

SUPREME COURT OF THE UNITED STATES

General Talking Pictures Corp. v. Western Electric Co. et al.

304 U.S. 175 (1938) · No. No. 357 · Decided May 16, 1938

SUMMARY

The Supreme Court held that a patent owner may grant a licensee authority to manufacture and sell patented devices only within specified fields of use. A purchaser that knowingly acquired amplifiers through sales outside the license scope infringed the patents by using them in theaters. The Court also upheld the validity of the challenged continuation patents and affirmed the judgment below.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	Justice Butler; Justice Black; Justice Cardozo; Justice Reed; Justice Roberts
JURISDICTION	Federal
DECIDED	May 16, 1938
DOCKET	No. 357
DISPOSITION	affirmed
PROCEDURAL POSTURE	Petitioner sought Supreme Court review by writ of certiorari of a judgment of the Circuit Court of Appeals for the Second Circuit affirming infringement judgments involving six valid patents.
STANDARD OF REVIEW	The Court declined to review factual issues supported by concurrent findings below unless plainly without support and limited certiorari review to the questions formally presented in the petition.
PRECEDENTIAL VALUE	United States Supreme Court published opinion; precedential.
PARTIES	General Talking Pictures Corp. v. Western Electric Co., American Telephone & Telegraph Co., Other respondent subsidiaries and exclusive licensees

TOPICS

- patent law
- patent infringement
- commercial litigation
- appellate procedure
- appellate jurisdiction

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether a patent owner may grant a license to manufacture and sell a patented device subject to a field-of-use restriction.
2. Whether sales made by a licensee outside the scope of its field-of-use license are sales under the patent or the authority of the patent owner.
3. Whether a purchaser that knowingly buys patented devices through sales outside the scope of the seller's license infringes by using or leasing the devices for the prohibited purpose.
4. Whether an inventor may obtain valid patents through continuation applications when the inventions were disclosed in original applications and the relevant public use did not precede the original filings by two years.
5. Whether the Court could decide issues not formally presented in the petition for certiorari.

HOLDINGS

1. A party that obtains a writ of certiorari to review specified questions is not entitled to obtain a decision on issues not formally presented in the petition.
2. A patent owner may grant a license to manufacture and sell patented devices subject to a restriction limiting the licensed activity to a defined field of use.
3. A nonexclusive licensee cannot convey authority to sell a patented device for a use that the license expressly excludes, and a purchaser who knowingly participates in such an unauthorized sale cannot treat the transaction as a sale under the patent.
4. A purchaser that knowingly buys patented devices through sales constituting infringement and then leases them for a use excluded by the license infringes the patents embodied in the devices.
5. Claims in continuation applications may receive the effective filing date of the original applications when the claimed subject matter was disclosed in the original applications and the patentee's use did not precede the original filings by two years, absent intervening adverse rights.

KEY QUOTATIONS

“Patent owners may grant licenses extending to all uses or limited to use in a defined field.” (181)

“The Transformer Company could not convey to petitioner what both knew it was not authorized to sell.”
(182)

“The effective dates of the claims of the continuation applications are those of the original applications.”
(183)

FACTUAL BACKGROUND

Respondents owned or exclusively licensed patents covering vacuum-tube amplifier inventions used in, among other fields, talking-motion-picture equipment. American Transformer Company held a nonexclusive license to

manufacture and sell the amplifiers only for private radio uses, not for commercial theater use. Despite that limitation, it knowingly sold amplifiers to General Talking Pictures for theater use, and General Talking Pictures knew the sale was outside the scope of the license.

PROCEDURAL HISTORY

Respondents brought three patent-infringement suits in the Southern District of New York, and the cases were tried together. The district court held one patent invalid and six patents valid and infringed; the Second Circuit affirmed. The Supreme Court granted certiorari but limited review to the questions specifically presented in the petition and affirmed.

DISPOSITION

affirmed

CASES CITED

- Southern Power Co. v. N.C. Public Service Co., 263 U.S. 508 (1924)
- United States v. Johnston, 268 U.S. 220, 227 (1925)
- United States v. Chemical Foundation, 272 U.S. 1, 14 (1926)
- United States v. McGowan, 290 U.S. 592 (1933)
- Alabama Power Co. v. Ickes, 302 U.S. 464 (1938)
- Layne & Bowler Corp. v. Western Well Works, 261 U.S. 387, 393 (1923)
- Keller v. Adams-Campbell Co., 264 U.S. 314, 319-320 (1924)
- Stilz v. United States, 269 U.S. 144, 147-148 (1925)
- Crowell v. Benson, 285 U.S. 22, 65 (1932)
- Crown Cork & Seal Co. v. Gutmann Co., 304 U.S. 159 (1938)
- De Forest Co. v. United States, 273 U.S. 236, 242 (1927)
- Rubber Company v. Goodyear, 9 Wall. 788, 799-800 (1871)
- Gamewell Fire-Alarm Telegraph Co. v. Brooklyn, 14 F. 255 (C.C.E.D.N.Y. 1882)
- Dorsey Rake Co. v. Bradley Co., 7 F. Cas. 946, 947 (C.C.D. Ind. 1875)
- Bement v. National Harrow Co., 186 U.S. 70, 93 (1902)
- United States v. General Electric Co., 272 U.S. 476, 489 (1926)
- Carbice Corp. v. American Patents Corp., 283 U.S. 27, 33 (1931)
- Leitch Mfg. Co. v. Barber Co., 302 U.S. 458 (1938)
- Moore v. Marsh, 7 Wall. 515, 521 (1869)
- Waterman v. Mackenzie, 138 U.S. 252, 256 (1891)
- Gayler v. Wilder, 10 How. 477, 494 (1851)
- Mitchell v. Hawley, 16 Wall. 544, 550 (1873)
- Vulcan Mfg. Co. v. Maytag Co., 73 F. (2d) 136, 139 (2d Cir. 1934)

- L.E. Waterman Co. v. Kline, 234 F. 891, 893 (2d Cir. 1916)
- Porter Needle Co. v. Nat. Needle Co., 17 F. 536 (C.C.S.D.N.Y. 1883)
- American Cotton-Tie Supply Co. v. Bullard, 1 F. Cas. 625, 629-630 (C.C.D. Mass. 1861)
- General Electric Co. v. Continental Lamp Works, 280 F. 846, 851 (2d Cir. 1922)
- Holiday v. Mattheson, 24 F. 185, 186 (C.C.S.D.N.Y. 1885)
- Smith & Griggs Mfg. Co. v. Sprague, 123 U.S. 249, 257 (1887)
- International Tooth Crown Co. v. Gaylord, 140 U.S. 55 (1891)
- Shaw v. Cooper, 7 Pet. 292, 320, 322 (1833)
- Motion Picture Co. v. Universal Film Co., 243 U.S. 502, 509-510, 513-514 (1917)
- Keeler v. Standard Folding Bed Co., 157 U.S. 659 (1895)
- Bauer & Cie v. O'Donnell, 229 U.S. 1 (1913)
- Straus v. Victor Talking Mach. Co., 243 U.S. 490 (1917)
- Boston Store v. American Graphophone Co., 246 U.S. 8 (1918)
- Bobbs-Merrill Co. v. Straus, 210 U.S. 339 (1908)
- The Corn-Planter Patent, 23 Wall. 181, 224 (1875)
- Miller v. Brass Co., 104 U.S. 350, 352 (1881)
- McClain v. Ortmayer, 141 U.S. 419, 423-424 (1891)
- Buffington's Iron Building Co. v. Eustis, 65 F. 804, 807 (C.C.D. Mass. 1895)
- Ely Norris Safe Co. v. Mosler Safe Co., 62 F. (2d) 524, 526 (2d Cir. 1932)