'heart' of the invention in a combination patent."[45] It is true that the *Mercoid* cases held that no unpatented "essence" of a combination patent was entitled to separate protection by the patent monopoly;[46] however, this is quite different from saying that there is no part or parts of such relative importance in the combination that their replacement is essentially the replacement or reconstruction of the entire combination. To hold otherwise, as the majority of the present Court now does, to say that infringement requires "in fact mak[ing] a new article after the entity, viewed as a whole, has become spent," to say that "mere replacement of individual unpatented parts, one at a time, whether of the same part repeatedly or different parts successively, is no more than . . . repair . . . ,"[47] is to do away with the "repair-reconstruction" doctrine as it has existed up to the present time. If the "test" which the majority adopts is to be taken literally, it finds no support in the body of law left intact by the "declaratory" Section 271(a),[48] and would appear to require reversal of substantially all of the above cases which found for reconstruction including *Leeds & Catlin*[49] and *Cotton-Tie*[50] (the latter despite the Court's assurance that it is distinguishable).[51]

The dissent[52] found that, according to precedent, reconstruction was a question to be decided through the application of the various criteria and circumstances above mentioned on a case to case basis, and since the lower courts had applied the proper legal standards their decisions should be affirmed. Mr. Justice Brennan, concurring in the result only, agreed with

Southwestern Tool Co. v. Hughes Tool Co., 98 F.2d 42, 45 (10th Cir. 1938); Landis Mach. Co. v. Chaso Tool Co., 141 F.2d 800, 804 (6th Cir. 1944).

43 Supra note 1, at 343.

44 Mercoid Corporation v. Mid-Continent Inv. Co., 320 U.S. 661, 667 (1943); Mercoid Corp. v. Minneapolis Honeywell Regulator Co., 320 U.S. 680, 684 (1943).

45 Supra note 1, at 345.

46 Supra note 44.

47 Supra note 1, at 346.

48 Supra note 2, and pp. 3 & 4 of text.

49 Supra note 35 and accompanying text.

50 Supra note 21 and text accompanying note 32.

51 Supra note 1, n. 9 at 343.

52 Supra note 1, at 369.

the traditional repair-reconstruction principles of the dissent, but found reconstruction a reviewable mixed question of law and fact and on application of the principles found repair.[53]

The opinion of the majority of the Court doubtlessly reflects the general attitude of the Court to the patent system. In recent years the Court has been more sympathetic to the policy of the antitrust laws than tolerant of the inherent monopoly of the patent system. The doctrine of contributory infringement has been gradually weakened[54] until *Mercoid v. Mid-Continent* ostensibly declared that it no longer existed.[55] The undermining of the *General Electric* rule that allowed a patentee to control his licensee's resale price,[56] by *Cummer-Graham Co. v. Straight Side Basket Corp.*,[57] and *United States v. Line Material Co.*[58] and the intimations that abuse of the patent right is per se violative of the antitrust laws,[59] are indicative of the Court's narrow view of the patent grant.[60]

Thus the rationale of the present Court is but a further step in a continuing judicial attitude on the part of the Supreme Court.

NEAL E. MILLERT

Securities—Withdrawal of Registration by Applicant Under Section 15(a) of the Securities Exchange Act of 1934.—*Peoples Securities Company v. S.E.C.*[1]—Peoples Securities was incorporated under the laws of Texas for the purpose of underwriting a proposed $100,000,000 offering of shares of American Provident Investors Corporation. Pursuant to section 15(a) of the Securities Exchange Act of 1934[2] petitioner applied for registration as a broker and dealer in securities. After several postponements of the effective date of registration by the Commission with the consent of Peoples, the Commission, in accordance with section 15(b) of the Exchange Act,[3] issued notice of public administrative proceedings to determine whether the application should be denied because of alleged violations of the act.

In an effort to quash the inquiry, Peoples made several motions to cancel

[53] Supra note 1, at 362.

[54] Henry v. A.B. Dick Co., 224 U.S. 502 (1912); Motion Picture Patents Co. v. Universal Film Co., 243 U.S. 502 (1916); Carbice Corp. v. American Patents Development Corp., 283 U.S. 27 (1931); Morton Salt Co. v. G. S. Suppiger Co., 314 U.S. 488 (1942).

[55] Supra note 44, at 669.

[56] United States v. General Electric Co., 272 U.S. 476 (1926).

[57] 142 F.2d 646 (5th Cir. 1944), cert. denied, 323 U.S. 726 (1944).

[58] 333 U.S. 287 (1948).

[59] See Schueller, The New Antitrust Illegality Per Se: Forestalling and Patent Misuse, 50 Colum. L. Rev. 170, 184-95 (1950); Note, 64 Harv. L. Rev. 626 (1951).

[60] This conclusion is a paraphrase of the concluding paragraphs of Note, Contributory Infringement & Misuse—The Effect of Section 271 of the Patent Act of 1952, 66 Harv. L. Rev. 909-18 (1953). It seemed singularly appropriate.

[1] 289 F.2d 268 (5th Cir. 1961).

[2] 48 Stat. 895 (1934), as amended, 15 U.S.C. § 78o(a) (1958).

[3] 48 Stat. 895 (1934), as amended, 15 U.S.C. § 78o(b) (1958).