DIALOGUE UPON THE RAMPARTS*

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Lawyers and courts, being creatures of custom and precedent, come slowly to the new. The reasons for this are more real than apparent; settled substantive law is the assertion of the rights by which we live, and prosper. It has been a hard-won series of battles, and we do not alter our treaties lightly. Adjective law, since it makes possible the ordered assertion of substance, is of equal importance to us; we recognize the need of adapting both it and the substance for which it is the mechanism of assertion to times as they change, but the adaptation is a slow and considering process.

So, when we come to arbitration, which challenges not only existing methods of doing justice, but the monopoly of the representative state as the doer of justice, we naturally find reluctance to adopt it. This reluctance is seen in the historic argument between sole court jurisdiction and private arbitration,[1] in jurisdictions which still do not provide for enforceable arbitration, in jurisdictions which permit appeals as to matters of law or for other reasons not involving the "honesty" of the particular arbitration award, in limiting arbitrators' use of preliminary or ancillary procedure, and in the reservation from arbitral decision of certain whole areas of dispute. Those areas of dispute—for instance, much of marital and family law—are interestingly marked by a conclusion that *public policy* does not permit the submission of such matters to private decision; and this though both parties consent to arbitration.

Delay in the adoption of arbitration as a mechanism of decision in patent stuff has followed pretty much the same pattern as it has in other fields. Despite its use at what, for United States patent jurisprudence is a relatively early date,[2] it has faced the usual judicial hostility.

> The determination of the status of a patent, its validity or invalidity, its infringement or noninfringement, is a matter that is inherently unsuited to the procedure of arbitration statutes.[3]

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1 Donahue v. Susquehanna Collieries Co., 138 F.2d 3, 5 (3d Cir. 1943); yet see Leesona Corp. v. Cotwool Mfg. Corp., 134 U.S.P.Q. 24, 25 (W.D.S.C. 1962), *aff'd*, 137 U.S.P.Q. 177, 179-180 (4th Cir. 1963); compare Saucy Susan Products, Inc. v. Allied Old English, Inc., 200 F. Supp. 724, 132 U.S.P.Q. 194 (S.D.N.Y. 1961), nn.4, 6 (trademark).

2 Federico, "Arbitration of Early Patent Disputes," 2 Arb. J. 9 (1938).

3 Zip Mfg. Co. v. Pep Mfg. Co., 44 F.2d 184, 186 (D. Del. 1930); *cf.* Donahue v. Susquehanna Collieries Co. and Leesona Corp. v. Cotwool Mfg. Corp., *supra* note 1.

More than that, it has faced active legislative opposition, culminating in the adoption of the statute requiring the recording of agreements for the settlement of interferences.[4] The judicial hostility may probably be put away; *Zip* is quite possibly a by-blow of an almost-ended era.[5] The legislative hostility may not, for it is rooted in suspicion of the patent system itself, as a surviving vestige of lawful private monopoly. Reading *Zip* and the interference statute together, we cannot sensibly confine them to their specific fields of infringement and priority of invention in assaying their broader meaning.

The question is whether arbitration will be an increasingly used and favored remedy in disputes which directly or indirectly involve patents—title to them, securing their issuance to a particular applicant, enforcing and construing them and contracts relating to them.

A principal barrier to such extension of its use will be the reluctance of many members of the patent bar to advise their clients to enter into contracts containing arbitration clauses, or to submit disputed matters to arbitration where contract does not already compel it. This reluctance is something exceedingly difficult to pin down, but it is nonetheless there. It deserves investigation.

General law advocates of arbitration find this reluctance disheartening. The factual subject-matter of patents involves technologies ranging from the inter-meshing of gears to plasma physics. Arbitration is based on the concept of a lay judge who is peculiarly conversant with the general factual subject-matter of the case—almost an impossibility with a member of the bench whose pre-law training has in all probability been non-technical, and whose professional life is devoted primarily to disputes in entirely different fields. Arbitration is supposed to proceed with speed, something of considerable importance when investment and production decisions must wait on the validity of a patent or the interpretation of a contract; federal and state court dockets alike are clogged to the point of considerable delay. Arbitration is private, unless the parties see fit to advise the world of its initiation and outcome; judicial trials are necessarily public. Because of this privacy, perhaps, arbitration tends to leave the parties reconciled to the decision, though one must be unhappy about it; this is not necessarily so of a fiercely contested trial, where motives and witnesses are sharply assailed in public. And arbitration is supposed to be final. But many patent lawyers still don't like it. Why?

The answer does not lie in responses to a detailed questionnaire, for such responses (save from practitioners of the most varied and ex-

[4] 35 U.S.C. 135(c) (Supp. IV, 1958).

[5] See the excellent summary in Aeschlimann, "Arbitrability of Patent Controversies," 44 J. Pat. Off. Soc'y 655, 659-660, nn.15, 15a (1962).

haustive experience) are often as speculative as the questions asked. Nor does it lie in a glib assertion that the patent bar is inherently an extremely conservative one, even if that tired bromide were true.[6] The thinking of patent lawyers, like their brothers in other fields of specialization where the exceptional stands out sharply in memory, is colored by experiences which they have had. Arbitration tends to be a somewhat exceptional experience, and if a particular experience is not a good one or does not come up to expectations, it is emphasized in the lawyer's subsequent reactions and thinking.

The procedures of the American Arbitration Association for the selection of arbitrators are perhaps the most sophisticated of any in use. Through its constant effort to have its National Panel reflect as wide an array of thoroughly qualified talents in all possible technological fields as persuasion can achieve, the use of suggested panels, and the rejection of possible arbitrators to whom either party to the submission objects, the Association has taken a long stride towards supplying arbitrators who are skilled in the technology to which the dispute relates. This effort has not always been sufficient.

A typical three-man arbitration tribunal includes a man having some technical expertise in the field involved, a businessman, and a lawyer. Because so much of its non-labor docket relates to business disputes, rather than scientific ones, the National Panel has a relatively heavy array of "practical" men. Many patent disputes do not involve the practical, but the recondite; they call for familiarity with the intricacies of advanced science. This is no more invariable a situation than with any other type of judicial subject-matter, but it does frequently occur. When it does, it is not too easy to get one or more experts in the particular field for service on the panel. To begin with, in a highly advanced field there are apt to be few experts, or at least not enough who are geographically available. Second, these few prospective panelists are apt to have industrial connections allied with or hostile to one or the other of the parties. If this is not the case, their industrial or professional connections may be such that either or both of the parties would rather they not become privy to the scientific and technological questions and business implications involved in the arbitration. In addition, there is a reasonable possibility that any expert in a narrow field of advanced technical effort is somewhat doctrinaire, which leads parties to fear that he will let his personal predilections color his view of

[6] Progress in such varied directions as application of machine techniques to searching prior art, and constant surveillance and reëvaluation of office practice by the bar, should be considered by those making such a comment too lightly.

the factual testimony, a frailty expected in a witness but undesirable in a judge.

It is usually somewhat easier to select the businessman who so often makes one of the arbitral triumvirate. It may be objected to his service that a businessman has no business sitting in judgment on patent matters, or at least on cases which revolve around "pure" patent law as opposed to applied patent law. This is false logic in the majority of cases, for patents possess major significance only insofar as they have economic effect. For that matter, they get into arbitration only when they have present or anticipated economic effect. Principles of business being wider than patent principles, the array of prospective arbitrators from the commercial field is similarly wider, and the availability and acceptability are easier.

The third member, if not a majority, of a typical arbitral tribunal in such cases is usually a patent lawyer. Here we revert to much the same sort of problem we had selecting panels of scientific experts, and choosing from the panels, but with an added difficulty. Litigation has made it abundantly clear that the slightest connection between an arbitrator and either of the parties uncommunicated to it may fatally threaten the award.[7] More than that, in reviewing a suggested panel, counsel will unhesitatingly strike out the name of anyone with whom he believes opposing counsel has ever had cordial relations, and usually (if grudgingly) strike out the names of his own friends. The parties can get a man, as they can with the categories of experts and businessmen, but like those, it takes time.

Remembering from one or more past cases that it took time, and a great deal of cross-checking, to eliminate unwanted panelists from the array, the patent lawyer reflects with only a little exaggeration that it might be better to settle for a judge who was assigned to the matter. He *should* reflect as well, of course, that most patent lawyers go jurisdiction-hunting and judge-hunting when they can; that they even rely on rather detailed statistics to keep them up to date on which jurisdiction is most favorable to their cause. This is not a sufficient answer, for we are asking him to accept the unusual, and we must offer something which is not only better as a matter of fact, but something which is better as a matter of psychology, a more difficult assignment. Not the least of the problems involved is a paradox—*because* the lawyer could take an active part in selecting the judges, and found them (admittedly) less than perfect, he is perhaps subconsciously less satisfied with them than would be the case were the trier thrust upon him by an assignment judge.

[7] Rogers v. Schering Corp., 165 F. Supp. 295 (D.N.J. 1958), *aff'd per curiam*, 271 F.2d 266 (3d Cir. 1959) (Royalty-fixing arbitration).

Granted that these faults are not as severe in fact as they seem to the lawyer recontemplating the acceptability of arbitration, they do have their effect upon his judgment. What can be done? The most obvious answer is constant expansion of the National Panel, to include more qualified scientifically trained individuals, with emphasis on both the more crowded technologies and the more advanced ones. This cannot be put on the neat statistical basis of six electronics engineers, two physicists, and a plasma expert per hundred cases anticipated for trial, but it can be sought and accomplished in general terms. Next, and this is somewhat more of a bootstrap operation, more patent lawyers must be brought onto the National Panel. Admittedly this requires selling to a somewhat hostile group but, to the extent the group takes part in arbitration, it will see less objection to it.

Secondly, arbitration relies for its popularity on the fact that it moves with speed. Putting by the side the fact that many lawyers do not want cases to move with speed (and that patent litigation is notoriously time-consuming), it is not entirely clear that patent arbitration moves with anything like the celerity which characterizes other forms of arbitration. We have already commented on the delay ensuing on picking a panel, though it must be conceded in fact that this delay hardly assumes the proportions of that caused by crowded dockets.[8] How fast does an arbitration move from that point on, and how does it compare with a judicial trial? The answer is that it consumes fewer days, but that it is troubled by one special difficulty more than is a trial—the fact that the arbitrators do not serve day after day, as does a judge, but usually in time taken from their other duties. The degree of difficulty in finding a series of dates at which all three arbitrators can be free is not simply a triple puzzle, but at least three to the third power. Couple with this the usually lengthy character of patent evidence, especially where the decision turns upon validity, infringement, or priority, and it is evident that this type of arbitration begins to stretch out. Patent attorneys complain of this actively.

To a certain extent the problem is a self-limiting one, for, at least in the experience of one arbitrator, arbitrators tend to reject what they think is repetitious. Unfortunately, this does nothing to insure the confidence of counsel who is a little suspicious of the informality of arbitration to begin with. The cure may rest with the Association; in addition to enlarging its National Panel, it would be desirable to indicate to prospective panels for a particular case that the entire trial will last X days, and do this on the basis of a conscientious estimate by counsel, and that it is desirable that the trial of the matter should proceed con-

[8] Some comparative statistics are collected in Davis, "Patent Arbitration," 15 Arb. J. (n.s.) 127 (1960).

tinuously so far as possible. In turn the arbitrators (perhaps with some aid from the Association and some minor amendments in the Rules) can work harder towards narrowing of the issues in contention, ask more firmly for concessions of fact (*not* conclusions from them), and even suggest that substantial affidavits be introduced instead of extended oral testimony, subject to proper cross-examination. Arbitrators *are* triers of fact, and should not hesitate to use, increasingly, the procedural acceleratives which are available to courts. This cannot be forced on counsel, it can only come from their cooperation, which must be solicited on the basis that it is best for their clients' interests. Whenever any such suggestion is made by an arbitrator, he should simultaneously ask himself whether he is demanding that a trial lawyer, who is first and rightly an advocate with all that rightly implies, sacrifice something of fair and material advantage to his client. If the answer is "Yes," the suggestion is almost certainly out of place.

So far we have said nothing about the standard objections to arbitration, which are not peculiar to patent matters—that " it is simply a complicated way of forcing a compromise upon the parties"; and that arbitrators, since not all of them are lawyers and none of them are judges, are neither bound to apply law nor genuinely capable of doing so. The only possible answer to the first of these objections is that it simply is not so.[9] The second is more troublesome, for the assaying of experience is a subjective matter at heart, and the lawyer whose theory of a case has been rejected by the arbitrators is quite apt to feel, even if they write an opinion (which is rather unusual), that they simply ignored it. It is not a sufficient answer for those who have served as arbitrators to say that they carefully consider the points of law which are briefed and argued; counsel put it down as simply a self-serving declaration.

Patent law is peculiarly lawyers' law; it is technical in a high degree, and from the concept of continuous diligence in reduction to practice to the statutory rule on the effect of recording an assignment, or the nature of a shopright, it is virtually unknown to the general bar. In addition, it calls for highly subjective conclusions from facts in dispute. Judges lament their problems in dealing with it when first they come to the bench. All of this makes an understandable background for reluctance of the patent bar to come to the amateur judge.

A portion of the answer is an easy one—at least one of the arbitrators will be a patent attorney, and in all probability he will be

[9] The arbitrator's oath should be assurance enough. The practicalities of the situation are that arbitrators do not mediate or compromise, and that they do not obstruct but look with favor, without assisting, one party's approach toward the other toward an "amicable disposition."

more experienced with the subject-matter presented than any but a mature judge. But convincing counsel that the tribunal, of whom one or more may be laymen, will either understand or heed his arguments of law, or be able to draw proper distinctions between his thesis and that of his adversary, is a more difficult matter. The easiest argument is one that does not seem to be made too often— in any jury trial, while it is true that the facts rest with the jury and the law with the judge, the jury determines, weighs and applies those facts under instructions of law, often of a complicated nature, and not seldom requiring the application of disparate and successive theories of law as the determinations of fact proceed. This is best seen in a case calling for a special verdict, or special findings upon interrelated and progressive points. But the great majority of patent causes are not tried to juries.

The effective argument, again, is to get more patent lawyers into arbitrations, so that they may not only learn what goes on but may contribute their specialized knowledge and experience to the evaluation of the arguments of law which are made to the tribunal. For that matter, there is no particular reason that a typical tribunal must be made up of a businessman, a technological or scientific expert, and a patent lawyer. Granted an enlarged National Panel from which to choose, tribunals on request could always, as they now are often, be constituted of patent lawyers alone.

There is, finally, the unexpected argument that patent matters should not be arbitrated at all as a matter of sound policy, especially where they are of any considerable importance, because unspoken but widely felt prejudice against patents brings a certain disrepute to any private decision touching them.[10] Here I think it is for the patent lawyer to put an end to suspicion in three ways: by preparing his case so thoroughly and so convincingly that the result will be justified, by letting the result become public in an announcement agreed upon by both parties and by both counsel, and by continuing hotly to defend the patent system. If the patent system is correctly so subject to suspicion, it is in such deep trouble that no honest arbitration, fairly and fully heard and determined by impartial and conscientious arbitrators, can injure it any further.

Not all the objections of the patent lawyer to arbitration are groundless, but the required practical answers to them, which involve frank recognition and deliberate improvement of the process of arbitration, are not difficult. They lie largely in the hands of the administrators of the arbitral process, and, to a lesser extent with the patent bar

[10] Davis, "Patent Arbitration and Public Policy," 12 Arb. J. (n.s.) 87 (1957).

itself. Not every patent case should be arbitrated, and perhaps certain types of patent cases are not particularly adapted to abitration. In a great many instances, however, existing difficulties of the judicial process can be obviated by resort to the facilities of the Association even now. After all, what we lawyers seek should be justice, not advantage unfairly taken; simplicity, not complexity.