Patent Infringement—Patents, 35 U.S.C. § 271(a)—When All Parts of Patented Machine Are Produced in United States, with Minor Final Assembly in A Foreign Country, That Machine Is "Made" Within United States Under Section 271(a). ***Laitram Corp. v. Deepsouth Packing Co.*****, 443 F.2d 936 (5th Cir. 1971).**

Deepsouth Packing Company developed a shrimp deveining machine alleged to infringe the patents on a similar machine previously developed by Laitram Corporation. Deepsouth sold the machine in the United States and in foreign markets. In a companion case[1] Laitram's claim against Deepsouth for patent infringement was upheld, and Deepsouth was enjoined from further use and production of the process in the United States. Although the parts to Deepsouth's deveining machines were produced in the United States, these parts were not assembled into a complete working machine until they reached their foreign destination. Deepsouth maintained that Laitram's patents were not infringed in sales outside the United States and that it should be allowed to sell the product on the foreign market. The president of Deepsouth admitted that final assembly of the machine could be completed in less than an hour after it arrived at its overseas destination. He also stated that final assembly was delayed to avoid United States patent complications. Despite these admissions the federal district court ruled that under section 271(a) the deveining machine was not "made" in the United States if not assembled in final operable condition prior to export. The district court modified the injunction issued in the companion case in order to permit sales overseas when the machinery was not put into operable condition in the United States. On appeal, the United States Court of Appeals for the Fifth Circuit reversed the district court and remanded with directions to withdraw the modification of the injunction. The Fifth Circuit held that "when all the parts of a patented machine are produced in the United States and, in merely minor respects, the machine is to be finally assembled for its intended use in a foreign country, that the machine is 'made' within the United States."[2]

The Fifth Circuit's decision in *Laitram* conflicts with previous decisions by three other circuits.[3] Previous cases had construed section

1. Laitram Corp. v. Deepsouth Packing Co., 443 F.2d 928 (5th Cir. 1971).

2. Laitram Corp. v. Deepsouth Packing Co., 443 F.2d 936, 939 (5th Cir. 1971).

3. Hewitt-Robins, Inc. v. Link Belt Co., 371 F.2d 225 (7th Cir. 1966); Cold Metal Process Co. v. United Eng'r. & Fdry. Co., 235 F.2d 224 (3d Cir. 1956); Radio Corp. of America v. Andrea, 79 F.2d 626 (2d Cir. 1935).

271(a)[4] to mean that a machine was not "made" within the United States if not in final operable condition prior to shipment to its foreign destination. The first case on domestic patent infringement by machines sent to a foreign destination is *Radio Corp. of America v. Andrea*.[5] The Radio Corporation of America sought an injunction against an accused infringer of certain patents on radio sets. The alleged infringer was making all parts to the set in the United States but was delaying insertion of the vacuum tubes into sockets and plugging the radio into a wall outlet until the set was outside the United States. For this reason, the Second Circuit ruled that the sets were not "made" in the United States.[6]

Hewitt-Robins, Inc. v. Link Belt Co.[7] and *Cold Metal Process Co. v. United Engineering & Foundry Co.*[8] relied on the holding in *Andrea* to support their conclusions. In *Hewitt-Robins* the Seventh Circuit concluded that a "reclaimer" device used in mining operations did not infringe the plaintiff's patent because the parts to the machine were sent in numerous separate shipments to the foreign destination.[9] In *Cold Metal* the Third Circuit concluded that steel rolling mills manufactured in the United States but shipped unassembled to foreign countries did not constitute patent infringement.[10]

On a second appeal, after remand of the *Andrea* case, additional facts disclosed that the radio sets had actually been completely assembled in the United States for purposes of testing and then disconnected for shipment. The Second Circuit held that the radio sets were "made" in the United States because they were assembled in final operable form then disassembled for shipment abroad.[11] The court stated that if the elements of an invention are sold in substantially unified and combined form, infringement may not be avoided by a separation or division of

4. Patents, 35 U.S.C. § 271(a) (1964):
Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

5. 79 F.2d 626 (2d Cir. 1935).

6. *Id.* at 628. The Second Circuit supported its decision on the basis of Bullock Elec. & Mfg. Co. v. Westinghouse Elec. & Mfg. Co., 129 F. 105 (6th Cir. 1904) which dealt only with the making and selling of a single element of a patented combination, rather than the complete unit, in Canada. In *Andrea* and *Laitram*, on the other hand, the alleged infringer was constructing the entire process and selling as a complete unit. Only final construction was delayed to avoid patent infringement.

7. 371 F.2d 225, 229 (7th Cir. 1966).

8. 235 F.2d 224, 230 (3d Cir. 1956).

9. Hewitt-Robins, Inc. v. Link Belt Co., 371 F.2d 225, 228 (7th Cir. 1966).

10. Cold Metal Process Co. v. United Eng'r. & Fdry. Co., 235 F.2d 224, 230 (3d Cir. 1956).

11. Radio Corp. of America v. Andrea, 90 F.2d 612, 613-14 (2d Cir. 1937).

parts which leaves to the purchaser a simple task of integration. Otherwise, the court reasoned, a patentee would be denied adequate protection.[12]

Since the Second Circuit did not overrule its decision in the first *Andrea* case, the two decisions considered together create a means of avoiding infringement of a patent under section 271(a). Considering only the *Andrea* decisions, a manufacturer can avoid a charge of patent infringement by merely delaying insertion of a minor component until his machine has reached its foreign destination.

Laitram's interpretation of the word "makes" in section 271(a) provides more practical guidelines for application of the statute. The court in *Laitram* interpreted "makes" to mean the substantial manufacture of the constituent parts of the machine rather than the technical meaning the court believed was given the word by previous courts ruling on the same issue.[13] Using the *Laitram* interpretation a court would not have to worry about whether the radio set had been "plugged in" while in the United States,[14] whether mills sold as a unit were never completely assembled before shipment abroad,[15] or whether a "reclaimer" which sold as a complete unit was sent abroad in numerous separate shipments.[16] The Fifth Circuit looked instead to whether the patentee's invention had been substantially constructed by the alleged infringer within the United States. The *Laitram* court believed this interpretation better served the purpose expressed in the Constitution.[17]

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12. *Id.* at 613. Although the second *Andrea* decision was based on additional proof that the radio sets were in fact completed and tested in the United States before shipment abroad, Judge Swan stated in dissent at 615:

> In holding that the sale in this country of the disassembled parts of the invention for assembly and use abroad is a direct infringement, I think we overrule our prior decision in Radio Corporation v. Andrea, 79 F.(2d) 626. Unless and until that opinion shall be declared wrong by the Supreme Court, I should prefer to abide by it. In other respects I agree with the present opinion.

13. Laitram Corp. v. Deepsouth Packing Co., 443 F.2d 936, 938 (5th Cir. 1971).

14. Radio Corp. of America v. Andrea, 79 F.2d 626 (2d Cir. 1935).

15. Cold Metal Process Co. v. United Eng'r. & Fdry. Co., 235 F.2d 224, 230 (3d Cir. 1956).

16. Hewitt-Robins, Inc. v. Link Belt Co., 371 F.2d 225, 227 (7th Cir. 1966).

17. U.S. CONST. art. I, § 8:

> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries. . . .

In discussing the Constitutional aspects in *Laitram*, the Fifth Circuit stated at 939:

> If this Constitutional protection is to be *fully effectuated*, it must extend to an infringer who manufactures in the United States and then captures the foreign markets from the patentee. The Constitutional mandate cannot be limited to just manufacturing and selling within the United States. The infringer would then be allowed to reap the fruits of the American economy—technology, labor, materials, etc.—but would not be subject to

The court's decision in *Laitram* does not conflict with the rule that a patent protects only the machine in its totality and not its individual unassembled elements.[18] *Laitram's* disagreement lies with the other circuits' interpretation of the totality rule. The other circuits' concept is that a machine becomes total only when every component part of the machine is present and finally formed. Under this view, if a single component part is omitted, the total machine is not considered in existence but rather a collection of individual elements which do not constitute a machine. Therefore, the protection of the patent laws should not be granted.[19] On the other hand, the Fifth Circuit would extend protection to a patented machine even though a minor part is not finally inserted on an alleged infringing machine. The ultimate purpose of patent laws is the protection of the theory and design of the patent holder. The theory

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the responsibilities of the American patent laws. (emphasis added).

The court here assumes Congress intended full Constitutional protection for patent holders. However, the protection intended may have been a more limited one. In finally deciding the particular problem present in *Laitram* and *Andrea* the extent of Constitutional protection intended under the patent statutes should be determined.

The intent of Congress is not clear on the meaning of section 271(a). Patents, 35 U.S.C. § 271(a) (1964) (legislative history); *Hearings on H.R.* 3760 *Before a Subcomm. of the House Comm. on the Judiciary*, 82d Cong., 1st Sess. 151 (1951) (patent lawyer discussing provision which became section 271(a)).

18. *See* Aro Mfg. Co. v. Convertible Top Replacement Co., 365 U.S. 336 (1961); Mercoid Corp. v. Minneapolis-Honeywell Regulator Co., 320 U.S. 680 (1944); Brown v. Guild, 90 U.S. (23 Wall.) 181 (1874) (The Corn-Planter Patent).

The above cases all dealt with the scope of protection that should be extended to the patentee of a machine or process which consisted of several separate, unpatented parts which when combined form the patented machine or process. The *Aro* case concerned an action for infringement and contributory infringement of a patent against defendants who manufactured and sold replacement fabrics designed to fit automobile convertibles equipped with the plaintiff's patented device. *Mercoid* dealt with whether the patentee could exert monopoly control over separate unpatented elements of his hot air furnace system. In *Brown* the defendant was charged with infringement of certain letters patent granted to the plaintiff for improvements in corn planting machines. From these cases comes the general rule that a patent protects only the machine in its totality and not its individual elements.

The Fifth Circuit does not disagree with the above rule, and does not seek to extend monopolistic protection to unpatented elements of a patented machine or process, thereby denying any use of these elements to the public. *Laitram* simply disagrees with the reasoning of the other circuits in construing the rule and believes that under the *Laitram* interpretation the completed machine is given more adequate protection. Laitram Corp. v. Deepsouth Packing Co., 443 F.2d 936, 939 (5th Cir. 1971).

19. Hewitt-Robins, Inc. v. Link Belt Co., 371 F.2d 225, 229 (7th Cir. 1966); Cold Metal Process Co. v. United Eng'r. & Fdry. Co., 235 F.2d 224, 228 (3d Cir. 1956); Radio Corp. of America v. Andrea, 79 F.2d 626, 628 (2d Cir. 1935).

and design is still present even though a minor part, such as a bolt or screw, has been omitted from the patented machine.[20]

The Fifth Circuit concluded that the question is not the public's right to use a constituent element of a patented machine, but rather Deepsouth's right to use the entire patented machine.[21] This case declared that under section 271(a) the machine should be considered "made" within the United States when all the parts of a patented machine are produced in this country and in merely minor respects the machine is to be finally assembled in a foreign country.

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20. The court in *Laitram* was not extending the protection of the patent of the assembled machine to the unpatented, unassembled parts. The Fifth Circuit stated at 939:

> The purpose behind the *Brown, Aro, Mercoid* rule is to prevent the patentee from exercising exclusive control over the constituent elements of his patented machine. The public has a right to utilize these elements and is only precluded from making use of the patented machine itself.

21. Laitram Corp. v. Deepsouth Packing Co., 443 F.2d 936, 939 (5th Cir. 1971).