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THE TRUE FUNCTION OF DISCLAIMER IN PATENT LAW

ERNEST A. WEGNER

A RECENT decision in the case of Nelson Manufacturing Company v. Myers and Bros. Company illustrates the growing practice of amending claims by disclaimer and then seeking recovery for the entire period of infringement, both before and after the filing of the disclaimer.

Until a few years ago the disclaimer was used to surrender an entire claim or claims only, and not until recent years has the use of the disclaimer to amend claims grown to be an exceedingly common practice. When the disclaimer is employed to remove an entire claim, the validity of the disclaimer statute is not questioned, nor does its operation work a hardship upon either the patentee or the public. But when the disclaimer is employed to amend claims, the effect, purpose, and validity of the statute is immediately shrouded with doubt, for it has the potential ability of working a hardship upon the public and particularly a defendant. The evils and hardships which may result from the use of "amendatory" disclaimers include the conversion of an act, apparently innocent when committed, into an act of infringement, a surprise of the defendant in a suit for infringement, and a dampening of industry by the ever-present threat that an innocent act will become an infringement and the inability to determine with any degree of certainty what the invention is that may some time in the future be claimed by the patentee.

It is because of these hardships and evils that the purpose and valid scope of the disclaimer statute should be determined and, if possible, remedies suggested conforming to such determination and to the fundamental principles of the patent law. To that end, the following phases of the subject will be considered:

1 Alumnus of Chicago-Kent College of Law.
2 56 F. (2d) 512.
1. The present law on disclaimer:
   a. Whether the disclaimer may be employed to amend the claim.
   b. If a claim may be amended by disclaimer, whether the claim may be broadened.
   c. To what extent a disclaimer which narrows a claim is valid.
   d. Whether a claim amended by disclaimer is presumptively valid.
   e. Whether an "amendatory" disclaimer is invalid and unconstitutional if given a retroactive effect.

2. The purpose and valid scope of the disclaimer statute.

3. The remedy for the evils.
   That sections 49174 and 49225 of the United States Re-

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3 By "amend" is meant any change in the meaning of the claim, whether by excising a portion thereof, by actual rewording, by limiting to one of several species where the genus is claimed, or in any other manner, the claim being retained as modified.

4 Whenever, through inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, a patentee has claimed more than that of which he was the original or first inventor or discoverer, his patent shall be valid for all that part which is truly and justly his own, provided the same is a material or substantial part of the thing patented; and any such patentee, his heirs or assigns, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make disclaimer of such parts of the thing patented as he shall not choose to claim or to hold by virtue of the patent or assignment, stating therein the extent of his interest in such patent. Such disclaimer shall be in writing, attested by one or more witnesses, and recorded in the Patent Office; and it shall thereafter be considered as part of the original specification to the extent of the interest possessed by the claimant and by those claiming under him after the record thereof. But no such disclaimer shall affect any action pending at the time of its being filed, except as far as may relate to the question of unreasonable neglect or delay in filing it.

5 Whenever, through inadvertence, accident, or mistake, and without any willful default or intent to defraud or mislead the public, a patentee has, in his specification claimed to be the original and first inventor or discoverer of any material or substantial part of the thing patented, of which he was not the original and first inventor or discoverer, every such patentee, his executors, administrators, and assigns, whether of the whole or any sectional interest in the patent, may maintain a suit at law or in equity, for the infringement of any part thereof, which was bona fide his own, if it is a material and substantial part of the thing patented, and definitely distinguishable from the parts claimed without right, notwithstanding the specifications may embrace more
vised Statutes should be construed together is stated by Walker in the following words: "Referring to the same subject, and standing, as they always have, in the same statute, they must undoubtedly be construed together; and the law they embody, must be set forth, by extracting from both sections, all the material meaning of both." This is reiterated by the Supreme Court in *Hailes v. Albany Stove Company,* where the court said, "We do not see how it is possible to misunderstand the two sections when read together, as it is necessary to read them." And again in *Ensten v. Simon Ascher Company,* it is stated that the two sections, "are parts of one law having one general purpose." Therefore, in determining what may or may not be done by disclaimer both sections must be looked to. In our discussion, reference to the disclaimer statute includes both sections unless specifically differentiated.

Granted that the two sections are parts of one law having a common purpose, they may still be regarded as separate parts each serving a definite end. Thus section 4922 may be deemed to state the substantive rights of one who has claimed to be the inventor of more than is really his own and thus it would be complete and sufficient within itself. On the other hand, section 4917 is procedural rather than substantive and states what the patentee must do to be permanently entitled to the substantive rights and benefits set forth in section 4922. Such a construction gives to each section a reason for existing in contrast to a construction that regards the two sections as the same law stated in two places.

than that of which the patentee was the first inventor or discoverer. But in every such case in which a judgment or decree shall be rendered for the plaintiff no costs shall be recovered unless the proper disclaimer has been entered at the Patent Office before the commencement of the suit. But no patentee shall be entitled to the benefits of this section if he has unreasonably neglected or delayed to enter a disclaimer.

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7 123 U. S. 582; 31 L. Ed. 285.
8 282 U. S. 445; 75 L. Ed. 453.
That the purpose of the disclaimer statute is to provide a convenient method for preventing an entire patent from being void, because a portion thereof is invalid, is unquestioned. This is unequivocally stated by the Supreme Court in the case just referred to, *Ensten v. Simon Ascher Company*:

The two sections "are parts of one law having one general purpose, and that purpose is to obviate the inconvenience and hardship of the common law, which made a patent wholly void if any part of the invention was wrongfully claimed by the patentee, and which made such a defect in a patent an effectual bar to a suit brought upon it."

With the purpose of the statute agreed upon the question then is, in what manner is the purpose to be effected and to what extent is the remedy to be operative? How shall "any part thereof, which was bona fide his own," as to which his patent shall be valid and on which he may bring suit, be described or defined? How shall the part rightly claimed be distinguished from "the parts claimed without right?" Must the part be distinguished in the claims or only in the specification, or may the distinction be introduced by the patentee at the time of making his disclaimer? And further, what shall be the form of the declaration in which the patentee disclaims such parts as "he shall not choose to claim or to hold?" Is the patentee restricted to excising statements originally in the specification which recite the parts claimed without right and which he chooses not to hold, or may the patentee by an affirmative statement to be added to the specification re-define what he chooses to claim or hold, that is, amend the claims?

The propriety of disclaiming entire claims is not questioned. With respect to disclaiming matter other than an entire claim, the present practice is liberal and

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9 O'Reilly v. Morse, 15 How. 62.
permits the disclaiming of broadening statements in the specification, as well as the amending of claims. Sanction of the use of disclaimer for the purpose of amending claims, however, is found primarily in the circuit courts of appeal; in comparatively few cases has the issue been squarely presented before the Supreme Court.

Among the cases permitting the disclaimer to apply to claims retained in the patent is *Thompson v. Bushnell Company.* In that case, where the patent was directed to the manner of constructing metal saws, the patentee was permitted to disclaim circular and back saws and to leave hack and band saws. In another case, the court permitted to be filed to a claim for a detector a disclaimer limiting it to use with high frequency alternating currents or oscillations. A disclaimer was likewise sustained which defined the characteristics of a fluid employed in a cable when originally it had been claimed simply as a fluid.

Among the Supreme Court cases is *Minerals Separation Company v. Butte,* in which a disclaimer narrowing a claim from "a small quantity of oil" to "a fraction of 1 per cent" was sustained. Likewise in *Hurlbut v. Schillinger,* a disclaimer was sustained narrowing the claims from the forming of blocks from plastic material without interposing anything between their joints to the forming of the same with the interposing of something between the joint.

Quite frequently those seeking to sustain amendatory disclaimers cite *Smith v. Nichols,* *Dunbar v. Myers,*

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12 96 Fed. 238.
15 250 U. S. 336.
16 130 U. S. 456.
17 88 U. S. 112.
18 94 U. S. 187.
Carnegie Steel Company v. Cambria Iron Company,\textsuperscript{19} Seiberling v. Thropp,\textsuperscript{20} or Holland Furniture v. Perkins Glue Company,\textsuperscript{21} as authority for their contention. Although disclaimers are mentioned in all of these cases, they are not directly in issue in any case except Carnegie v. Cambria, where the disclaimer was to a part of the specification and not to a part of a claim. In Dunbar v. Myers and Smith v. Nichols, though nothing is said as to the propriety of the disclaimer, the claims are held invalid. In Seiberling v. Thropp, the court found it unnecessary to pass upon the validity of the disclaimer; and in Holland v. Perkins Glue Company, the three claims in issue had not been changed by disclaimer. Regardless of the irrelevancy of these cases, judicial sanction of the use of disclaimers for amending claims is well established in the appellate court cases and in Hurlbut v. Schillinger, and Minerals Separation Company v. Butte.

Although claims are generally amended by disclaimer, some limitations even now are placed on the practice. These limitations are based partially upon the disclaimer statute and partially on other grounds such as section 4888 of the Revised Statute. The statement that a disclaimer may not be employed to obtain the benefit of a reissue can be supported by authority only when such benefit is a broadening of the claim. The writer believes that the present use of the disclaimer to amend claims, even though they be narrowed, brings about the benefit of a reissue and does not lie within the scope of the disclaimer statute. In Cerealine Manufacturing Company v. Bates,\textsuperscript{22} the original claim called for both malt and hops and the court refusing to permit "hops" to be disclaimed said, "A patent cannot be broadened by a disclaimer, nor made to rest upon other elements than those on which it was predicated when allowed and

\textsuperscript{19} 185 U. S. 403.
\textsuperscript{20} 264 U. S. 320.
\textsuperscript{21} 277 U. S. 245.
\textsuperscript{22} 77 Fed. 883.
issued.” In *Fisher v. Automobile Supply Manufacturing Company*,\(^\text{23}\) the court stated that “It may be assumed that a patentee is not entitled by a disclaimer to obtain a reissue and thus to avoid the scrutiny of the Patent Office.” The Supreme Court, in the case of *Vance v. Campbell et al.*,\(^\text{24}\) refused to permit a patentee to disclaim, and thus broaden by removing an element, a plate in a stove which had been described as a material part of the invention.

Another limitation placed on disclaimers is that they must not change the invention. Here again, just as regards obtaining the benefits of a reissue, this statement can be supported by authority only when the invention changed is that gathered from a consideration of the entire patent and not a change in the invention as defined by the claims. Certainly, the substitution by disclaimer of a detailed construction for a “means” clause or the like is changing the invention as defined by that claim. The narrowed statement is supported by *Carnegie Steel Company v. Cambria Iron Company*,\(^\text{25}\) where the court, though permitting certain broadening statements in the specification to be disclaimed, said:

Had the purpose of the disclaimer been to reform or alter the description of the invention, or convert the claim from one thing into something else, it might have been objectionable, as patents can only be amended for mistakes of this kind by a reissue.

In *Hailes v. Albany Stove Company*, previously mentioned, the complainant was not allowed by disclaimer to limit the perforations in a fire pot to the lower half thereof where the specification had not so limited the construction. The court said in that case:

A man cannot, by merely filing a paper drawn up by his solicitor, make to himself a new patent, or one for a different invention from that which he has described in his specification. . . . The first

\(^\text{23}\) 201 Fed. 543.
\(^\text{24}\) 66 U. S. 427, 17 L. Ed. 168.
\(^\text{25}\) 185 U. S. 403, 22 Sup. Ct. 698 at p. 711.
claim, as modified by disclaimer, has nothing in the specification to stand upon; nothing to explain it; nothing to furnish a reason for it.

And in *Albany Steam Trap Company v. Worthington*, the court said: "The difficulty with this contention is that it substitutes a different invention from that described and claimed in the patent. It is not a narrower claim, but a different one."

A third reason which courts sometimes invoke to deny a disclaimer is that the claim as amended by disclaimer does not "particularly point out and distinctly claim the part" as required by R. S. sec. 4888. A recent case in which that objection was applied is that of *Corn Products Refining Company v. Penick & Ford, Ltd., Incorporated.* The court said:

The Statute (R. S. § 4888, 35 U. S. C. A. § 33) requires that a patentee shall particularly point out and particularly claim the part, improvement, or combination which he claims as his invention. The claim prescribed by the statute is for the very purpose of making the patentee define precisely what his invention is. The disclaimers here make the claims so indefinite, obscure, and ambiguous that they do not stand the statutory test. To sustain the disclaimer in this case will require us to go farther than any court has ever gone and to sanction a method of indirect amendment which nullifies the purpose of the statute.

Perceptible, also, in the cases is a very pronounced and proper tendency to require that the "material or substantial part of the thing patented" as to which the patent may be valid, must be clearly distinguished in the patent. As will appear later herein this distinction was probably intended to be sufficient only if it appeared in the claims; that is, if the patentee has claimed more than that of which he was the first and original inventor, and there remains a material or substantial part which is truly and justly his own, that part to be clearly dis-

26 79 Fed. 966.
27 63 F. (2d) 26.
tinguished must be recited in a separate claim. When it is distinguished in that manner, the public would always be apprised of what the patentee and the Patent Office considered a material and substantial part of the invention, and the public could then determine whether that part was truly and justly the patentee's. Furthermore, it would then be possible, by disclaimer, actually to excise that which he had claimed, but of which he was not the inventor, instead of attempting to remove the surplus by a statement in the form of a denial, yet actually a positive definition of what the patentee now believes to be a material and substantial part, generally because it is what the defendant is manufacturing. The disclaimer would thus unquestionably be proper as falling within the rule stated in *Hailes v. Albany Stove Company*,28 namely: "A disclaimer is usually and properly employed for the surrender of a separate claim in a patent, or some other distinct and separable matter, which can be excised without mutilating or changing what is left standing."

With the exception of *Westinghouse Air Brake Company v. N. Y. Air Brake Company*,29 however, the courts have not gone so far as to hold that the distinction must appear in the claims. In that case, the disclaimer disclaimed all brake valves of the general construction recited in the claim except those having a movable abutment working in a chamber and controlling a discharge valve. The abutment was described in the specification and was recited in other claims but not in the claim in question. The court held the disclaimer improper, saying: "And I understand that statute [R. S. sec. 4917] to mean that, to be a material and substantial part of the thing patented, that which the patentee really invented must be mentioned in the particular claim to which the disclaimer relates."

28 123 U. S. 582.
29 139 Fed. 265.
One of the early cases holding that the distinction between the part claimed without right and the part truly the invention of the patentee must clearly appear at least somewhere in the patent is that of *Strause Gas Iron Company v. William M. Crane Company.* Suit was brought on a patent for a gas sadiron having inlet and exhaust air passages. No comparison between the size of the inlet and exhaust passages was made in the patent, but by disclaimer the plaintiff attempted to limit the claims to a sadiron in which the exhaust passages were larger than the inlet passages. In denying the disclaimer the court said, "We do think, however, that the differentiation afterwards incorporated into the claims must appear somewhere in either figures or specifications, and that unless it does the disclaimer becomes no more than a making over of the whole patent." The same doctrine was reiterated in *Grasselli Chemical Company v. National Aniline and Chemical Company.*

If the part which the patentee disclaims need not be distinguishable on the face of the specification, there would never be need for a reissue on the second ground given in the statute, i.e. "by reason of the patentee claiming as his invention or discovery more than he had a right to claim as new."... This language must include something which cannot be reached by disclaimer, else it was redundant. We adhere to our ruling in *Strause Gas Iron Company v. Crane Company,* 235 F. 126, that the distinction is between disclaiming a part separated in the patent itself as opposed to something comprehended in its general language. ... But when the specifications do not so separate the parts, the disclaimer can succeed only by interpolating a limitation into the part which must remain, if the claims are to survive. Nothing is taken out of the specifications, though something is taken out from their meaning. What is changed was originally false and has now by the added limitation been made true. This however is to reframe the language, not to drop out a part. It is not the object of a disclaimer to do this, but of a reissue.

30 235 Fed. 126.
31 26 F. (2d) 305, 310.
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This doctrine is stated in a large number of cases including Sachs v. Hartford Electric Supply Company and Minerals Separation and Superior Mining Company v. Butte, before mentioned. In the former the court said:

When the specifications themselves distinguish between alternative forms, the patentee may disclaim one.

A disclaimer is to abandon some part of the invention of which the patentee is not "the first and original inventor." If he has claimed originally too much, so that the claims are invalid under the prior art, the part disclaimed must be clearly separate in the body of the specifications; if he wishes to recast the whole, he must go to a reissue.

The foregoing doctrine, though it is not so satisfactory as limiting the use of the disclaimer for the removal of entire claims only, if strictly adhered to, would materially reduce the hardships resulting from the present loose practice. It would prevent the complainant from amending by disclaimer strictly with a view to covering the defendant's construction and would to some extent apprise the public of what might be claimed in the future. And unless some limitation of this character is applied to the disclaimer, it renders many other sections of the Patent Statutes nugatory and useless, as will be shown presently.

Once the prevailing rule has been shown to be that amendatory disclaimers, at least of a certain character, are permissible, an evidentiary question of vast importance is raised. The question has never been passed upon by the Supreme Court or even a circuit court of appeals. Is a claim amended by disclaimer presumptively valid? The question can be answered either in the affirmative or the negative and be supported by logical

33 47 F. (2d) 743.
reasoning. Thus it may be said that since a disclaimer narrows a claim, the narrowed claim certainly should be entitled to the same presumption of validity accorded the broader original claim. However, that ignores the fact that the structure recited in the amended claim may differ from the prior art not in a manner involving invention but involving mechanical skill only. At any rate the claim has not been scrutinized by the Patent Office, and thus it lacks the very thing which gives the presumption of validity to the claims of a patent regularly issued by the Patent Office.

In the case of Fruehauf Trailer Company v. Highway Trailer Company, the question was raised and answered in the negative. In that case Judge Tuttle said:

"Until this matter has been finally decided, I will lay down the rule for this court that, when disclaimers of the type here in suit are included in a patent and come before this court, they come to the court without any presumption of validity of the claim to which the disclaimer applies."

There remains the question whether a disclaimer may validly be given what in many cases involving disclaimer has been referred to as a retroactive effect. As will be shown presently this is not an accurate use of the phrase, but it will be employed herein and is intended to mean an operation of the disclaimer permitting recovery for infringement prior to the filing of the disclaimer. This question has never been squarely presented for determination by the Supreme Court. In N. O. Nelson Manufacturing Company v. F. E. Myers and Bros. Company, recovery was allowed over a period of seven years prior to the filing of the disclaimers the court saying:

"Being in harmony with the patent disclosures, as was held on the motion to remand, it would seem logically to follow that they [disclaimers] must be regarded as part of the patent at the time of the commission of the acts alleged to infringe."

34 54 F. (2d) 691.
35 56 F. (2d) 512.
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Such a holding, considered generally—not the specific words—would seem to fall clearly within the words of R. S. sec. 4917 that "his patent shall be valid for all that part which is truly and justly his own" and within the words of R. S. sec. 4922, that a patentee "may maintain a suit at law or in equity, for the infringement of any part thereof, which was bona fide his own," provided the portion on which recovery is allowed "is a material and substantial part of the thing patented, and definitely distinguishable from the parts claimed without right." Where the portion on which recovery is allowed "is a material and substantial part of the thing patented, and definitely distinguishable from the parts claimed without right," there would appear to be no question of retroactive effect, because it is not essential to recovery that the disclaimer relate back. Under those circumstances the material and substantial part upon which recovery is had always was in the patent and is not introduced by the disclaimer, although the disclaimer may serve to point out the material and substantial part and more definitely distinguish it from the parts claimed without right. The disclaimer does not give to the patentee any rights which he did not originally have under the patent, but the filing of the disclaimer is the fulfillment of a condition permanently entitling the patentee to the benefit of the statute, which is, to render those rights enforceable by destroying the common law defense that the entire patent is void if a part thereof is invalid.

As has been previously pointed out, section 4922 is substantive and states the rights of a patentee who has claimed more than he invented. Those rights exist from the date of the patent and extend contemporaneously with it so that there is no need that the rights relate back. Section 4917 is procedural and states what the patentee must do to bring himself within the statute permanently to enjoy the benefits thereof. The disclaimer, therefore, does not create any rights and need, therefore, not have a retroactive effect to permit a recovery for past in-
fringement. In fact according to the words of section 4922 the patentee is entitled to such benefits even before filing a disclaimer provided he has not unreasonably neglected or delayed to file the same.

The entire question would thus again seem to hinge on how, within the true meaning of the statute, the material and substantial part that is bona fide the inventor's shall be distinguished from the parts claimed without right. Where the distinction appears in the claims, that is, where there is a claim to more than the patentee invented, which is disclaimed in its entirety, and also a claim to the part which is truly and justly his own, there is no question of retroactive effect because the disclaimer does not operate upon or relate to the claim upon which recovery is had. Where, however, the distinction is permitted to appear in some other manner there is possibility for fraud and the working of great hardship so that the validity of the statute when interpreted to permit recovery for past infringement is subject to question.

Under the interpretation now given the statute by the courts, the answer to the question is believed to appear in the foregoing pages and is that wherever the disclaimer is proper and permissible, it may be validly retroactive, that is, it may permit recovery for infringement prior to the filing of the disclaimer. It has been shown that disclaimers are permissible, at present, to disclaim an entire claim, or a part of a claim or a part of the invention embraced by a claim; and at the present time the majority rule would permit the result to be effected either by excising the excessive portions or by an actual rewording of the claims through the addition or substitution of phrases, subject to the limitations that the disclaimer must not render the claim indefinite, obscure and ambiguous, and that the parts claimed without right and those rightfully claimed must be clearly distinguished in the patent. The disclaimer is not proper, either for retrospective or prospective operation, where the above limits are exceeded, where it broadens
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the claim, or where it changes the invention as determined from the entire specification. In the last mentioned instances the patentee is making unto himself a new and different patent, and to give the same a retroactive effect would be to convert acts innocent when done into acts of infringement and would not only be inequitable but also unconstitutional.

It is not to be concluded from the foregoing that the law on disclaimer is well settled. On the contrary, there is much confusion and contradiction, and either side of almost any question on disclaimer can be supported by some authority. In fact, the two sections of the disclaimer statute are in themselves ambiguous and indefinite, and the general limits on the valid use of the disclaimer found to exist are arbitrary and capable of a strict or a liberal application to the facts at hand. Thus, there is room for a wide variation of opinion as to whether a particular disclaimer changes the invention, whether it renders a particular claim ambiguous and obscure, and whether the parts rightfully claimed are clearly differentiated in the specification from the parts claimed without right. With the law in that state, harmonious decisions cannot be expected, nor can the courts be expected to extricate themselves, but legislative action should be resorted to as the quickest and most certain way of clarifying the law.

The present law on disclaimer having been stated, let us now determine, if possible, the original purpose and valid scope of the disclaimer statute, construing it so as not to conflict with or to nullify other sections of the statute or well founded principles of the patent law. It can be very forcefully argued that it was the intent of Congress, in passing the section on disclaimer, to provide an expedient means for removing entire claims which had been held invalid and which, according to the common law, rendered the entire patent void. In the absence of the section on disclaimer, the only way the in-
valid claims could be removed was by reissue, which was entirely unsatisfactory and too involved for the mere purpose of removing an entire claim. Furthermore, in view of the common law rule, recovery could never be had in a suit in which some claims were held valid and others invalid, because the invalid claims render the entire patent void, and the patent could not be made valid except by reissuing the same. The patent then issued would not be the patent in suit, and a new suit would have to be brought. This is the only circumstance which places a severe hardship on the patentee, because where the patent is invalid by reason of a defective or insufficient specification, there would be no valid claims on which a recovery might be had, and to require a reissue in such a case would not be a hardship. Thus, the hardship and inconvenience of the common law which Congress sought to remedy was the removal of invalid claims.

That the section on disclaimer was intended to remove entire claims, also appears from the fact that the section on reissue provides for the revision of claims where the patentee claimed more than was new. The section on reissue reads, in part, "Whenever any patent is inoperative or invalid, . . . by reason of the patentee claiming as his own invention or discovery more than he had a right to claim as new," the commissioner shall cause a new patent, etc. This section was already in the statute at the time the disclaimer statute was enacted, and thus it seems logical to contend that the disclaimer statute was intended to serve a different and distinct purpose—the disclaiming of entire claims only, not the amending and rewording of claims, which is the purpose of the section on reissue.

This interpretation is supported by the fact that until recent years the use of the disclaimer was limited largely to the removal of entire claims. The interpretation is also supported by Walker, who says:

The statute provides that a disclaimer, to be effective, must leave claimed by the patent, at least one definitely distinguishable and material part of the original subject of the patent. That result is commonly accomplished by disclaiming one or more claims, while leaving one or more other and independent claims undisturbed in the patent. But that result can be sometimes accomplished in some other way.

One of the other ways mentioned is to disclaim a part of the phrase "with or without," when the phrase is employed in a claim. A claim so drawn, however, is two claims in substance, although a single claim in form, and disclaiming one claim in substance would still be disclaiming an entire claim. The other way mentioned is to disclaim a generic claim while leaving a specific claim. This also is disclaiming an entire claim while leaving an independent claim undisturbed. Nowhere is any mention made of accomplishing the result by amending a claim.

Among the cases holding or suggesting that only an entire claim may be disclaimed is Rumford Chemical Works v. Lauer.\textsuperscript{38} In that case the patent was for a pulverulent acid for use in soda powders and the like. The specification described the acid prepared both with or without starch, but no claim specifically stated whether the acid was with or without starch. On the trial, it was shown that without starch the acid was old, and it was then contended that the patent should be valid at least to the extent of an acid with starch, because it was disclosed and was a separate and distinct part of the invention. The court denied the contention and made the following broad statement:

\begin{quote}
It [disclaimer] is designed to allow a patentee to recover on one claim of his patent, notwithstanding other claims in it are void for want of novelty. But, it requires that the parts claimed without right, and the parts rightfully claimed, shall be definitely
\end{quote}

\textsuperscript{38} Fed. Cases, No. 12,135.
distinguishable, as matter of fact, on the face of the claims, that is, be definitely distinguished from each other in the claims.

Such a decision, made substantially contemporaneously with the enactment of the disclaimer statute by Judge Blatchford, whose opinions on patent matters are generally given weight, should be a fairly correct interpretation of the statute.

A more recent case is that of *Hailes v. Albany Stove Company*, before cited, in which the court said:

> Viewed as a disclaimer, this instrument naturally excites attention. A disclaimer is usually and properly employed for the surrender of a separate claim in a patent, or some other distinct and separable matter, which can be excised without mutilating or changing what is left standing.

An interpretation of the disclaimer statute limiting its operation to the disclaiming of entire claims and prohibiting the amending of claims thereby is consistent with the remainder of the patent statute and the decisions. It has already been stated that the amending and rewording of claims, where the patentee claimed more than he had a right to claim, is provided for in the section on reissue so that the patentee, even without the use of the disclaimer, has a remedy for that defect. Furthermore, R. S. sec. 4888 provides that the patentee “shall particularly point out and distinctly claim, the part,” thus clearly stating that the limits of the monopoly are to be determined from the claim.

That the claim is the measure of protection, and that that which is not claimed is dedicated to the public and cannot be recovered is repeatedly stated by the courts. In *Royal Company v. Tweedie*, the court said:

> While the patent is notice of the claims which it contains and allows, it constitutes an estoppel of the patentee from claiming under that or any subsequent patent any combination or im-

39 276 Fed. 351.
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provement there shown which he has not clearly pointed out and distinctly claimed as his discovery or invention when he received the patent.

In *White v. Dunbar*, the Supreme Court held a reissue patent invalid because the claims were broader than the disclosure of the invention and said:

The claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms.

How much more unjust and greater evasion of the law to permit the patentee, by disclaimer, not only to construe the claims but actually to restate them!

Again in *Permutit Company v. Graver Corporation*, the Supreme Court, in holding void the same patent, which, after disclaimer, was held valid by the Circuit Court of Appeals of the Sixth Circuit in *Permutit Company v. Wadham*, said:

As the patentee has thus failed to give in the specification "a written description" and has likewise failed particularly to point out and distinctly claim the free zeolite bed, as "the part, improvement, or combination which he claims as his invention or discovery," the patent is void.

. . . . . . . . . . . . . . . . . . . . . . . .

The statute requires the patentee not only to explain the principle of his apparatus . . . but also to inform the public during the life of the patent of the limits of the monopoly asserted, so that it may be known which features may be safely used or manufactured without a license and which may not.

In *Keystone Bridge Company v. Phoenix Iron Company*, cited with approval in *McClain v. Ortmayer*, the

40 119 U. S. 47.
41 284 U. S. 52, 76 L. Ed. 163.
42 13 F. (2d) 454.
43 95 U. S. 274.
44 141 U. S. 419.
Supreme Court in refusing to interpret a claim to give it a broader scope than warranted by the language used, said, "When a claim is so explicit, the courts cannot alter or enlarge it. . . . They [patentees] cannot expect the courts to wade through the history of the art, and spell out what they might have claimed, but have not claimed."

If the courts cannot alter the claims, why should the patentee be allowed to do so, even though he allegedly narrows the claim? To be permitted to vary the scope of the claims by disclaimer at such time as the patentee sees fit and is convenient to his purpose is not requiring him, as stated in *Permutit v. Graver Corporation*, "to inform the public during the life of the patent of the limits of the monopoly asserted." Nor is it just that the public should be required to "wade through the history of the art," and spell out what might have been claimed, or, more correctly, speculate as to what the patentee in the future may decide to claim as his invention.

Not only have the courts held that they may not alter or enlarge the claims, but also that they may not narrow the scope thereof by reading an element into the claim. This principle is reiterated in a large number of cases and in *Federick R. Stearns and Company v. Russell* is characterized as a "well settled rule of the patent law." Mr. Justice Taft, speaking for the court in that case, said, "To imply as elements of a claim parts not named therein for the purpose of limiting its scope, so that it may be accorded novelty, is contrary to a well-settled rule of the patent law." The law is very clearly and forcefully stated by the Supreme Court in *McCarty v. Lehigh Valley Railroad Company*. The claims in that case were for a truck bolster, but did not specify the spring mounting of the bolster, the only way in which the construction differed from the prior art. The court said:

46 85 Fed. 218.
47 160 U. S. 110.
THE TRUE FUNCTION OF DISCLAIMER

There is no suggestion in either of these claims that the ends of the bolster rest upon springs in the side trusses, although they are so described in the specification and exhibited in the drawings. It is suggested, however, that this feature may be read into the claims for the purpose of sustaining the patent. While this may be done with a view of showing the connection in which a device is used, and proving that it is an operative device, we know of no principle of law which would authorize us to read into a claim an element which is not present, for the purpose of making out a case of novelty or infringement.

And yet in direct contravention of this rule the courts permit the patentee, by disclaimer, to write into a claim an element which is not present, for the very purpose of making out a case of novelty and infringement.

It is the opinion of the writer, therefore, that the real intent and purpose of the disclaimer statute is to permit recovery on one claim of a patent notwithstanding other claims may be invalid; that, therefore, the disclaimer statute was provided for the purpose of surrendering a separate claim only or, at the most, some other distinct and separable matter which can be excised without mutilating or changing what is left standing, that to permit a rewording or other amending of a claim by disclaimer exceeds the valid scope of the disclaimer statute and nullifies the section of the patent statute requiring that a patentee "shall particularly point out and distinctly claim the part, improvement, or combination which he claims as his invention or discovery," results in indefinite, obscure and ambiguous claims, and directly contravenes the rule that an element cannot be read into a claim for the purpose of making out a case of novelty and infringement.

Before proposing a remedy, let us consider the origin of the common law rule that a patent is wholly void if any part of the invention is wrongfully claimed. The source of the Patent Law of the United States is found in Chapter 3, Statute 21 of James I, known as the Statute
against Monopolies, and the decisions of the English courts construing the statute. At the time of the enactment of the Statute against Monopolies, the English public was burdened with odious monopolies of every kind and consequently was extremely hostile toward them. Even after the enactment of the statute, the inventor was looked upon as a monopolist and the courts shared the hostility of the public; so the rights of the patentee were confined strictly within the literal meaning of the words of the patent. Any mistake in the description, any excess in the claims was treated as a fraud upon the crown and consequently rendered the entire patent invalid.

Because the U. S. statute contains no express provision that a patent is void in its entirety if a part thereof is invalid, that rule must have found its way into our law through the judicial application of the principles of the patent law of England. However, the application of the English principle in our law is not logical, because the facts and circumstances are not the same. In the United States, the public has never been hostile toward the patentee, but on the contrary has looked with favor upon the granting of patents and has been liberal in the privileges granted to the patentee. In Ames v. Howard, Mr. Justice Story said, "Hence it has always been the course of the American courts, (and it has latterly become that of the English courts also,) to construe these patents fairly and liberally, and not to subject them to any over-nice and critical refinements." There being no hostility toward the patentee, there is no logical reason for incorporating into our law a rule of English patent law growing out of such hostility.

No reason exists, either, independently of the English law for raising a presumption of fraud when a claim of a patent is shown to be broader than the patentee's invention. In the absence of actual fraud shown, the scrutiny

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48 Robinson on Patents, I, 15.
49 Providence Rubber Co. v. Goodyear, 9 Wall. 788, 19 L. Ed. 566.
50 Fed. Cases, No. 326.
of the Patent Office should negative the presumption of fraud. When the presumption of fraud is absent, there is no basis for holding an entire patent void because one claim is invalid. Nor should the failure of the patentee to surrender a claim immediately upon the holding of invalidity in one circuit be considered a fraud upon the public. To compel the patentee immediately to surrender an invalid claim is denying him the right to have that claim adjudicated in a different circuit and eventually by certiorari to have an adjudication by the Supreme Court.

Therefore, remembering that there is need for a clear and concise statute clarifying the present confusion in the law on disclaimers; that the evils of the present use of the disclaimer arise from the amending and rewording of claims; that such use is contrary to other sections of the statute and well-founded principles of the patent law; that the original purpose of the statute was to provide for the surrender of entire claims only; and that there is no sound basis for the holding that an invalid claim renders the entire patent void, we propose the following remedies:

1. That R. S. section 4917 and section 4922 be rewritten as one section providing in substance that no patent shall be void because of the invalidity of less than all of the claims and that a patentee, his executors, etc., may maintain a suit at law or in equity for the infringement of any claims not held invalid, provided he has entered a disclaimer of the invalid claims immediately after the holding of the invalidity by a court of last resort or after the expiration of the appeal period from an inferior court. Such disclaimer shall surrender an entire claim or claims only; shall state the extent of the interest of the disclaimant in the patent and shall be in writing, attested by one or more witnesses and recorded in the Patent Office. Such a section may read as follows:

Whenever through inadvertence, accident, or mistake, and without any fraudulent or deceptive intention on the part of
the patentee, a patent contains one or more invalid claims, it shall not be void because of the invalidity of less than all of the claims, and the patentee, his executors, administrators, or assigns, whether of the whole or any sectional interest in the patent, may maintain a suit at law or in equity, for the infringement of the valid claims, provided a proper disclaimer of the invalid claims has been entered immediately after the holding of invalidity by a court of last resort or after the expiration of the appeal period from an inferior court. Such disclaimer, may be made by the patentee, his executors, administrators, or assigns, whether of the whole or any sectional interest in the patent, upon the payment of the fee required by law, and shall surrender an entire claim or claims only; shall state the extent of the interest of the disclaimant in the patent and shall be in writing, attested by one or more witnesses and recorded in the Patent Office.

2. That R. S. section 4917 and section 4922 be repeated in their entirety and the following section added:

No patent shall be void because of the invalidity of less than all of the claims whenever such invalidity has arisen through inadvertence, accident or mistake, and without any fraudulent or deceptive intention on the part of the patentee.

In addition, R. S. section 4921 should be amended to make it a duty of the clerk of any court to give notice to the Commissioner of Patents of the adjudication of the claims of any patent and to make it the duty of the Commissioner to incorporate such notice as part of the contents of the file wrapper and to attach a copy of such notice or notices to each copy of the patent sent out by the Patent Office.

Thus by the alternative remedies suggested, the use of the disclaimer may be restored to the scope and purpose that it was originally intended to have or it may be eliminated entirely and the public apprised of the status of any patent by ordering a copy thereof from the Patent Office.
THE CASE OF
STRAUS v. CHICAGO TITLE AND TRUST COMPANY

A NEW PROCEDURE FOR FORECLOSING BOND ISSUES

The Illinois Appellate Court, in its opinion handed down in the interlocutory appeal from an order entered by the lower court, in the case of Melvin L. Straus, as Trustee v. Chicago Title & Trust Company, as Trustee, has extended the equitable arm of the court to break the deadlock now existing in bond-issue foreclosure cases in Illinois. Most of the decisions of Illinois courts in mortgage cases are based upon foreclosures of wholly-owned mortgages and not upon bond-issues mortgages owned by numerous persons, and this decision would seem to bring the courts up-to-date.

The small-denomination first-mortgage gold bonds are said to be the product of the World War, when numerous persons who had always placed their moneys in savings accounts were educated, by Liberty Loan drives and the desire to secure a return on their moneys of more than the savings bank interest, to purchase bonds representing a small part of enormous bond issues secured by improved real estate. Little attention was then given to the problems bound to arise in the event of default. It was true that the bonds were secured by a first mortgage, but the security usually could not be made available for the bondholders, because, first, the bondholders in most instances would not act as a unit in purchasing the property at the foreclosure sale, and, second, our antiquated redemption laws make it impossible to secure at the sale any real bidders who are willing to offer an amount equal to the fair value of the property. Bondholders' committees were formed to assist the bondholders to act as a unit. However, in most instances, the committees were unable to represent the holders of all the bonds because of the bondholders' lack of confidence in the committee, a desire by non-depositors to secure an advantage over the depositing bondholders, or because of control by the owner of the property of enough bonds to block the committee. To break the deadlock, the committees have in some instances been able to ac-

1 273 Ill. App. 63.
quire the title and the junior liens for varying considerations, with the result that the bondholders have shared the benefit of the security. With the equities of redemption under control, the committee could then have the property offered for sale at less than its value and could effect an immediate redemption for the benefit of the depositing bondholders. The non-depositing bondholders would receive their share of the bid price in cash; while the depositing bondholders would receive no cash until the operation or sale of the property produced an amount sufficient to pay the expenses of the foreclosure proceedings, the committee's and committee's attorney's fees and, in many instances, the cost of acquiring the equities of redemption. Many properties have been in foreclosure for three years or more without any hope of their being brought to sale, because of the inability of the committee to acquire the equities of redemption or to acquire substantially all of the outstanding bonds. In the meantime, the properties are being operated by receivers with their attendant fees and expenses.

When he purchased his bond, the bondholder never expected that he would be obliged to pay high foreclosure expenses, the fees for the services of a committee and its attorney's, and the fees of a receiver and his attorney over a prolonged period of time. He did not realize that the foreclosure of a bond issue could not be handled as expeditiously as the foreclosure of a wholly-owned mortgage. In many instances, he bought the bond on the assumption that the trustee was competent and able to protect the security.

The Appellate Court, in its decision, has laid a basis affording the most constructive solution of our foreclosure dilemma, and has accomplished more toward protecting the bondholders than all of the legislative, and other, investigations of bondholders' committees and receiverships. The trustee is directed to bid at the foreclosure sale for the use and benefit of all of the bondholders, in the event that there is no bona fide cash bid equal to the fair market value of the property, as determined by the court.

The opinion says, in part, "Courts will take judicial notice that property sold under foreclosure seldom, if ever, brings a
figure at all commensurate with its value, and that under the present financial condition of the country there is great depreciation in the values of real estate, and that a foreclosure sale of property will bring far less now than in normal times. . . . In these circumstances we think the property in question ought not to be sold at a price which will result in great loss to the bondholders, if this can be avoided by having the property bid in for the amount of the indebtedness, by the trustee, for their use and benefit. . . . But . . . we think the trustee ought to be directed to bid the amount of the indebtedness unless a cash bid is received equal to the upset price established by the court."

Thus, it would appear that the chancellor should establish in his decree a fair value for the property; and, if there is no bona fide cash bid equal to or in excess of the value so fixed, the chancellor should invoke the extraordinary powers of the court to clothe the trustee with authority to bid an amount equal to the debt as found by the decree—less the amount in the hands of the receiver, and such further amount as the receiver might be reasonably expected to collect during the period of redemption—to purchase the property, and to manage and operate it under supervision of court until it can be sold in a more advantageous market upon the approval of the court.

The complainant ably contended that the trust deed contained no provisions permitting the trustee to purchase at the sale, to manage and operate the property, or to sell the property thus acquired and that, therefore, the trustee would be holding title under a dry trust, and the Statute of Uses would vest title to the property in each of the bondholders and subject the property to dower rights, to the liens of judgments of the respective bondholders, and to possible partition proceedings. It was further contended that the trustee had no power to purchase the property on behalf of all of the bondholders and that unless the bondholders were parties to the proceeding, the court had no jurisdiction to add to the powers granted to the trustee in the trust deed by authorizing the trustee to operate the mortgaged property or sell it.

The court cited provisions of the trust deed which empowered the trustee to declare all of the bonds due and payable, upon
default, and to proceed to protect the trust by any means which he might deem most effectual, to bid and purchase the property and apply the amount due on the bonds in payment of his bid, to exercise the powers conferred upon him without the possession or production of any of the bonds or coupons or proof of ownership thereof, to represent the bondholders in all suits relating to the trust or the mortgaged property, and to refrain from notifying any bondholder or making any bondholder a party to any suit or proceeding. The court held that under such provisions "the trustee may foreclose the trust deed, purchase the property at the sale for the benefit of the bondholders, and apply the amount due on the bonds, as found by the decree, in payment of his bid without the production of the bonds, all of which, of course, will be subject to the approval of the chancellor, who will protect the rights of each and every bondholder."

The case of *Hoffman v. First Bond and Mortgage Company, Inc.*,\(^2\) was cited with approval as affirming the proposition that a court of equity had authority to continue his trusteeship under the mortgage after the sale and that the property could be managed and conserved by the trustee under control of the equity court until it could be sold without unnecessary sacrifice. In that case, the trustee was authorized to bid in the property over the objection of two minority bondholders. It was contended by the objectors that the trustee held title of a dry and passive trust so that the *cestuis que trustent* were entitled to possession of the property and could call upon the trustee for a conveyance of the legal estate. The court said, "Clearly, up to the time of the foreclosure sale the defendant was and acted as trustee of an express trust created by the mortgage, with active powers and duties thereunder. . . . 'Trustees, in carrying the trust into execution, are not confined to the very letter of the provisions. They have authority to adopt measures and to do acts which, though not specified in the instrument, are implied in its general directions, and are reasonable and proper means for making them effectual. This implied discretion in the choice of measures and

acts is subject to the control of a court of equity and must be exercised in a reasonable manner.'\(^3\)

The Hoffman case approved the case of *Nay Aug Lumber Company v. Scranton Trust Company*,\(^4\) *Watson v. Scranton Trust Company*,\(^5\) and *Sturges v. Knapp*,\(^6\) saying, "The Trustee was the constituted representative and protector of noteholders who are numerous, widely scattered, and unorganized and therefore impotent effectively to protect their own interests from sacrifice at a forced sale, in a demoralized market. . . . It would be absurd to regard the trustee's duty as terminated at the very time when its protection was most needed. If it had stood by and permitted the property to be sold for a fraction of its value, the trustee might have been exposed to the charge of 'supine negligence and wilful default.'"

The Appellate Court in the Straus case further held that "in case the property is purchased by the trustee for the benefit of the bondholders, he will have active duties to perform under the direction of the chancellor, and can convey good title to the property when the court thinks this should be done; and that the bondholders' only interest is to receive their share of the proceeds of such sale."

Whether the doctrine of this decision will be upheld by the Supreme Court or whether it will be held to apply in those instances where the persons liable for the payment of the debt are solvent (in the instant case the maker was a trustee which was absolved under the terms of the bonds and coupons and the trust deed from any personal liability for the payment of the bonds and coupons) or only in those instances where the trust deed does not contain provisions making the trustee the representative of the bondholders and giving him other powers is, of course, an open question.

Under the well-established line of cases in Illinois, the note or bond is the principal obligation and the trust deed is secon-

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\(^4\) 240 Pa. St. 500.

\(^5\) 240 Pa. St. 507.

\(^6\) 31 Vt. 1.
dary. It would seem that a solvent maker who could be re-
quired to satisfy a deficiency decree might be absolved from li-
bility by the action of the trustee in bidding the full amount of
the debt and thus precluding the bondholders from their right
to secure the benefit of a reasonable deficiency. If this is true,
the chancellor should inquire into the solvency of those persons
liable for the payment of the debt and the reasonable expecta-
tion of collecting any deficiency from such persons and should
authorize the trustee to bid an amount equal to the fair value
of the property, to be fixed by the court, plus the additional
amount necessary to bring the bid up to the point of the collect-
able deficiency.

It has also been held in Illinois that the trustee is normally
the trustee for both the mortgagor and the bondholders. This
relationship apparently was not brought to the attention of the
court in the instant case. However, it appears from the provi-
sions of the trust deed that the trustee had definite powers and
duties to perform for the benefit of the bondholders and in op-
position to the mortgagor. It would seem, therefore, that when
certain powers and duties are prescribed by the trust deed, the
mortgagor should not be permitted to maintain that the trustee
was acting contrary to his duties to the mortgagor. It is con-
ceivable that the present case should be authority to the chancel-
lor to direct the trustee to bid in those instances where the
trust deed does not give the trustee the same broad powers as in
the instant case, if it is shown that the security will be sacrificed
because of the trustee's inability to bid an amount equal to the
fair value of the property.

The power of a court of equity to extend its jurisdiction so as
to authorize a trustee to operate the property after sale and to
approve or direct a sale by the trustee of the property seems to
be new in Illinois. Ordinarily, the rights of a trustee, after the
entry of the decree, are limited to the receipt and disbursement
of the proceeds of sale and the deficiency. However, the bond-
holders are usually before the court either in person or by the
trustee, and the court, in its decree, should be able to invoke its
protecting arm to empower the trustee to bid for the property
and to operate and eventually to sell it. Necessarily, after sale,
the trustee will have to look to his authority in the decree rather than in the original terms and conditions of the trust deed, because the trust deed becomes merged in the decree and has no further effect. Attorneys desiring to have the trustee empowered to bid, purchase, operate, and sell the property being foreclosed, should endeavor to have incorporated in the decree all of the necessary powers and authority to permit the trustee to function.

Whether a trustee can mortgage the property, after purchase by him, to pay taxes or other charges against the property or to permit distribution to the beneficiaries, or whether the trustee can sell the property for part cash and part mortgage, create problems concerning which there is apparently no authority. The court, having in effect established a trust under its jurisdiction, probably would have authority to permit the trustee to do those things which appear to be just and equitable and for the interests of the beneficiaries.

A further problem arises in regard to the fees and expenses incurred by the trustee in bringing the foreclosure proceedings. The court should embody in its decree provisions for the reimbursement or the payment of such moneys out of the funds in the hands of the receiver or the income from time to time received and establish the priority of such charges. The trustee also should be permitted by the decree to receive a fee for his services in the operation and sale of the property and for the services of his solicitors.

The chancellors should permit reasonable intervention in the proceedings by the beneficiaries in order that he may have the benefit of their suggestions and thus enable him better to pass upon the problems arising from time to time in the operation and the proposals of sale of the property. In case of incompetency, the chancellor can remove the trustee and appoint another better qualified to act.

It is to be hoped that this decision will be followed and approved by the Supreme Court so that the problems arising in the cases of bond-issue foreclosures will be partially solved and the bondholders will be given the full benefit of the security to
which they are entitled. The bondholders should be protected by
the trustee and by courts of equity and not be required to be
subservient to the minority bondholders or the owners of the
equities of redemption. The owners of the equities of redemp-
tion will not be deprived of any of their lawful rights, because
they will have the right to redeem from the sale during the time
prescribed by law.

Under this procedure, a foreclosure of a bond issue owned by
numerous persons should be disposed of almost as expeditiously
as the foreclosure of a wholly-owned mortgage. Master’s fees
should be materially reduced in amount, and the period of re-
ceivership should be of shorter duration than under the old pro-
cedure. Until properties are available for sale and in the hands
of owners all real estate will be depressed.

It would seem, therefore, that the Appellate Court, in this
decision, has pointed the way out of the present dilemma.

CHARLES S. MACAULAY.