THE LEGAL EFFECTS OF PATENTS AS A LEGISLATIVE PROBLEM

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It has been said that a patentee does not derive from his patent the right to make, vend and use the patented article or process himself, but only the right to stop others from doing so.[1] This is the common opinion in Anglo-American jurisprudence. The following passage in Terrel and Shelley seems to me to express the basic idea well:[2]

> It is the granting portion of the letters patent which creates the property in the monopoly rights, a species of property which is purely artificial in its nature. ... A patent, however, prevents the public from making or using the patented article or process itself, but (notwithstanding the particular formal wording of the grant) does not confer upon the patentee a right to manufacture according to his invention. "That", said Lord Herschell, "is a right which he would equally effectively have if there were no letters patent at all—only in that case all the world would equally have the right. What the letters patent confer is the right to exclude others from using a particular invention" (*Steers* v. *Rogers,* 10 R.P.C. 245, at p. 251). Accordingly a patentee's right is a chose in action and entirely distinct from the right of property in a chattel.

In civil law systems, however, it is held by several legal writers that a patent confers on the patentee a real exclusive right to manufacture in accordance with the invention, a positive right like, for instance, the right to property.[3] On the other hand, this opinion has also been contradicted and some authors hold that a patent only confers the negative right to exclude others from manufacturing the invention, i.e. a right to prohibit the use of the invention by others, a monopoly.[4]

[1] *Brandtjen & Kluge, Inc.* v. *(Joseph) Freeman, Inc.* (NY: 1934), 75 F 2d 472 at p. 473 as stated by Judge Learned Hand. See Glascock & Stringham, *Patent Law: Substantive Aspects,* Wisconsin 1943, pp. 251 f.

[2] Terrel & Shelley, *On the Law of Patents,* 9th ed., London 1951, pp. 8 f.

[3] See for instance Kohler, *Handbuch des deutschen Patentrechts in rechtsvergleichender Darstellung,* Mannheim 1900, pp. 73 f., cf. pp. 76 ff. Cf. Pietzcker, *Patentgesetz und Gebrauchsmustergesetz,* I. Bd., Berlin & Leipzig 1929, pp. 30 f. See also sect. 3 of this article.

[4] That is in many cases the opinion of the practitioners; see for instance Alf B. Bryn, *Patentloven med kommentarer,* Oslo 1938, pp. 200 f. cited in sect. 3 of this article.

Like some patent laws in other countries, the Finnish Paten Act, 1943, contains the rule (sec. 1, subsec. 1) that a patent confer: on the patentee an exclusive right to manufacture the invention professionally and the act mentions the modes of manufacturing. The Danish and Norwegian Patent Acts, on the other hand, put the rule in its negative form, and state that nobody is allowed, without the consent of the patentee, to manufacture in accordance with the invention. The Swedish Patent Act, finally, takes a middle course, indicating only what constitutes infringement of a patent.

As a draft of a uniform Scandinavian Patent Act is now in preparation, the question has arisen of how the effects of a patent are to be explained in the new act. It must be examined whether the different wordings correspond to different realities or if it is only a question of how to express the rule.

Is the patent a real subjective right like the right to property, and should its effects for that reason be described in a positive form? Or does the patent contain only a right of prohibition and should it therefore be described negatively? Should the Patent Act characterize the patent as an exclusive right to manufacture the invention or as a right to exclude others from using the patented invention? In short, should the effects of a patent be stated positively or negatively in the new statute?

In this paper I propose first to give a brief outline of the discussion in Scandinavian legal theory concerning the conception of right (1) and then to summarize the result of that outline (2). I will continue by surveying the relevant rules on patents in the Scandinavian Patent Acts now in force as well as in some other Patent Acts, keeping in view the discussions which took place when these acts were being drafted as well as those contained in legal literature (3). Then follows an account of the rules concerning analogous problems as far as the law of copyright and trade-marks is concerned (4). Finally the various rights and powers of the patentee will be examined (5) in order to arrive at a basis for a final opinion on the problem of how to describe the effects of the patent, negatively or positively, in the new statute (6).

In connection with the question of the effects of a patent some other questions also arise, for instance: How is the problem of the indirect protection of products to be arranged? And furthermore, should the various modes of manufacturing the invention be described generally in the new statute, or should they be enumerated in detail? These questions, however, will not be dealt with in this paper.

1. The conception of right has been very much discussed in modern Scandinavian legal writing. As far as patents are concerned, the question is touched upon by Ekeberg.[5] He refers to the fact that legal writers have had many different opinions as to whether the institution of patents has created a new species of right. He points out that it has been stated that the patentee's legal situation after the granting of a patent had only the character of a "reflection" from legally sanctioned prohibitions (*"Rückschlag aus Verbotsgesetzen"*). Thus, in the legal system, the patent right is placed opposite to rights like the right to property, in order to indicate that the utility which is supported by the patent right is not regarded as attached to private subjects of law, but refers to the maintenance of the public order. The protection of private interests follows only as a secondary result. However, a right does not mean the demand *in abstracto* to uphold a status of certain characteristics for the benefit of a person, but always ultimately consists of a fixed pattern of acting in a wide sense. But this is not implied by characterizing the right as a reflection from legally sanctioned prohibitions. Ekeberg thus rejects the theory as being in obvious conflict with positive Swedish law. Damages by infringement of a patent and the transfer of patent rights cannot be explained by using the concept of maintaining public order and the prohibition of certain infringements of rights in order to reach this goal.

The patent right, however, has also been regarded as a reflection from legally sanctioned prohibitions in another sense. Ekeberg mentions that though the patent right has primarily been considered as attached to a fixed subject, this situation could not be characterized as a right but only as a mere reflection of a limitation of the general freedom of commercial and industrial activities, as a *jus facultativum* (the patentee's right to run a commercial or industrial enterprise) reinforced by a right of prohibition with a specified content against others. This theory does not take care of the utility-character of the invention as a basis for fixing the legal situation in law and legal writing; the legal consequences of certain acts done by other persons are not attached to the invention as a utility in the same way as the right to demand respect for the property is attached to a thing as a utility. Ekeberg therefore rejects this theory, too. In his opinion the patent

[5] Ekeberg, *Studier i patenträtt*, Vol. I, Uppsala 1904, pp. 16 ff.

right is a real right, and as such an auxiliary construction of a legal-technical character.[6]

Summarizing his opinion, Ekeberg points out that a utility when law dissolves it in those qualities which are regarded as legally relevant, is considered as an abstract unity for which respect is demanded for the benefit of a certain subject, and this means nothing else than that the legally protected utility is the object of the right of the said subject.[7] He holds that it is important to characterize a legal position as a right because the utility is then given a comprehensive protection. If, on the other hand, the protection is given by enumeration of the prohibited acts, the protection may easily seem to be exhausted by this enumeration. The base of the patentee's protection is the new invention as a utility and not a limitation of the otherwise free industry and commerce, a monopoly. Ekeberg holds that the acceptance of this view requires that the patent-institution be technically constructed in the same manner as property rights. To do this is the task of the legislator, but it is also open to the theory to develop the institution as a right within the frame of the existing legislation.[8]

So far Ekeberg. Since then, legal theory in Scandinavia has many times had the opportunity to take up a position towards the problem of how to construe the concept of rights. Here I will mention only some of the opinions expressed in Scandinavian legal writing —this seems enough in view of the limited purpose of this paper— and I think it suitable first to refer to the late Professor A. Vilhelm Lundstedt of Uppsala.[9]

Lundstedt's conception of right is, however, not easy to grasp. His expositions of the matter are very extensive and contain much that is of a purely polemical character. Furthermore, the discussion continues with small variations in book after book. His principal thesis, however, is that from a scientific point of view there does not exist any right at all. Among other things he attacks Ihering's definition of the subjective right as a legally

[6] Ekeberg, *op. cit.*, p. 18.
[7] Ekeberg, *op. cit.*, p. 19.
[8] Ekeberg, *op. cit.*, pp. 20 f.
[9] Lundstedt, "Kritik av nordiska skadeståndsläror", *T. f. R.* 1923, pp. 66 ff. and 72 ff., *Obligationsbegreppet, Förra delen. Fakta och fiktioner,* Uppsala 1929, pp. 68 ff., *Legal Thinking Revised. My Views on Law,* Uppsala 1956, pp. 77 ff.

For further inquiries, see for instance the papers of Carl Jacob Arnholm and Alf Ross in *Scandinavian Studies in Law* 1957 pp. 48 f. and 137 ff. See also Olivecrona, *Law as Fact,* Copenhagen 1939, pp. 75 ff., and Ross, *Towards a Realistic Jurisprudence,* Copenhagen 1946, pp. 175 ff. and 203 ff.

protected interest.[1] He considers that one cannot logically separate the two elements in this definition: the substantial and the formal. It is presumed that there exists something independently of the legal sanction, but if one takes the one side away, that of the sanction, nothing, in Lundstedt's view, remains; the core of the concept—the reality behind this concept—inevitably disappears. However, the fact that the legal rules are maintained causes certain "secure positions", for instance a position of the kind that is called the proprietor's right to his property. Lundstedt summarizes his opinion as follows:[2]

> In short, it is the regular maintaining of an order to prevent certain patterns of conduct and to repair as far as possible the situation, when in spite of the prevention such acts have occurred—it is the maintaining of such rules which produces these secure positions for people, positions that are characterized as ownership, other property rights and creditor's right.

"There is, however," Lundstedt says,

> quite formally, a need for a name by which to refer to the complicated relation of realities in question. Therefore, having found no other term, I have let the word "right" remain in my lectures as a term for certain situations which arise for a person through inheritance, gift, sale, some other contract, tort, etc. For several reasons it seems to me difficult to avoid the term "right".

It appears, however, that in spite of his wealth of words Lundstedt cannot get out of his circle. He attacks the concept of right and rejects the idea of rights, but nevertheless he cannot avoid using that term in order to indicate approximately the same realities as many of his adversaries.[3] Even if Lundstedt has not been able, as a result of his criticism, to eliminate the concept of right, his criticism seems to me to have been a valuable contribution, because it has forced the Scandinavian lawyers to adopt an analytical view on legal concepts and to search for legal realities behind those concepts.

The opinion of another Swedish jurist, Östen Undén, seems, as far as the concept of right is concerned, to be rather representa-

[1] Lundstedt, *Legal Thinking Revised,* pp. 78 ff.

[2] Lundstedt, *Obligationsbegreppet,* pp. 98 f., *Det hägerström-lundstedtska misstaget,* Stockholm 1942, pp. 33 ff., 40 ff.

[3] See for instance Lundstedt, *Det hägerström-lundstedtska misstaget,* p. 41. Cf. Hedenius, *Om rätt och moral,* Stockholm 1941, p. 69, af Hällström, *F.J.F.T.* 1936, p. 250 in a review of Lundstedt's Grundlinjer i skadeståndsrätten.

tive of modern Scandinavian legal writing.[4] He states that the concept of the right to property is, like many legal concepts, formed as an expression for and abstract of a complex of legal effects. In legal language it is an abridged expression for the state of things by which the legal system in certain circumstances protects a person as owner of something against those who would take it from him, or refuse to give it back to him or would otherwise make use of it, damage it, etc. The right of ownership is accordingly not an *a priori* principle resting above the positive legal rules, but a relative concept—like other legal concepts— which derives its real content from the actual legal rules. Undén summarizes his opinion thus:[5]

> The legal rules on the extension or the limitation of ownership having been developed through the considerations by the government of what the interests of society and also private interests demand, legal science adapts the concept according to the results thus achieved. The right of ownership is thus a relative concept and a functional concept. It is built on the state of legal rules and is used as a formula or a unity of notion.[6]

Finally it will be of interest to mention the idea held by the Danish Professor Alf Ross on the concept of right. As he has himself expressed his views in an earlier volume of this Yearbook,[7] it seems unnecessary to outline his theory here. I would only recall that he summarizes his opinion as follows. The "right of ownership" is in legal thinking inserted as a connecting chain between certain facts and certain legal consequences. In reality it is only an empty word, lacking any semantic reference, a word which only serves as a technical means for expressing juridical thoughts. In using the concept of right one can in a simple way describe the content of law and apply legal rules to concrete situations.[8]

2. The purpose of the preceding pages has been to outline the discussion on the concept of right. In this connection it is neither necessary to go into further detail, nor possible to make an original

[4] Undén, *Svensk sakrätt*, Vol. I, 2nd ed. Lund 1946, pp. 82 ff.

[5] Undén, *op. cit.*, p. 84.

[6] Nor has Undén escaped the criticism of Lundstedt, who attacks Undén's concept of right in his work *Obligationsbegreppet, Senare delen: Den i förra delen hävdade åskådningen ytterligare konfronterad med jurisprudensens läror*, Uppsala 1930, pp. 109 ff.

[7] See *Scandinavian Studies in Law* 1957, pp. 139 ff.

[8] Further I may refer to Ross, *Om ret og retfærdighed. En indførelse i den analytiske retsfilosofi*, Copenhagen 1953, pp. 206 ff., and *Towards a Realistic Jurisprudence*, pp. 175 ff. and 203 ff. Cf. Arnholm, "Some Basic Problems of Jurisprudence", *Scandinavian Studies in Law* 1957, pp. 48 f.

contribution to the discussion. For the purpose of the following study, the above review is quite sufficient to justify the statement that Scandinavian legal authors by discussing the concept of right have aimed at the relativity of this concept and confronted it with legal realities.

In order to clarify the legal effects of a patent, it is therefore important to examine the patentee's various possibilities of action insofar as these can be derived from the Patent Act. On the basis of this analysis it will then be possible to answer the question whether a patent should be legally described as an exclusive right or as a right of prohibition, in other words, whether the effects of a patent should be stated positively or negatively.

First, however, I want to survey those rules in the Scandinavian Patent Acts that may be of interest in this connection, and also to take a look at some other Patent Acts. At the same time I will refer to some statements in the legislative material of the statutes and in some legal works.

3. The Finnish Patent Act, 1943, is the only one of the Scandinavian Patent Acts which contains a positive statement about the patent as an exclusive right. Sec. 1, subsec. 1, of the Finnish Patent Act reads as follows:

> By means of the patent the exclusive right is established for the patentee to make professional use of the invention that is the object of the patent. In this connection its use comprises the manufacture of the product protected by the patent as well as the marketing, sale, leasing, utilization and importation of such product or method.

The Patent Decree of 1898 (as amended on June 27, 1930) contained in sec. 1, subsec. 3, a provision formulating the effects of a patent as a prohibition for others to infringe a patent. In the draft of a bill for a new Patent Act which Y. J. Hakulinen made in 1937 it is said in sec. 1 that "a patent creates an exclusive right to manufacture the invention in accordance with the provisions in this Act". In addition there were mentioned the modes of manufacturing which the exclusive right contained. According to the legislative material, however, this definition was intended to correspond to the former state of law and was meant to concern "the content of the exclusive right which the granting of a patent causes".[9] So it was here held as a matter of course that a patent gives rise to an exclusive right.

[9] Hakulinen, *Förslag till revision av patentlagstiftningen,* Helsinki 1937, p. 32.

The wording of sec. 1 of the Finnish Patent Act is based on the draft which was accepted by the Finnish delegates during the Scandinavian deliberations in the years 1938–1941 for the unification of patent legislation. In these deliberations the other Scandinavian countries, however, wanted a negative wording, corresponding in the main to sec. 5 of the Norwegian Patent Act.

Sec. 5, subsec. 1, of the Norwegian Patent Act, 1910, as amended, runs as follows:

> A patent has the effect that nobody may, without the consent of the patentee, make any commercial use of the invention by manufacturing, importing, selling or employing the object of the invention.

The Danish Patent Act, 1936, contains a corresponding provision in sec. 5, subsec. 1, which runs:

> Nobody shall, without the consent of the patentee, be allowed, for the purposes of making a profit (of earning a livelihood), to
> (1) produce, import or sell the patented article or article produced by a patented method, or
> (2) use the patented method.

The Swedish Patent Act, 1884, as amended in 1944, does not directly describe the effects of a patent.[1] In the former sec. 22 of the Act it was only stated which acts were considered as infringements of a patent. By an amendment of June 22, 1944, there was inserted in sec. 19 of the Act a definition of what objectively constitutes an infringement. The Committee that prepared this amendment said in their report:[2]

> The present Patent Act does not contain any special statement on the forms of making use of an invention which the patentee in principle can prohibit, that is on what objectively and independently from the eventual sanctions constitutes an infringement of a patent. But a provision of this kind is included in the draft bill here presented (sec. 19, subsec. 1, 1st para.) as a basis for the following provisions concerning various consequences of an infringement of a patent.

Sec. 19, subsec. 1, 1st para., of the Swedish Patent Act, as amended in 1944, runs as follows:

[1] The original Act has the title Ordinance, which is not quite in accordance with modern legal language, this statute having been enacted by the Parliament.

[2] *Statens Offentliga Utredningar* (SOU) 1942: 58, p. 29.

> Infringement of a patent is constituted when a person, without the consent of the patentee, professionally uses within the realm a patented invention by producing a patented article or using a patented method, or by importing, using, offering for sale, transferring or granting the use of a patented article, or an article which is produced through a patented process.

A model for a positive description of the legal effects of a patent can be found in the Austrian Patent Act, 1936, sec. 8:

Das Patent hat die Wirkung, dass der Patentinhaber ausschliesslich befugt ist, betriebsmässig den Gegenstand der Erfindung herzustellen, in Verkehr zu bringen, feilzuhalten oder zu gebrauchen.	The patent has the effect that the patentee has the exclusive right, for purposes of profit, to produce, to use in trade, to offer for sale or to use the object of the invention.

A similar statement was included in the former Swiss Patent Act, 1907, sec. 7, subsec. 1:

Das Patent hat die Wirkung, dass der Patenthaber ausschliesslich zur gewerbsmässigen Ausführung der Erfindung berechtigt ist.	The patent has the effect that the patentee has the exclusive right to produce for profit the object of the invention.

In the same section were also stated the patterns of conduct to which the patentee's exclusive right was extended.

The new Swiss Patent Act, 1950, sec. 8, runs as follows:

Das Patent verschafft seinem Inhaber das ausschliessliche Recht, die Erfindung gewerbsmässig zu benützen. Als Benützung gelten neben dem Gebrauch und der Ausführung insbesondere auch das Feilhalten, der Verkauf und das Inverkehrbringen.	The patent confers on the patentee the exclusive right to exploit the invention for profit. The term "exploitation" covers, in addition to use and production, above all the offering for sale, the sale and the introduction into trade of the invention.

In Weidlich and Blum's well-known commentary to the former Swiss Patent Act it is stated:[3]

[3] Weidlich & Blum, *Das Schweizerische Patentrecht,* Bern 1934, pp. 189 f. See also the recent commentary on the new Swiss Patent Act, Rudolf E. Blum & Mario M. Pedrazzini, *Das schweizerische Patentrecht,* Vol. I, Bern 1957, pp. 379 ff., where the patent-right is described as "ein *absolutes,* subjectives Recht", which gives the patentee "*die ausschliessliche Befugnis, die Erfindung gewerbsmässig zu benutzen*". (Italics by Blum & Pedrazzini.) The negative conception of the patent right is rejected with subtle arguments by the authors.

Die Wirkung des Patents ist nicht, wie früher angenommen wurde, nur eine n e g a t i v e, die sich in dem Untersagungsrecht gegenüber Dritten erschöpft; das Patentrecht verleiht vielmehr dem Patentinhaber das p o s i t i v e R e c h t zur Ausführung des Erfindungsgegenstandes. Diese Unterscheidung ist von Bedeutung bei der Frage des Verkaufs oder der Lizenzierung eines Patentes und für die Gewährpflicht des Patentinhabers.

The effect of the patent is not, as has previously been supposed, merely a *negative* concept which ends with the right of prohibiting third parties; the patent right, on the contrary, confers on the patentee the *positive right* to produce the object of the invention. This difference is of importance in relation to sale or licensing of a patent and to the responsibility of the patent owner.

The new German Patent Act, 1936, sec. 6, also states:

Das Patent hat die Wirkung, dass allein der Patentinhaber befugt ist, gewerbsmässig den Gegenstand der Erfindung herzustellen, in Verkehr zu bringen, feilzuhalten oder zu gebrauchen.

The patent has the effect that the patentee alone is entitled, for purposes of profit, to produce introduce into trade, offer for sale or use the object of the invention.

This stipulation in reality corresponds to sec. 4 of the former German Patent Act, 1921. Reimer, in his great commentary to the new Act, postulates that the patent is an exclusive right. About this he says:[4]

Das Ausschlussrecht hat eine positive und eine negative Seite. Es wirkt positiv, insofern als der Patentinhaber befugt ist, sein Recht selbst zu benutzen oder an ihm Lizenzen zu vergeben. Allerdings dürften er und seine Lizenznehmer das Patent nicht benutzen, wenn damit in ein älteres, noch bestehendes Patent eines Dritten eingegriffen würde; sog. Abhängigkeit, vgl. unten Anm. 61. Negativ wirkt das Ausschlussrecht, insofern als der Patentinhaber anderen Massnahmen verbieten kann, die in sein Patent eingreifen.

The exclusive right has a positive and a negative aspect. It is positive in so far as the patentee is himself entitled to exploit his right or to license others to exploit it. However, he and his licensee are not entitled to exploit the patent if an earlier, still valid patent of a third party would be thus infringed; this is the so-called "dependence" (see under Note 61). The exclusive right assumes a negative aspect in so far as the patentee may prohibit others from committing an infringement of his patent.

[4] Reimer, *Patentgesetz und Gesetz betreffend den Schutz von Gebrauchsmustern*, Vol. I, Berlin 1949, pp. 202 f.

Die negative Wirkung ist die weit wichtigere. Die gesamten jetzt folgenden Erläuterungen zu § 6 beschäftigen sich mit ihr.

The negative effect is much the more important of the two. The whole of the following explanation of sec. 6 is concerned with this aspect.

(He then gives a detailed description of the scope of a patent.)

Lutter states in his commentary on the sec. 6 in question:[5]

Das Patent gibt dem Patentinhaber das Alleinrecht zur wirtschaftlichen Ausnutzung der Erfindung. Mit der Patenterteilung tritt an die Stelle des unvollkommenen absoluten Erfinderrechts (s. § 3 Anm. 2) ein vollkommen absolutes Recht. Während das Erfinderrecht nur gegen Störungen des Genusses der Geistesschöpfung des Erfinders reagiert, gewährt das Patentrecht ein *Alleinrecht an dem Gegenstand der Erfindung an sich,* also auch gegenüber jemandem, der seinerseits auf denselben Erfindungsgedanken gekommen ist. In dem Alleinrecht zur gewerbsmässigen Benutzung des Gegenstandes der Erfindung liegt das Recht der Ausschliessung aller anderen von dieser Benutzung.

The patent confers on the holder the exclusive right to the economic exploitation of the invention. With the issue of the patent the incomplete, absolute right of the inventor is transformed into the absolute right of the patent-holder (see sec. 3, Note 2). Whereas the incomplete right of the inventor entitles him only to act against the infringement of the mental creation of the inventor, the patent right confers on him the *exclusive right to the object of the invention,* and thus even against a person who chances upon the same idea. The exclusive right to the economic exploitation of the invention implies the right of barring all other persons from exploiting the invention.

Concerning the effects of a patent in English law I only refer to the lines in the well-known work by Terrel, cited above in the introduction to this paper.[6]

Finally I may here mention the following provision in the Patent Act of the U.S.A., 1952, sec. 154:

> Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for a term of seventeen years, of the right to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof.

Sec. 261, subsecs. 1 and 2, of the American act is also of interest in this connection:

[5] Lutter, *Patentgesetz und Gebrauchsmustergesetz vom 5. Mai 1936,* Berlin & Leipzig 1936, p. 115.

[6] See *supra,* p. 121.

> Subject to the provisions of this title, patents shall have the attributes of personal property.
>
> Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

By some American authorities it is established that a patent gives rise to a negative right. So for example it is stated in *Brandtjen* v. *Freeman,* 75 F. 473: "A patentee does not get from his patent the right to make, vend and use, but only the right to stop others." And in *Motion Picture Patents Co.* v. *Universal Film Mfg. Co,* 243 U.S. 502, 510, 61 L. Ed. 871[7] the court stated: "It has long been settled that the patentee receives nothing from the law which he did not have before, and that the only effect of his patent is to restrain others from manufacturing, using or selling that which he has invented. The patent law simply protects him in the monopoly of that which he has invented and has described in the claims of his patent." But other opinions have also been expressed.

Of legal writers Stedman, for instance, points out that a patent-right is property and entitled to the same right and sanctions as other property. He says:[8]

> The law has impressed upon patent rights all the qualities and characteristics of property for the specified period, and has enabled patentees to hold and deal with them the same as with other property. ... Patent property is the creature of Federal statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment.

(Cf. sec. 261 of the Act of 1952, cited above.) However, he also points out that the Government in issuing a patent does not grant to the patentee the common-law right of making, using and vending his invention, but "merely the incident of its exclusive ownership for a limited time". And he expressly points out that all that the patentee obtains by the patent is the "right to exclude others during such time from making, using or vending the thing patented, without the permission of the patentee". Stedman as well as other legal writers attributes to the patentee two distinct

[7] Cited in Stedman, *Patents,* Charlottesville, Virginia 1939, p. 17 footnote 63.

[8] Stedman, *op. cit.,* pp. 12 f.

and separate rights: (1) the common-law right, to make, use and sell, and (2) the patent-law right, to exclude others from making, using and selling.[9]

In direct contrast to this Ridsdale Ellis[1] assigns to the inventor three distinct and separate rights:

"1. The common law right to make, use and sell." But he adds that "barring prior patent rights in another, anyone can make, use and vend anything he invents or discovers".

"2. The common law and equitable right to restrain others from making, using and selling the invention or discovery when knowledge of the latter has been: (*a*) imparted in confidence to the person making, using or selling, (*b*) obtained by a third party through one to whom it has been imparted in confidence." And finally the inventor has

"3. The patent law right based on statute to exclude others from making, using and selling."

In recognizing this, Ridsdale Ellis in fact goes much deeper than those who held that there are only two rights in the patent. And he admits that "if the right of exclusion was all that a patent granted and was wholly separable from the common-law right, it would seem to follow logically that the statutory right to exclude could be assigned apart from the common-law right". However, in *Crown Die & Tool Co.* v. *Nye Tool & Machine Works,* 261 U.S. 24, 67 L. Ed. 516, 43 S.Ct. 254, the Supreme Court of the U.S.A. held that this was not possible. Ridsdale Ellis therefore comes to the conclusion "that the law relating to the conveyance of patent property is *sui generis*".

The question concerning the effects of a patent has been discussed by the Swedish Committee drafting a Patent Act in 1919[2] and also by some other committees.

The Committee of 1919 says in its report[3] that some lawyers have wanted to give the patent right only a negative content by forbidding certain activities of other persons than the patentee. Against this opinion it has been held that a patent grants to the patentee a right to dispose a certain utility which is the invention protected by legal sanctions, and this right appears as a basis for

[9] Stedman, *op. cit.,* p. 17. Cf. Gladney's opinion cited in Ridsdale Ellis, *Patent Assignments,* 3rd ed. New York 1955, p. 5.

[1] Ridsdale Ellis, *op. cit.,* pp. 4 f.

[2] *Patentlagstiftningskommitténs betänkanden, Vol. VI, Förslag till lag om patent m. m.,* Stockholm 1919, pp. 361 ff.

[3] *Ibid.*

the prohibition against others. The committee adopted the latter opinion and in accordance with this it regarded the patent right as a sort of property right, with a positive content. The object of that right is a utility of an immaterial character and the right has, like *jura in rem,* an absolute character; the effect is not directed against a certain person but against everyone.

The Committee, however, did not formulate the effects of a patent in a positive form (sec. 52) which theoretically would have corresponded better with the above-mentioned view[4] but gave the following formulation, namely that the effects of a patent are "that certain positively described acts may not be done without having been properly permitted". It had been discussed by the Committee whether the prohibition should not be directed generally against making use of an invention, but the Committee did not want to leave the question of the reality behind the legal protection of a patent open to discretionary settlement by the courts. The choice of wording was also influenced by the fact that the granting of a patent does not unconditionally confer on the patentee the right of manufacturing the invention when the patent depends on a previously granted patent; in this case a positive wording might possibly lead to a misunderstanding.

By the amendment of the Swedish Patent Act in 1944 it was established that a separate provision on the effects of a patent was not absolutely necessary.[5] Thus, the legislator did not have to concern himself more closely with the question "whether such a provision should state the patentee's rights in a positive or a negative form". However, the opinion was expressed that this question had to be looked upon mainly as a matter of wording, and that its solution was not required in order to decide whether the patentee's right should be regarded as a positive or a negative right. In that respect the committee of 1944 referred to the report of the committee of 1919.[6]

In this connection it is interesting to look at Undén's characterization of the patent right. He says[7] that the patent right consists of an exclusive right to a certain invention, the patentee having a legal monopoly to the technical idea which the invention embodies. He alone has the right to use the invention. But like the *jura in*

[4] *Op. cit.*, pp. 361 f.

[5] See *Patentutredningens betänkande med förslag till lag om ändring i vissa delar av förordningen den 16 maj 1884 angående patent,* SOU 1942: 58, p. 30.

[6] Cf. also the statement by Ekeberg, *op. cit.*, p. 21.

[7] Undén, *Översikt över den svenska patenträtten,* Lund 1915, p. 21.

rem the patent right can be characterized negatively. Its existence involves a prohibition to others of the use of the invention.

Undén then makes a comparison with the Swedish Copyright Act, 1919, in which it is stated (sec. 2) that an author is exclusively entitled to make copies of his work. Undén considers that the Patent Act could express a similar positive statement, too; such a statement was included in the Patent Act, 1856.[8]

In his commentary to the Norwegian Patent Act, 1910, Alf B. Bryn[9] points out that the statement in sec. 5 has a negative form and that the Act thus does not mention the patentee's own right. Bryn finds this correct in view of the fact that a patent does not grant to the inventor any other rights regarding his own use of the invention than those which he has already got without applying for a patent. The patent right is thus a proper right of prohibition, and Bryn holds that this is also the case in countries where the patent right is described by using a positive wording, apparently providing that a patent gives rise to an exclusive right for the patentee to use the invention. The question whether the right is of a negative or a positive character has, according to Bryn, a real significance in relation to licence-contracts. For if the licence-contract is settled on the basis that the patentee has a right to use the invention which he can transfer to another person, this would in many cases cause a misunderstanding, viz. that the licensee "could properly assert that the contract was frustrated if it should happen that, in spite of the licence-contract, he cannot use the patented invention because, for instance, the use could be hindered by other patents on which the patent in question is de-

[8] Cf. regarding the *jura in rem* Björling & Malmström, *Civilrätt. Lärobok för nybörjare,* 13th ed. Lund 1953, pp. 59 ff.; Wrede & Caselius, *Grunddragen av sakrätten,* 2nd ed. Helsinki 1947, pp. 182 f.; cf. Undén, *Svensk sakrätt,* 2nd ed. Lund 1946, pp. 92 ff.

Characteristic of the different meanings given by different authors to the same term ("exclusive right") is Wrede's statement where after mentioning that "the right of ownership in principle is a *total* dominion" he says: "Beyond this positive side the right of ownership has a *negative* side too which can be characterized by the fact that it is an *exclusive* right." (My italics.) "From this quality," says Wrede, "which is dependent upon the right of ownership containing the thing in its totality, is derived the fact that there is not a manifold right of ownership to the same thing but only a single one... Finally the fact that the right of ownership is an exclusive right means, too, that the owner can forbid all others from having influence on the thing unless such an influence is just according to a statement in law or a legal transaction." Here Wrede uses the wording "exclusive right" in two different senses; in the first sense the word is not at all suitable to immaterial rights, of which it is in particular characteristic that, for instance, two different persons can use the invention at the same time independently of one another...

[9] Alf B. Bryn, *Patentloven med kommentarer,* pp. 200 ff.

pendent". And Bryn holds that the licence-contract therefore should logically be formed in such a way that the patentee in exchange for an agreed licence-fee "waives his right of prohibition against the licensee". However, the reasons which Bryn considers as supporting his opinion are not convincing. Starting from the Scandinavian theories of frustration it is not possible to plead for a negative doctrine of patent rights in opposition to a positive doctrine. Bryn could hardly hold that the licensee has to pay the licence-fees—which are not necessarily fixed as a royalty depending on the real use or production—if it appears that the patent is dependent on a prior patent, which is the true consequence of Bryn's view.

Mainly with regard to dependent patents Alfred J. Bryn[1] thinks it best to express the effects of a patent in a negative formulation. He holds, however, that this is chiefly a question of wording, as both the positive formulation and the negative one "in a strict legal construction" will give the same result; the wording of the Norwegian Patent Act is, however, in his view "undoubtedly clearer in point of language and therefore better".

In his great work *Åndsretten* the late Norwegian Professor Ragnar Knoph objects vigorously to such a negative conception of a patent.[2] The statute is intended to give the inventor a real and substantial right and not only to protect him through a so-called effect of reflection; this is also in accordance with the placing of sec. 5 in the main chapter on the content of the patent right. The Act, however, describes the effects of a patent in a negative form, while the wording in the Copyright Act is positive and indicates an exclusive right. Knoph thinks, however, that this editorial difference has no deeper foundation, and he refers to the fact that the effects of a patent according to Norwegian law are the same as in countries where the patent statute in question positively states that the patent is an exclusive right. The same practical result is thus achieved independently of whatever way one may choose. This circumstance is due to two facts, viz. (*a*) even if the patent right is negatively formulated the inventor has nevertheless "the right to use the invention and benefit from it because the prohibitions are only applicable when he has not given his consent", and (*b*) even if the right is positively stated as an exclusive right "the disposing of the invention is not unconditional and unlimited but is limited in many ways". Knoph

[1] Alfred J. Bryn, *Retten i opfinnelser*, Oslo 1932, pp. 90 f.
[2] Knoph, *Åndsretten*, Oslo 1936, pp. 267 ff.

mentions several examples of such limitations based either on general legal principles or particular statements in statutory law. He says, *inter alia:* "Finally a third man's specific right may also demand respect from the patentee's side. Thus, if the invention cannot be used without coming into collision with an existing design patent or a copyright the patentee has to comply with this fact. And the same is true if there is another man's patent which hinders the use of the invention." Hence, the positive wording does not lead to a wider scope of the right than if the wording is purely negative. Which wording should then be preferred, the negative or the positive? Knoph refers to the fact that many lawyers prefer the first alternative; the patent right is held to be clearly distinguished from the rights, such as ownership of property where the owner's use of the thing is the object and the centre of the concept of right, while the patent right is only held as "a consequence of the general freedom of action that the patentee can use the invention and have profit of it"; the prohibitions in the patent law are of course not directed against him. Knoph holds, however, that this reasoning is superficial and he does not doubt that the patent right, like the other industrial and intellectual (in civil law often called "immaterial") rights grants its possessor a sort of exclusive right.

4. If we look at the legislation regarding trade-mark and copyright law we shall find that the respective rights are generally expressed in a positive wording.[3]

[3] The Danish Trade-mark Act, 1936, sec. 1 states: "Everyone who in this territory is carrying on an industry or a trade ... is granted ... through registration ... an exclusive right to use special marks for distinguishing in general trade his articles from those of others."

The Norwegian Trade-mark Act, 1910, sec. 1 provides: "Everyone who is carrying on a manufacture or a trade ... is permitted through registration ... to acquire an exclusive right to use special trade-marks in his business."

The Swedish Trade-mark Act, 1884, sec. 1 (in the wording of 16.5.1930) states: "Each person who in this territory is carrying on an industry or a trade ... may through registration according to the rules in this Act acquire an exclusive right to use a special trade-mark for distinguishing in general trade his articles from those of others."

Similary, the Finnish Trade-mark Act, 1889, sec. 1 (in the wording of June 3, 1921) runs as follows: "Each person who in Finland produces or sells goods, is entitled through registration ... to acquire an exclusive right to use a special trade-mark for distinguishing in general trade his articles from those of others."

It may here be pointed out that the Swedish and the Finnish Acts are, according to the custom of that time, called "ordinances". As they were adopted by the Parliaments of the respective countries, I have used the word Act for these statutes, too.

At present an inter-Scandinavian legal committee is charged with the task of drafting a bill for a Uniform Trade-mark Act for Denmark, Finland, Norway and Sweden. It is reported that the committee intends to maintain the statement of the trade-mark right as an exclusive right.

In some Anglo-American trade-mark decisions it has also been discussed whether a trade-mark can be described as property or as a right to forbid others to use the mark. Of course, it is here not a question of property in the ordinary sense, but it is held[4] that when using the word "property" one can easily explain the functions of the right in a trade-mark briefly thus: "It may be convenient to speak of trade-marks as 'property', as a short way of expressing a limited truth that requires ample means for a complete and accurate statement."[5] The differences between common law and equity have also played a part when forming the description of the right in a trade-mark in Anglo-American law. Some actions had to be raised in courts of equity and this may explain why there were difficulties in explaining the right. In giving a definition of trade-mark rights in terms of injuries from which the law grants protection, Mr. Justice Holmes points out that "... in a qualified sense the mark is property, protected and alienable, although as with other property its outline is shown only by the law of torts, of which the right is a prophetic summary".[6] In Scandinavian law there has been no distinction between different kinds of actions according to common law or equity and thus it seems easier here to explain the position of the owner of a trade-mark in a short term.

Scandinavian legislation on copyrights has also been dealt with in an inter-Scandinavian legal committee.[7] In the new draft Uniform Scandinavian Copyright Act the Swedish and Finnish texts say in sec. 2, subsec. 1: "A copyright consists, with the limitations stated below, in an exclusive right of disposition over the work by producing copies thereof and making them available for the public in the original form, or in a changed form, in translation

[4] Nims, *The Law of Unfair Competition and Trade-Marks*, 4th ed. New York 1947, Vol. 1, pp. 532 ff.

[5] *Hanover Star Milling Co.* v. *Allen & Wheeler Co.*, 208 F 513–515 (CCA 7, 1913), by Baker, C. J., cited by Nims, *op. cit.*, p. 534.

[6] *Beech-Nut* v. *Lorillard*, 273 US 629, 632 (1927), 71 L ed 810, 47 SCt 481., cited by Nims, *op. cit.*, pp. 533 f.

[7] See *Förslag till lag om upphovsmannarätt till litterära och konstnärliga verk*. Kommittébetänkande N:o 5 — 1953, Helsinki 1953; *Upphovsmannarätt till litterära och konstnärliga verk*. Lagförslag av auktorrättskommittén. SOU 1956: 25, Stockholm 1956.

or in a revised form, in another kind of literature or art, or in another technique."

The wording "exclusive right of disposition over the work" in the above-cited draft Act on copyright has caused one Swedish legal writer, Svante Bergström, to examine critically the draft on this point.[8] First, he gives a detailed survey of the discussions on the nature of a copyright in Scandinavian legal writing,[9] and then he analyses the elements of the said wording: "the work", "the right of disposition over" the work, and "the exclusive right". Following Ross,[1] he looks upon the copyright as consisting of two elements, one of a negative character comprising a right to forbid others to do specified acts, the other of a positive character comprising the author's right of disposition over the work. He says:[2]

> The negative element clearly aims at disposals over the work which anyone other than the author could undertake if the law of copyright did not constitute an obstacle. Thus, the negative element is a *prohibition* directed against persons other than the author. At the same time it also means a *right* for the author to prohibit: he has the right to use the prohibition in his favour in different ways, for instance by granting exemptions from the prohibition for remuneration.
>
> The positive element aims at such *direct* disposals over the work as the author undertakes himself, for instance when he himself or through his own employees copies or performs the work. His right in this connection could be called his *right of direct disposition*. In using this right he disposes directly over the work. In using the right to prohibit he only *indirectly* disposes over the work; the clearest way to put it is to say that he hereby disposes over the *right* to the work.

Bergström gives a closer analysis of the negative and the positive element in copyright law in regard to the various acts allowed to the author. According to Bergström[3] the analysis seems to lead to the conclusion that the exclusive right as expressed in the paragraph quoted above "consists partly of the right to prohibit, partly of the right to dispose directly over the work according to copyright law". Furthermore, he points out that this conclusion seems very natural, because "an exclusive right of this sort must be regarded as possessing two elements: a negative one which

[8] Bergström, *Uteslutande rätt att förfoga över verket*, Uppsala 1954.
[9] Bergström, *op. cit.*, pp. 14 ff.
[1] See Ross, "Ophavsrettens indhold: et punktum", *T. f. R.* 1951, pp. 85 ff., and "Randanmærkninger om ophavsretten", *T. f. R.* 1953, pp. 410 ff.
[2] Bergström, *op. cit.*, pp. 132 ff.
[3] Bergström, *op. cit.*, pp. 141 ff.

prohibits others from disposing over the work without the consent of the author, and a positive one which entitles the author himself to dispose directly over the work". He asks, however, if this conclusion is correct: "Is it not on the contrary the case that one needs only the right of *prohibition* to constitute the exclusive right and that thus the positive element is superfluous"? Assuming, by way of an experimental speculation, a situation where no Copyright Act yet exists but where such an Act is to be established, Bergström comes to the result that the author's right of direct disposition is not at all changed by the new Act. As before, he can reproduce and perform his work. Bergström says that "he maintains his right in this respect as before the enactment of the new statute on the basis of and within the scope of his general freedom of action and his right of ownership. The situation can, as far as legal technique is concerned, be described by saying that the general rules which otherwise are superseded by the new statute continue to be in force in a limited sector, namely in the author's own domain". This speculative assumption thus shows, Bergström considers,[4]

> that the new elements which a statute of copyright brings—and which surpass the former general rules of law—are the prohibition and the right to prohibit. This is certainly *de facto* a position of an exclusive right established to the author, but his right to use this position is formally based on the general rules of ownership and freedom of action. The right of direct disposition could thus be transferred outside the frame of copyright and attached to the general rules of law instead. From the standpoint of *legal technique* it is, in order to attain an exclusive right to the author, only necessary to establish a prohibition and a right to prohibit.

However, Bergström refers to the fact that copyright is generally regarded as something more than a prohibition and a right to prohibit, and he says that such a way of looking upon this matter is certainly the basis for, e.g. sec. 25 of the draft Uniform Scandinavian Copyright Act concerning the transfer of copyright: "the draft Act will probably regard as such a transfer not only the transfer of the right to prohibit but also an agreement through which the author puts another person in his place as the only practiser of the right of direct disposition according to the right of copyright". According to Bergström,

[4] Bergström, *op. cit.*, p. 143.

> the author's right of direct disposition has, as a matter of fact, very little value if it is not combined with a right to prohibit, because all other persons have the same right in his domain. If, on the contrary, there is a right of prohibition, the part of the author's right of direct disposition which corresponds to his right of prohibition in the domain of others will as a reflection of the prohibition be considerably fortified: it amounts to a "privilege" which may be of great value.

Bergström continues:[5]

> This reflection seems to be the effect that one considers when including the right of direct disposition according to copyright law in the exclusive right. In doing this one is not following a purely legal-technical way of examining the matter, but a more *functional* way. If one has to describe in a legal-technical way how the copyright phenomenon satisfies its functions one has to combine two elements: on the one hand a specific right of prohibition according to copyright law, on the other a right of direct disposition based on ownership and general freedom of action; through a reflection of the right of prohibition the right of disposition has become something quite different from what it would be otherwise.

According to Bergström, one can make a similar distinction between two concepts of ownership. From a legal-technical view the right of ownership can be considered as only a right to prohibit others from interfering. Functionally it comprises the right of direct disposition, too, which legally-technically can be traced back to the general freedom of action; because of the prohibition the freedom of action is limited for all but the owner. Our normal conception of ownership is without doubt a functional one.

> The exclusive right according to sec. 2, subsec. 1, in the draft Act —the core of the concept of copyright—can thus be characterized in two ways. *Functionally* it comprises the right of prohibition and the right of direct disposition according to copyright law. From the legal-technical point of view it has to consist only of the right to prohibit.

Bergström's argument seems to show that the old doctrine of reflection from legally sanctioned prohibitions, rejected fifty years ago by Ekeberg, has got new wine in its old bottles. Bergström's analysis is no doubt interesting. But does not the result mean that it is in fact quite immaterial whether in the text of a statute one expresses the copyright—and *mutatis mutandis* the patent right—in a negative or in a positive form? In reality you have the

[5] Bergström, *op. cit.*, p. 144.

two sides and you will never get rid of them. It would perhaps be the simplest arrangement to choose neither a positive nor a negative wording but only to enumerate the patentee's various possibilities of acting under the protection of the legal system, furthermore the standards of conduct constituting infringement of the patent and also the consequences of infringement, principally in the same way as the regulation now in force in the Swedish Patent Act.

5. In the following pages I shall examine more closely the patentee's authorities and rights. It seems advisable to pay attention to the positive or negative character of the patentee's several authorities. On the basis of this investigation it will then be possible to take up an attitude to the question whether a patent should be stated as giving rise to an exclusive right or to a right of prohibition.

The patentee's own use of the invention.—One can here apply the same speculative assumption as Bergström did as to copyright. Suppose that there is no statute on patent; the inventor then has the possibility of using the invention on the basis of his own knowledge of it and within the scope of "the general freedom of action". As soon as the inventor has made the invention known —by publication or public use—all other persons have the same possibility as the inventor to use the invention (disregarding, however, those limitations which may follow from a law on unfair competition). But the use of the invention by other persons would lead to a position in regard to the competition inferior to that which would exist if the inventor had the sole use of the invention. Such an exclusive use, however, could be thought of when using the invention secretly (a secret use is however possible only with certain inventions).

What change in the inventor's actual position will the establishing of patent protection bring? His practice, as far as the invention is concerned, is the same as before: he manufactures the process or produces the article, sells the product etc. Accepting Bergström's way of looking at the matter, the inventor's "right of direct disposition" would here not be affected by the new statute, because this would not bring any special legitimation for him to use the invention. However, his position in regard to competition is not the same here as before. He is, in respect of the Patent Act, no longer compelled to use the invention secretly to avoid com-

petition on the part of others. Therefore he really no longer needs to take such measures in connection with the use of the invention as would serve to keep the secret. His own use will thus become changed as to quality because of the disappearance of such elements as do not in fact concern the direct disposition, but nevertheless are indirectly connected with the way of using the invention. In consequence, the patent brings the addition to the inventor's "right of direct disposition"—i.e. the use of the invention—that he can now use the invention openly without the risk that his competitors will deprive him of his monopoly.

The positive authority to use the invention has thus changed as to its quality because of the granting of the patent.

Assignment of a patent.—The patentee has a positive authority to assign his patent to someone else, who thus enters into the patentee's position. After the assignment the old patentee (the inventor) cannot use the invention any more, provided nothing else is stipulated in or follows from the contract of assignment. Hence, the assignment contains something more than only the withdrawal from a right of prohibition, as far as the position of a specified person—the contracting party—is concerned.

According to general legal rules on the sale of goods the assigner has the duty of warranty (cf. the English Sale of Goods Act, 1893, sec. 12), implying that the assignee really obtains the right in question. A vendor also has to warrant that the goods are not defective. The object of the contract of assignment is the patent and thus the assignee has the general remedies for breach of warranty,[6] if it is proved that the assigned patent is invalid or that the use of the patent is limited according, for instance, to a prior patent (dependency). In many cases, the assignee has contracted under the implied condition that he will have the effective right to use the patent assigned to him. Such an implied condition must be regarded as relevant, and in the case of a breach of this condition the assignee must have the right to cancel the agreement. The situation in actual cases may vary; concerning dependent patents one should perhaps be careful not to treat all cases in the same way.

If one considers the patent right negatively, the assignment of a

[6] Cf. Terrell & Shelley, *On the Law of Patents,* pp. 251 ff., where an opposite opinion is expressed. However, in some cases it is held that if the patent was invalid there was a failure of consideration; see for instance *Wilson* v. *Union Oil Mills Co., Ltd.,* 9 R.P.C. 57, cited by Terrell & Shelley on p. 252.

patent would in principle imply the assignment of a right of prohibition: the assignee does not thereby acquire any authority to use the invention, but he can prohibit others from using it. In case of invalidity of the patent, the consequence would here be the same as mentioned above, i.e. a right of cancellation for the assignee. If, on the other hand, the patent appears to be a dependent one, this would in principle not, according to the contract of assignment, affect the assignee's right by giving him authority to cancel the agreement as he has only obtained a right to prohibit others from using the invention. However, the assignee would in many cases regard the matter as if he had in fact obtained the authority to use the invention himself, because the patentee's right to prohibit him from using the invention had ceased through the assignment. Finally, it would in this case, also, depend on the construction of the contract of assignment whether the assignee has authority to cancel or not when referring to a patent depending on some other patent.

It seems to be indifferent whether an assignment of a patent is described as an assignment of an exclusive right or a right of prohibition. According to what has now been shown, the authority or right to use the invention is different when it rests on a patent from what it is when it exists without a patent as a basis. Therefore it seems suitable to describe the assigned right in a positive form. The assignment itself is, of course, a use of a positive authority, too.

Licence.—Concerning a licence, the representatives of the negative conception of a patent (in particular Alf B. Bryn) have held that the inventor and the patentee only give up their rights of prohibition against the licensee. It is, however, the interest of the licensee to practise the invention himself. The abolition of the right of prohibition means, of course, that the licensee is now allowed to practice the invention. This is why he pays, perhaps even in advance, part of the final royalties for the licence. The representatives of the positive doctrine, however, have argued that particularly the granting of a licence is a typical example of a case that can be explained only on the basis of the positive principle (see above about Knoph's, Weidlich & Blum's and Reimer's opinions).[7]

[7] See sect. 3 of this article.

Viewpoints similar to those applied to the assignment of a patent could indeed be applied to the granting of licences. Anyhow, the granting of a licence under a patent is a positive authority according to the patent right.

Where the royalties for the licence are fixed at a certain percentage of the turnover or are otherwise attached to the licensee's production or to his utilization of the patented invention, the parties have obviously presumed a positive use on the part of the licensee.[8] Having regard to this, the characterization of the licence contract as including only the renouncement from the right of prohibition against the licensee covers only one aspect of this question. Generally the royalties are bound to the manufacturing of the invention and the patentee is in fact interested in having the royalties. Hence, it seems to be consistent with ordinary language as well as with the ordinary course of things to say that the patentee grants a licence. The effect of this granting is a limitation or restriction of the patentee's position, depending on the terms of the licence, to a greater or smaller extent. As to a non-exclusive licence, for instance, the patentee can himself practise the invention in the same way as before the granting. But besides him, the licensee can, protected by the patent, use the invention, too.

Regarding an exclusive licence the question also arises whether in the case of an infringement of a patent the licensee can raise a claim against the infringer, enforcing prohibition, damages and penalties. If the patentee, according to the negative doctrine, has only given up his right of prohibition against the licensee, it is difficult to imply an exclusive right for the licensee. According to the doctrine, he would only have the right to manufacture the invention as a result of the general freedom of action, which prior to the granting was restricted by the patent. For the renouncement of the right of prohibition against the licensee would not bring the latter that qualified exclusive right which the parties intended by the exclusive license. A contract of licence will in fact probably be drawn up in order to have the patentee grant either a licence or an exclusive licence under the patent to the licensee. Thus, the parties do not have to think about the theoretical or constructional figures here mentioned. But is this not a proof, as good as any, against the doctrine that a licence in fact only would mean the renouncement of a right of prohibition? It is

[8] Cf. Terrell & Shelley, *op. cit.*, pp. 252 f.

considerably easier to describe the licensee's right starting from a positive principle: the patentee grants the licensee an exclusive right to manufacture the invention. Here, the word "exclusive" contains the protected position which the licensee gets as a result of the contract.

Pledge (mortage).—The patentee's positive faculties include even the pledging or mortgaging of his patent, provided at least that the statute gives more detailed rules about the pledgee's or the mortgagee's right in accordance with the rules of rights to property, for instance by registration of the pledge or mortgage. Even here it is proper to start from a positive shape of the patent right. It seems rather artificial to speak of the pledge or the mortgage as referring to a right of prohibition.

The legal protection. Infringement of patent.—The Patent Act gives rules on the consequences of an infringement of a patent. The patentee has at his disposal for the enforcement of his rights on the one hand the action for prohibiting the person in question from continuing or repeating the act of infringement, and on the other hand the actions on damages and penalties. These sanctions give the patentee such a protected legal position as is the purpose of a patent. Without these sanctions the granting of letters patent would be meaningless. The patentee must have means effective enough to keep his position intact. But here we meet the old question concerning the concept of right (cf. *supra,* 1): Without a legal protection one cannot possibly speak of any right at all as a reality. And this is obviously the case, irrespective of whether one wants to characterize the right positively, as an exclusive right, or negatively, as a right of prohibition. The latter doctrine aims primarily at the sanctions. In maintaining these sanctions, the actual position of the patentee is, however, secured: this position can therefore be "functionally" described as an exclusive right. The patentee has his positive faculty of manufacturing the invention etc., and besides that the faculty of prohibition against others. In these two ways the patentee's position in relation to rival entrepreneurs is built up.

Limitations in the faculty of manufacturing the invention.—Aiming especially at the case that the patent may depend on another earlier patent, it has been held that it is wrong as a matter of principle to characterize a patent positively; since a patent

would not give the patentee any right of manufacturing the invention in case this faculty is hindered by another patent.

This, however, is—as Knoph has proved very convincingly—nothing peculiarly characteristic of a patent. Other rights can be limited, too, because they come into collision with general or private interests. If, for instance, one sells a pledged or a mortgaged thing, the acquirer's legal position is not the same as if the pledge or the mortgage did not exist. But here, in the domain of the patent right, the limitation of the acquired right is connected with the fact that the possession of an invention does not exclude others from possessing the same invention. Two different persons may happen to apply for a patent on the same (or essentially the same) invention, and the one who applies first has priority of obtaining a patent in relation to the other. It may be that the first application does not lead to the granting of a patent, but it may also occur that the examination of the later application proves that the invention considered has so much novelty that it is patentable, and that a patent thus will be granted, but in dependence on another patent.[9]

At least if the prior patent for one reason or another will no longer be valid (for instance by non-payment of the fees), the patentee is exclusively entitled to use and manufacture the patented invention. The faculty of manufacturing the invention is thus only in abeyance; as soon as the prior patent has expired the patentee's exclusive right will have its positive as well as negative character. The situation with a depending patent being an exceptional occurrence, it seems justified not to let it be the dominating feature in characterizing the patent-law.

The scope of the right of prohibition.—A patent does not mean only a prohibition to others who, in one way or another, have got knowledge of the patented invention, from using and manufacturing the invention in question, but also to those persons who independently of the patentee have made the same invention or essentially the same invention from using and manufacturing their own invention unless in a given case the rules on the right of prior user are applicable. A patent thus gives rise to a right of priority in relation to other possessors of the same or essentially

[9] Cf. the British Patent Act, 1949, sec. 9: reference will in such case be inserted in the applicant's complete specification; this is, however, not the case according to the Scandinavian Patent Acts with the exception of the Danish Act.

the same invention. Thereby the right of prohibition which is a part of a patent has a substantial strength. Would this not be a good reason for describing the patent right as a right of prohibition and accordingly wording the effects of a patent in a negative way? However, the stronger the right of prohibition, the more secure will be the patentee's competitive position and the stronger, too, his exclusive right. Thus, the right of prohibition always seems to be only one side in the patentee's factual and legal position.

Limitations of the exclusive right.—The exclusive right itself can be limited in some cases, for instance where another person has a right as prior user. This does not, however, affect the patentee's own faculty to use the invention, while his right to prohibit, on the other hand, is not extended to the domain which the law has reserved for the prior user. As here the right to prohibit is limited, one could perhaps—with the same reasons as in the case of limitations of the authority to use the invention—claim that the patent right should not be characterized as a right of prohibition. This situation is the inverse of the situation just described by dependent patents. In both cases, however, it is the question of exceptional situations which one needs not to take into consideration when picturing a general view, a general description of the effects of a patent.

6. The previous investigation of the patentee's faculties as well as the patentee's and the licencee's legal situations seems to support the view that a positive description of the patent right would be preferable. But whether the patent is characterized in a positive formulation or in a negative one, there seems to be no great difference between the patentee's position in reality. If the patent is stated as a right of prohibition, rules on the patentee's faculty to use and manufacture the invention must nevertheless be anticipated even though these rules be derived from general principles of law: in the patentee's right both elements are embodied, at any rate functionally. When describing, for instance, the licensee's legal position in the case of an exclusive licence, one arrives, however, at different results, depending on which principle is followed, the positive or the negative. It is much more difficult to give an adequate description of the licensee's position starting from a negative principle.