



10-1971

## Deepsouth Packing Co. v. Laitram Corp.

Lewis F. Powell Jr.

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~~subject to review~~  
Grant Cert. on legal Issue

Patent ~~in~~ infringement case - shrimp  
de-veining machine.

Resp. has a patented machine; the patent  
therein was found to be infringed by Petr.'s  
machine.

Petr. sold its machines in Brazil, although  
all essential parts were made in U.S. & assembled  
in Brazil.

Statute requires that patented device be  
"made" within U.S. ~~CC5~~ CC5 here held  
that statute applied - that making essential  
parts in U.S. is sufficient. Otherwise,  
holder of valid U.S. patent can be denied access  
to foreign markets.

Other circuits seem to have reached  
different results.

I incline to agree with ~~CC5~~ CC5 <sup>U</sup>

Issues are factual  
except this legal point.

No. 71-315 OT 1971

A HOLD FOR NINE CASE

DISCUSS

Deepsouth Packing Co., Inc. v. The Laitram Corp.

Cert to CA 5 (Brown, Goldberg & Clark)

Patent Infringement Case.

Resp Laitram holds patents on the two component parts of a  
shrimp deveining machine which CA 5 held infringed by petr Deepsouth's  
manufacture of a shrimp deveining machine. The machines in question  
are designed to remove the veins from the back of previously peeled  
shrimp meats on a high volume, low labor basis. Resp's machine  
functions as follows: Peeled shrimp meats are delivered to the  
top of an inclined trough; then with the aid of lubricating water,  
gravity, and a physical phenomenon which CA 5 held was first noticed  
by resp, the shrimp meats slide back first through a series of  
knives positioned in a herringbone ~~XXXXXX~~ pattern down the length  
of the trough; the herringbone pattern causes the shrimp to slide  
in a zig-zag fashion, and in the course of the slide the shrimp meats



strike again and again against the knives which slit the backs open and expose the vein. This trough is the subject of one patent (the "trough" patent). At the bottom of the trough the shrimp meats fall into a tank containing running water and a turning drum constructed of punched metal which has an inside surface composed of numerous projections resulting from the punches. This tank-drum removes the remaining veins while the running water moves the shrimp meats along the length of the drum; the veins are removed by the scraping of the shrimp meats against the projections resulting from the punched holes in the drum. The tank-drum is the subject of the second patent (the "drum" patent).

Petr's machine, which CA 5 held infringed resp's patents, functions as follows: Peeled shrimp meats are delivered to the top of an inclined watered trough which has knives in straight lines running the length of the trough; the shrimp meats are brought into contact with the knives by rocking the entire trough back and forth; the result is that the shrimp meats travel down the trough in a herringbone pattern, striking one knife after another, in a manner which strikingly resembles the herringbone pattern of movement produced by resp's machine. At the bottom of the trough the shrimp meats are washed into contact with an endless belt constructed of the same punched metal which lines the inside of resp's metal drum; a system of water jets strike the shrimp meats, pushing them against the metal projections, and washing the veins from them.

Petr, and CA 5, treated the case as presenting essentially three issues:

(1) The unauthorized making within the United States issue.

This issue, focussed on first by CA 5 and petr, ~~XXXXXXXXXXXX~~ arises because the USDC held resp's patents valid and infringed by petr's machine. The relevant statute, 35 USC 271(a) provides in relevant



part that:

whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

"makes"  
within  
U.S.

Petr sold its machine in Brazil, but produced all the essential parts of the machine in the United States; the machine was shipped in a form which contemplated minor final assembly (taking less than one hour) in Brazil. The issue before CA 5 was whether the infringing machine was "made" within the United States in the meaning of the statute. Starting from the premise that a patent protects only a machine in its totality and not its individual unassembled parts, CA 2 held in Radio Corp. of America v. Andrea, 79 F.2d 627 (CA 2 1935), that the protection of the patent law is not extended until the machine is complete - "No wrong is done the patentee until the combination is formed." Thus CA 2 reasoned in Radio Corp. that if components made in the US are assembled outside the US, the machine is not "made" within the US, and there can be no infringement under the statute. CA 3 and CA 7 have followed Radio Corp. Hewitt-Robins, Inc. v. Link Belt Co., 371 F.2d 225 (CA 7 1966); Cold Metal Process Co. v. United Engineering & Foundry Co., 235 F.2d 224 (CA 3 1956). Cert was sought in none of these three cases. CA 5 explicitly rejected the reasoning of Radio Corp., deeming its construction of "make" an artificial, technical construction of the term not in keeping with ordinary ~~meaning~~ meaning. CA 5 held that "make" means the substantial manufacture of the constituent parts of the machine, and reasoned that to hold otherwise would countenance all sorts of schemes that would undermine the protection afforded by the patent laws. CA 5 explicitly held that if all of 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, then the machine is "made" in the US. CA 5 emphasized that it was not dealing with the public's right to use a constituent element, but rather petr's right to use the entire patented machine.

I am inclined to think that CA 5 is correct, and would not grant on this point. To hold otherwise would open the door for an American producer to manufacture components in the US, assemble them in the foreign country of sale, and effectively deprive a patent-holding American producer of foreign markets for the patented product.

(2) The infringement issue.

Here the case becomes factually very complex. The USDC made its decision on the basis of 2 volumes of pleadings, 11 volumes of trial transcript, a book of written and photographic exhibits, numerous physical exhibits, over 500 pages of briefs and memoranda, motion pictures of the machinery in operation, and on-site factory demonstrations of the two machines in operation. The CA 5 highly praised the TJ for his conscientious efforts, and his 30 page findings and opinion.

CA 5 upheld the TJ's rejection of petr's claim that respondent's patents were invalid under the doctrines of obviousness (obvious to one possessing the level of ordinary skill in the art) and anticipation (anticipation by prior art structures). The USDC engaged in a comprehensive consideration of the state of the art prior to resp's invention, and concluded that resp's invention was neither obvious nor anticipated by existing structures. CA 5 regarded these determinations as mixed factual-legal, and upheld them under a "clearly erroneous" standard of review.

The TJ and CA 5 held that petr's machine infringed resp's patents under the doctrine of equivalents. In Graver Tank & Manufacturing Co. v. Linde Air Products Co., 339 US 605 (1950), this Court held that substance must predominate over form, and



that if two devices do the same work in substantially the same way and accomplish substantially the same result, they are the same, even though they differ in name, form, or shape. This is the doctrine of equivalents. The CA 5 applied a "clearly erroneous" standard to ~~MMX~~ uphold the TJ's conclusion that petr's machine infringed resp's patent under the doctrine of equivalents. I think that my initial description of the two machines demonstrates that CA 5 is probably correct.

I think that the obviousness, anticipation, and equivalency issues turn largely on the facts, and that further review of these determinations is not warranted. I do not believe that CA 5 applied new legal concepts in this case; it certainly did not purport to do so.

(3) The laches and estoppel issues.

Petr contends that resp should be barred from bringing an infringement action by the doctrines of laches and estoppel (there is also an issue of file wrapper estoppel in the Patent Office, but petr does not press this claim on appeal). Petr states that resp controls 90% of the industry as a result of control of numerous patents, and that resp has vigorously asserted ~~XX~~ the validity of its patents in numerous infringement actions brought against its competitors, the chief of which is petr. Petr contends that resp's position of dominance in the industry imposes upon resp a duty to conduct itself equitably, not only in procuring patent rights, but also in the assertion of such rights against competitors. Petr contends that resp did not assert its patent within a reasonable period of time in light of resp's knowledge of petr's machine. ~~XX~~ Resp's predecessor learned of the rocking trough in petr's devices in 1962, and resp learned of the punched metal belt in petr's devices in 1965. This action was brought in



1967. In 1964, petr had written to resp stating that petr had developed a deveining machine which it was preparing to offer for sale, and inviting resp to inspect the machine to determine whether resp would regard it as infringing. Resp declined to make the inspection, stating that it had no legal reason to make an inspection, and stating that it had a definite policy of bringing infringement actions when its patent rights were invaded. The USDC found no laches, on the ground that there had been no unreasonable delay in bringing suit, no acquiescence by resp in any of petr's activities, and no estoppel, on the ground that petr had been in no way prejudiced by resp's delay in bringing suit or by resp's refusal to inspect. CA 5 affirmed, noting:

In the midst of such equivocal facts and such charges and counter-charges and, given the trial court's prerogative and duty to draw conclusions of fact from the evidence and testimony presented to it when it is exercising its broad equitable discretion to enjoin, we see no clearly erroneous fact determination and no abuse of discretion on that court's part in rejecting this equitable defense.

I think that CA 5 said this really to emphasize how difficult it is to review determinations regarding the presence of laches and estoppel; that difficulty would be equally present <sup>in this Court</sup> ~~here~~.

The petition reveals a long history of litigation initiated by resp against petr, all of which resp has apparently won, with the exception of a case which resp brought and settled by paying petr (the defendant in the suit) \$10,000 to drop its antitrust counterclaims. I suspect that the three who have voted to GRANT have done so out of concern over resp's near-monopoly position, and the impression that resp has bombarded the much smaller ~~XXXXXX~~ petr with continuous litigation. I share this concern, but am inclined to think that petr's remedy lies in the antitrust area. This Court's decision in California ~~XXXXXX~~ Transport may ease



petr's burdens in seeking relief if resp has in fact abused the judicial system in an attempt to monopolize. Of course, it may be that petr is an outrageous copier.

(4) The process patent issue.

When an inventor discovers a new use for a known structure he is required under the patent law to obtain a process patent, that is, he must identify his invention as a process, rather than as a structure (this to keep known structures available for use by others; only the combination/process being restricted to the holder of the patent). Petr contends that resp should have obtained a process patent, and has obtained instead an invalid patent on known structure. This is really the other side of the anticipation coin, which was discussed in connection with the infringement issue. The USDC found that resp had invented a structure neither known in or anticipated by prior art.

CONCLUSION: The entire case turns on the facts with the exception of CA 5's avowed departure from previous cases defining "made" in the United States. Since I think that CA 5 is correct on the latter point, I would deny. In the event that CA 2, CA 3, and CA 7 adhere to their prior decisions, then a grant to resolve the conflict in the circuits may be appropriate. As things stand now, the conflict may disappear, as other circuits may ~~not~~ overrule prior precedents and follow CA 5's reasoning, which seems much more sound in these days of substantial international commerce.

DENY

CEP





3/15/72--LAH

Grant

MOTION

**DISCUSS**

No. 71-315 OT 1971  
Deepsouth Packing Co v. Laitram Corp

This is a motion filed by two patent lawyers to file an amicus brief in the above patent case, which was granted at your first conference and will probably not be heard until next Term. Since Petr refused to agree to this filing, movants were required to seek approval from the Court. This is a classic case in which the motion should be granted. These attorneys have studied, they assert, the constitutional basis of the patent laws and contend that the average patent lawyer has an erroneous focus on the constitutional protection provided by the patent clause. While their views may not be bought by the Court, I see no impediment to their filing.

GRANT

LAH





BENCH MEMO

DEEPSOUTH PACKING CO. v. LAITRAM CORP. No. 71-315

We granted cert only on the first question stated in the petition for a writ.

This is the patent case involving "shrimp deveining" machines. CA 5, after protracted litigation, held that Laitram's patents were infringed by Deepsouth's machine.

In a separate opinion (see Appendix 76), CA 5 addressed the legal question as to the meaning of the word "made" in 35 U. S. C. 271(a) which provides in part:

"Whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent. "



In this case, Deepsouth sold its machine in Brazil, but produced all of the essential parts in the United States, shipping them to Brazil where they could be assembled in less than an hour.

Refusing to follow several decisions in other Circuits, CA 5 construed the word "made" to mean the substantial manufacture of the constituent parts of the machine. To hold otherwise, would allow circumvention of the patent law and would interfere with international trade by American companies.

Tentative View:

As indicated on my excellent cert note (from Pete), I thought - and still think - the CA 5 decision is correct.

Bank (for Deposit)

He emphasized that all of

elements of the patent are old

(i.e. not an invention) - three elements  
here involved; they were never joined  
together prior to invention.

~~The~~ He notes Court has held (Br. 19)

that the elements must be

combined to constitute a patent

There two cases are \* entailing  
\* Worland v Howard 232 U.S. 428  
\* Seim v Howard 232 U.S. 420

Referred to 35 USC 271(a)

(para of Pat. in writ)

\* ECA5 ignored their case, & decided  
case in favor of economic practices



The combination of elements in  
the "invention" & this aspect  
only outside of U.S.

U.S. Patents do not have extra-  
territorial validity (but if a U.S.  
corp. infringes patent of another  
U.S. corp. by sales abroad,  
a suit can be maintained in  
this country - at least this is my  
impression & unless the district  
is "made" in the U.S.

### Shoart (for Hartman)

There is no controlling precedent  
the courts think as to relevance  
of prior art & cases.  
There is a conflict among  
certain courts.

### "~~Pat~~ Invention Patentable"

as defined in 35 USC 101 (Pat 1948),  
central what is "made" under 271(a)  
The word "invention" is not in 101.

Shorth (cont)

~~#~~ (100 jurisdictions in the world)

proceed for patents.)

See 101 includes "machine"

covering "patentable invention"

All parties concerned in the case  
refer to their device as a "machine"





✓

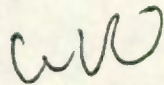
Supreme Court of the United States  
Washington, D. C. 20543

CHAMBERS OF  
JUSTICE WILLIAM O. DOUGLAS

April 18, 1972

Dear Chief:

I have assigned the opinion in  
No. 71-315 - Deepsouth Packing Co. v.  
Laitram Corp., to Byron.

  
~~William O. Douglas~~

The Chief Justice

CC: The Conference

The vote here was  
5 to 4 - 9 dissented  
but do not expect to  
write



Supreme Court of the United States  
Washington, D. C. 20543

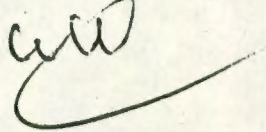
CHAMBERS OF  
JUSTICE WILLIAM O. DOUGLAS

May 13, 1972

Dear Byron:

In No. 71-315 - Deepsouth Packing Co.  
v. Laitram Corp., please join me in your opinion.

W. O. D.



Mr. Justice White

cc: Conference

Supreme Court of the United States  
Washington, D. C. 20543

CHAMBERS OF  
JUSTICE THURGOOD MARSHALL

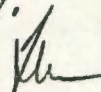
May 15, 1972

Re: No. 71-315 - Deepsouth Packing v. Laitram

Dear Byron:

Please join me.

Sincerely,



T.M.

Mr. Justice White

cc: Conference



Supreme Court of the United States  
Washington, D. C. 20543

 CHAMBERS OF  
JUSTICE POTTER STEWART

May 15, 1972

71-315 - Deepsouth Packing Co. v. Laitram Corp.

Dear Byron,

I am glad to join your opinion for the Court  
in this case.

Sincerely yours,

*P.S.*

Mr. Justice White

Copies to the Conference

Supreme Court of the United States  
Washington, D. C. 20543

CHAMBERS OF  
JUSTICE WM. J. BRENNAN, JR.

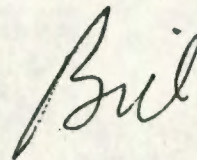
May 15, 1972

RE: No. 71-315 - Deepsouth Packing v.  
Laitram Corporation

Dear Byron:

Please join me in your fine opinion  
in the above. Should "not inconsistent with"  
in the last line read "consistent with" or am  
I nit-picking?

Sincerely,



Mr. Justice White

c c: The Conference



*e*

MEMORANDUM TO MR. JUSTICE POWELL

Re: No. 71-315, Deepsouth Packing Co. v. Laitram Corp.

White circulated his opinion for the Court over the weekend. At Conference the vote was 5 to 4 to reverse. Stewart, Brennan & Marshall have joined White, and I am certain that Douglas's joinder will be forthcoming soon. You, the Chief, Blackmun & Rehnquist voted to affirm; no dissent has as yet been received.

The heart of the opinion begins on page 7, and the whole case turns on whether Deepsouth "made" the machine in the United States. White for the majority concludes that the machine was not "made" in the United States, and that Laitram's combination patent was therefore not infringed. A strong argument can be made to the effect that the machine was "made" in the United States; the 5th Circuit so concluded.

I have attached the cert note in this case, for what it is worth (if anything). I judge from White's opinion that cert was granted only on CEP  
the issue denominated  
#1 in the cert note.

Supreme Court of the United States  
Washington, D. C. 20543

CHAMBERS OF  
JUSTICE LEWIS F. POWELL, JR.

May 16, 1972

Re: No. 71-315 Deepsouth Packing Co.  
v. Laitram Corp.

Dear Byron:

I would appreciate your showing at the proper time that I dissent from the Court's opinion, excellent though it be.

I do not plan to write a dissent. If none is written by other members of the Court, you might add the following for me:

"Mr. Justice Powell dissents because he believes that the Court of Appeals for the Fifth Circuit correctly decided this case."

Sincerely,

L. F. P.

Mr. Justice White

cc: The Conference.



MEMORANDUM TO MR. JUSTICE POWELL

Re: Deepsouth Packing Co. v. Laitram Corp.

According to what I have observed, if you want White to add a note to his opinion it ought to be along these lines:

(X)

MR. JUSTICE POWELL dissents because he believes that the Court of Appeals for the Fifth Circuit correctly decided this case.

If you want to have something along the lines of "MR. JUSTICE POWELL, dissenting" and cast in the first person, you should circulate such a one-liner, as printed by the printer.

CEP

AS IN YOUR  
DRAFT

5/18/72 CEP

*Join*

MEMORANDUM TO MR. JUSTICE POWELL

Re; Deepsouth Packing Co. v. The Laitram Corp.

Blackmun's DISSENT

Blackmun has circulated the attached dissent, and Rehnquist has joined. I am not wild about the way he has handled the dissent, but we have no alternative but to join. It covers the issue fairly well.

JOIN BLACKMUN'S DISSENT

CEP



Supreme Court of the United States  
Washington, D. C. 20543

CHAMBERS OF  
JUSTICE WILLIAM H. REHNQUIST

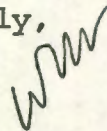
May 18, 1972

Re: 71-315 - Deepsouth Packing v. Laitram

Dear Harry:

Please join me in your dissent in this case.

Sincerely,



Mr. Justice Blackmun

Copies to the Conference

Supreme Court of the United States  
Washington, D. C. 20543

CHAMBERS OF  
JUSTICE LEWIS F. POWELL, JR.

May 19, 1972

Re: No. 71-315 Deepsouth Packing Co.  
v. The Laitram Corp.

Dear Harry:

Please join me in your dissent.

Sincerely,

*Lewis*

Mr. Justice Blackmun

cc: The Conference



Supreme Court of the United States  
Washington, D. C. 20543

CHAMBERS OF  
THE CHIEF JUSTICE

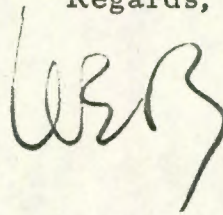
May 29, 1972

Re: No. 71-315 - Deepsouth Packing Co. v. Laitram Corp.

Dear Harry:

Please join me in your dissent.

Regards,

A handwritten signature in dark ink, appearing to be "W. E. Burger", written in a cursive style.

Mr. Justice Blackmun

Copies to the Conference





*give joined  
h7P  
5/19/72*

To: The Chief Justice  
Mr. Justice Douglas  
Mr. Justice Brennan  
Mr. Justice Stewart  
Mr. Justice White  
Mr. Justice Marshall  
Mr. Justice Powell ✓  
Mr. Justice Rehnquist

1st DRAFT

**SUPREME COURT OF THE UNITED STATES**

From: Blackmun, J.

No. 71-315

Circulated: 5/18/72

Deepsouth Packing Co., Inc., } On Writ of Certiorari to  
Petitioner, } the United States Court  
v. } of Appeals for the Fifth  
The Laitram Corporation. } Circuit.

[May —, 1972]

MR. JUSTICE BLACKMUN, dissenting.

Because our grant of certiorari was limited, 404 U. S. 1037 (1972), the customarily presented issues of patent validity and infringement are not before us in this case. I necessarily accept, therefore, the conclusion that the Laitram patents are valid and that the Deepsouth de-veining machine, when manufactured and assembled in the United States, is an infringement. The Court so concedes. The Court, however, denies Laitram patent law protection against Deepsouth's manufacture and assembly when the mere assembly is effected abroad. It does so on the theory that there then is no "making" of the patented invention in the United States even though every part is made here and Deepsouth ships all the parts in response to an order from abroad.

With all respect, this seems to me to be too narrow a reading of 35 U. S. C. §§ 154 and 271 (a). In addition, the result is unduly to reward the artful competitor who uses another's invention in its entirety and who seeks to profit thereby. Deepsouth may be admisible and candid or, as the Court describes it, *ante*, at 6 n. 5, "straightforward," in its sales "rhetoric," *ante*, at 9-10, but for me that rhetoric reveals the very iniquitous and evasive nature of Deepsouth's operations. I do not see how one can escape the conclusion

*N*

that the Deepsouth machine was *made* in the United States, within the meaning of the protective language of §§ 154 and 271 (a). The situation, perhaps, would be different were parts, or even only one vital part, manufactured abroad. Here everything was accomplished in this country except putting the pieces together as directed (an operation which, as Deepsouth represented to its Brazilian prospect, would “take less than one hour”), all much as the fond father does with his little daughter’s doll house on Christmas Eve. To say that such assembly, accomplished abroad, is not the prohibited combination and that it avoids the restrictions of our patent law, is a bit too much for me. The Court has opened the way to deny the holder of the United States combination patent the benefits of his invention with respect to sales to foreign purchasers.

I also suspect the Court substantially overstates when it describes *Radio Corp. of America v. Andrea*, 79 F. 2d 626 (CA2 1935), as a “leading case,” *ante*, at 11, and when it imputes to Congress, in drafting the 1952 statute, an awareness of *Andrea*’s “prevailing law,” *ante*, at 12. It seems to me that *Andrea* was seriously undermined only two years after its promulgation, when the Court of Appeals modified its decree on a second review. *Radio Corp. of America v. Andrea*, 90 F. 2d 612 (CA2 1937). Its author, Judge Swan himself, somewhat ruefully allowed that his court was overruling the earlier decision. *Id.*, at 615. I therefore would follow the Fifth Circuit’s opinion in the present case, 443 F. 2d 936 (1971), and would reject the reasoning in the older and weakened *Andrea* opinion and in the Third and Seventh Circuit opinions that merely follow it.

By a process of only the most rigid construction, the Court, by its decision today, fulfills what Judge Clark,



in his able opinion for the Fifth Circuit, distressingly forecast:

“ . . . To hold otherwise [as the Court does today] would subvert the Constitutional scheme of promoting ‘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.’ U. S. Const., Art. I, § 8, Cl. 8. It would allow an infringer to set up shop next door to a patent-protected inventor whose product enjoys a substantial foreign market and deprive him of this valuable business. 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 responsibilities of the American patent laws. We cannot permit an infringer to enjoy these benefits and then be allowed to strip away a portion of the patentee’s protection.” 443 F. 2d, at 939.

I share the Fifth Circuit’s concern and I therefore dissent.