The Burger Court Opinion Writing Database

United States v. Glaxo Group Ltd.

410 U.S. 52 (1973)

Paul J. Wahlbeck, George Washington University
James F. Spriggs, II, Washington University
Forrest Maltzman, George Washington University

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

CHAMBERS OF
THE CHIEF JUSTICE

November 30, 1972

Re: 71-666 - U. S. v. Glaxo Group Ltd.

Dear Bill:

I voted tentatively at Conference to reverse in this case largely due to the inadequacy of the remedy fashioned by the District Court. I do not intend to write but will likely join one or both of the dissents in part.

Regards,

Mr. Justice Rehnquist

Copies to the Conference

B. M. Joined Byron's dissent on 11/30

CHAMBERS OF
THE CHIEF JUSTICE

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

December 7, 1972

Re: No. 71-666 - U. S. v. Glaxo Group Ltd.

MEMORANDUM TO THE CONFERENCE:

It appears that the resolution of this case is undergoing some evolution and that Mr. Justice Rehnquist's proposed opinion does not enlist a majority.

I was in the "reverse" posture at Confererence and on reflection Byron White's position comes nearest my view of the case. I therefore suggest that he put his hand to a draft to see if he can get a Court.

Regards,

WEB

S

CHAMBERS OF
THE CHIEF JUSTICE

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

January 3, 1973

Re: No. 71-666 - U. S. v. Glaxo Group Ltd.

Dear Byron:

Please join me.

Regards,

WEB

Mr. Justice White

Copies to the Conference

WJD

2nd DRAFT

SUPREME COURT OF THE UNITED STATES

No. 71-666

United States, Appellant, v. Glaxo Group Limited et al.	On Appeal from the United States District Court for the District of Columbia.

[December —, 1972]

MR. JUSTICE DOUGLAS, dissenting.

The general rules concerning the ways in which the validity of patents may be tested are quite accurately stated by the Court. The error is in the application to the facts of this case. . .

A patent gives the owner "a right to be free from competition in the practice of the invention." *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661, 665, "It is the protection of the public interest which is dominant in the patent system." *Ibid.* "It is the protection of the public in a system of free enterprise which alike nullifies a patent where any part of it is invalid . . . and denies to the patentee after issuance the power to use it in such a way as to acquire a monopoly which is not plainly within the terms of the grant." In *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 224, 234, the Court said:

> "It is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly."

As recently as *Lear* v. *Adkins*, 395 U. S. 653, 664, we reiterated our approval of the *Pope Mfg. Co.* case and emphasized again "The public's interest in the elimination of specious patents." —— F. 2d 674 n. 19.

3rd DRAFT

SUPREME COURT OF THE UNITED STATES

No. 71-666

United States, Appellant, v. Glaxo Group Limited et al. } On Appeal from the United States District Court for the District of Columbia.

[December —, 1972]

MR. JUSTICE DOUGLAS, with whom MR. JUSTICE BRENNAN concurs, dissenting.

The general rules concerning the ways in which the validity of patents may be tested are quite accurately stated by the Court. The error is in the application to the facts of this case.

A patent gives the owner "a right to be free from competition in the practice of the invention." *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661, 665, "It is the protection of the public interest which is dominant in the patent system." *Ibid.* "It is the protection of the public in a system of free enterprise which alike nullifies a patent where any part of it is invalid . . . and denies to the patentee after issuance the power to use it in such a way as to acquire a monopoly which is not plainly within the terms of the grant." In *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 224, 234, the Court said:

> "It is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly."

As recently as *Lear* v. *Adkins*, 395 U. S. 653, 664, we reiterated our approval of the *Pope Mfg. Co.* case and emphasized again "The public's interest in the elimination of specious patents." — F. 2d 674 n. 19.

3

WM — Changes Throughout

Joined Blue

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

4th DRAFT

From: Douglas, J.

SUPREME COURT OF THE UNITED STATES

No. 71-666

Circulated: _____

NOV 30 1972

Recirculated: _____

United States, Appellant, v. Glaxo Group Limited et al. | On Appeal from the United States District Court for the District of Columbia.

[December —, 1972]

MR. JUSTICE DOUGLAS, with whom MR. JUSTICE BRENNAN concurs, dissenting.

The key question in this case is whether on the facts there has been a misuse of these patents. I agree with the majority that the Government may not *carte blanche* challenge the validity of a patent merely because it turns up in an anti-trust case. But with all deference, the challenged patents in this case were misused if they are in law specious patents, because they are the very foundation on which the restraints of trade rested. Each agreement which contained the bulk rules limitation gave the distributors in this country a license under the griseofulvin patents which exacted a royalty for the right to sell the patented product. Two licenses (the one to Johnson & Johnson and to Schering) were for 17 years or until the expiration of the patents. They were, in other words, patent licenses.

The patent-pooling agreement between Glaxo and ICI provided that the latter would attempt to prevent its licensees from selling griseofulvin in bulk. Pooling was said by ICI to be necessary because "without obtaining rights under ICI's U. S. patent on dosage form griseofulvin, no other U. S. concern could enter the U. S. market for that product. Accordingly, for Glaxo to be able to export griseofulvin to the United States, it had to assure its U. S. purchasers that they would acquire

B

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

CHAMBERS OF
JUSTICE WILLIAM O. DOUGLAS

December 22, 1972

Dear Byron:

In No. 71-666 - United States v. Glaxo Group Ltd., 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 WM. J. BRENNAN, JR.

November 27, 1972

RE: No. 71-666 - United States v. Glaxo Group Ltd.

Dear Bill:

Please join me in your dissent in the above.

Sincerely,

Bill

Mr. Justice Douglas

cc: The Conference

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

CHAMBERS OF
JUSTICE WM. J. BRENNAN, JR.

December 27, 1972

RE: No. 71-666 - United States v. Glaxo Group Limited et al.

Dear Byron:

I agree.

Sincerely,

Bill

Mr. Justice White

cc: The Conference

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

CHAMBERS OF
JUSTICE POTTER STEWART

November 13, 1972

RE: NO. 71-666, U. S. v. GLAXO GROUP LTD.

Dear Chief,

This will confirm that I have asked Bill Rehnquist to write the opinion for the Court in this case.

Sincerely yours,

P.S.

The Chief Justice

Copies to the Conference

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

CHAMBERS OF
JUSTICE POTTER STEWART

November 22, 1972

Re: No. 71-666, United States v. Glaxo Group Limited et al.

Dear Bill,

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

Sincerely yours,

P.S.

Mr. Justice Rehnquist

Copies to the Conference

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

CHAMBERS OF
JUSTICE POTTER STEWART

January 18, 1973

71-666 - U. S. v. Glaxo Group

Dear Bill,

Please add my name to your dissenting opinion in this case.

Sincerely yours,

P.S.

Mr. Justice Rehnquist

Copies to the Conference

(3)

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

CHAMBERS OF
JUSTICE BYRON R. WHITE

November 27, 1972

Re: No. 71-666 - United States v. Glaxo Group

Dear Bill:

In view of your treatment of the remedy matter, I am having second thoughts about this case and am considering a dissent with respect to the Government's authority in specified situations to demonstrate the invalidity of a patent.

Sincerely,

Byron

Mr. Justice Rehnquist

Copies to Conference

Dear Bill:

I, too, fear that in this case the validity of the patent is so tied in with effective remedy as to require some action on the patent validity. As of now I am somewhere between Douglas and White. I am sorry I can not join your opinion in so far as remedy is concerned. My

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

Please join me

1st DRAFT

From: White, J.

Circulated: 11/29

Recirculated:

SUPREME COURT OF THE UNITED STATES

No. 71-666

United States, Appellant, v. Glaxo Group Limited et al. | On Appeal from the United States District Court for the District of Columbia.

[December —, 1972]

MR. JUSTICE WHITE, dissenting.

Like the majority, I would hesitate to grant the Government a roving commission to attack the validity of any patent lurking in the background of an antitrust case. When, however, a patent provides the leverage for an antitrust violation or other patent misuse, it is clearly established that the Government has the authority to obtain judicially decreed restrictions on the patent monopoly, in the form of mandatory sales or reasonable royalty licensing for instance, as appropriate means for remedying the antitrust violation. See, *e. g., Besser Manufacturing Co.* v. *United States,* 343 U. S. 444 (1952); *United States* v. *United States Gypsum Co.,* 340 U. S. 76 (1950); *International Salt Co.* v. *United States,* 332 U. S. 392 (1947); *Hartford Empire Co.* v. *United States,* 323 U. S. 386 (1943). When the permissible extent of the future enforcement of the patent is before the Court, it is reasonable and in the interest of judicial economy to allow the Government to directly attack the validity *vel non* of the patent. Such authority has been recognized in the context of fraud, mistake, or deceit in the issuance of the patent. See *United States* v. *Bell Telephone Co.,* 167 U. S. 224 (1897).

In the present case, it has been determined that the contractual restrictions on alienation of bulk-form griseofulvin are *per se* violations of the Sherman Act. More-

1st DRAFT

SUPREME COURT OF THE UNITED STATES

No. 71–666

United States, Appellant, v. Glaxo Group Limited et al.	On Appeal from the United States District Court for the District of Columbia.

[January —, 1973]

MR. JUSTICE WHITE delivered the opinion of the Court.

The United States appeals pursuant to § 2 of the Expediting Act, 15 U. S. C. § 29, from portions of a decision by the United States District Court for the District of Columbia in a civil antitrust suit. We are asked to decide whether the Government may challenge the validity of patents involved in illegal restraints of trade, when the defendants do not rely upon the patents in defense of their conduct, and whether the District Court erred in refusing certain relief requested by the Government.

I

Appellees, Imperial Chemical Industries Limited (ICI) and Glaxo Group Limited (Glaxo), are British drug companies engaged in the manufacture and sale of griseofulvin. Griseofulvin is an antibiotic compound which may be cut with inert ingredients and administered orally in the form of capsules or tablets to humans or animals for the treatment of external fungus infections. There is no substitute for dosage-form griseofulvin in combating certain infections. Griseofulvin itself is unpatented and unpatentable. ICI owns various patents on the dosage form of the drug.[1] Glaxo owns various

[1] Specifically at issue in the present litigation is U. S. Patent No. 2,900,204, issued August 18, 1959. The patent embodies two

2nd DRAFT

SUPREME COURT OF THE UNITED STATES

No. 71–666

United States, Appellant, v. Glaxo Group Limited et al. | On Appeal from the United States District Court for the District of Columbia.

[January —, 1973]

MR. JUSTICE WHITE delivered the opinion of the Court.

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[1] Specifically at issue in the present litigation is U. S. Patent No. 2,900,204, issued August 18, 1959. The patent embodies two

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

CHAMBERS OF
JUSTICE THURGOOD MARSHALL

November 28, 1972

Re: No. 71-666 - United States v. Glaxo Group

Dear Bill:

I, too, fear that in this case the validity of the patent is so tied in with effective remedy as to require some action on the patent vel non. As of now I am somewhere between Douglas and White. I am sorry I cannot join your opinion insofar as remedy is concerned.

Sincerely,

T.M.

Mr. Justice Rehnquist

cc: Conference

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

CHAMBERS OF
JUSTICE THURGOOD MARSHALL

November 30, 1972

Re: No. 71-666 - U. S. v. Glaxo Group Ltd.

Dear Byron:

Please join me in your dissent.

Sincerely,

T.M.

Mr. Justice White

cc: Conference

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

CHAMBERS OF
JUSTICE THURGOOD MARSHALL

January 3, 1973

Re: No. 71-666 - U. S. v. Glaxo Group Ltd.

Dear Byron:

I am still with you.

Sincerely,

T.M.

Mr. Justice White

cc: Conference

C 12

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

CHAMBERS OF
JUSTICE HARRY A. BLACKMUN

November 24, 1972

Re: No. 71-666 - U. S. v. Glaxo Group Ltd.

Dear Bill:

Please join me.

Sincerely,

H. A. B.

Mr. Justice Rehnquist

cc: The Conference

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

CHAMBERS OF
JUSTICE HARRY A. BLACKMUN

January 18, 1973

Re: No. 71-666 - United States v. Glaxo Group

Dear Bill:

Please join me in your dissent.

Sincerely,

H.A.B.

Mr. Justice Rehnquist

Copies to the Conference

B

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

CHAMBERS OF
JUSTICE LEWIS F. POWELL, JR.

December 27, 1972

Re: No. 71-666 United States v. Glaxo

Dear Byron:

Please join me.

Sincerely,

Lewis

Mr. Justice White

cc: The Conference

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

From: Rehnquist, J.

1st DRAFT

Circulated: 11/22/72

Recirculated:

SUPREME COURT OF THE UNITED STATES

No. 71-666

United States, Appellant, v. Glaxo Group Limited et al. | On Appeal from the United States District Court for the District of Columbia.

[December —, 1972]

MR. JUSTICE REHNQUIST delivered the opinion of the Court.

Appellees Glaxo and ICI are British drug companies engaged in the manufacture and sale of the antibiotic known as griseofulvin. The District Court found that certain provisions in agreements between these appellees and their licensees which restricted the latter's right to resell the drug in bulk form were *per se* violations of the Sherman Act and enjoined any further bulk sale restrictions on drugs marketed by appellees.[1] That court refused to grant the Government's request for more sweeping relief in the form of mandatory sales and licensing, and it also refused to permit the Government to challenge the validity of two patents held by appellees relating to the dosage form, rather than to the bulk form of the drug. The Government has appealed these adverse determinations directly to this Court pursuant to § 2 of the Expediting Act, 15 U. S. C. § 29.

Griseofulvin is an antibiotic compound which may be cut with inert ingredients and administered orally in the form of capsules or tablets to either humans or animals

[1] The facts were developed by affidavit and discovery, and the matter was submitted to the District Court on various motions dealing both with the merits and with form of relief.

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

From: Rehnquist, J.

Circulated: _____

Recirculated: 11/28/72

2nd DRAFT

SUPREME COURT OF THE UNITED STATES

No. 71-666

United States, Appellant, *v.* Glaxo Group Limited et al.	On Appeal from the United States District Court for the District of Columbia.

[December —, 1972]

MR. JUSTICE REHNQUIST delivered the opinion of the Court.

The question for decision in this case is whether the Government may challenge the validity of patents owned by civil antitrust defendants when the latter expressly disclaim any reliance on the patents as a defense to the charges of antitrust violation, and when the District Court has found that neither "has abused its patent rights."

Appellees Glaxo and ICI are British drug companies engaged in the manufacture and sale of the antibiotic known as griseofulvin. The District Court found that certain provisions in agreements between these appellees and their licensees which restricted the latter's right to resell the drug in bulk form were *per se* violations of the Sherman Act and enjoined any further bulk sale restrictions on drugs marketed by appellees.[1] That court refused to grant the Government's request for more sweeping relief in the form of mandatory sales and licensing, and it also refused to permit the Government to challenge the validity of two patents held by appellees relating to the dosage form, rather than to the bulk form

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3

WM Joined BRW dissent p 3, 4

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

From: Rehnquist, J.

Circulated: _____

Recirculated: 12/1/72

3rd DRAFT

SUPREME COURT OF THE UNITED STATES

No. 71-666

United States, Appellant, v. Glaxo Group Limited et al. | On Appeal from the United States District Court for the District of Columbia.

[December —, 1972]

MR. JUSTICE REHNQUIST delivered the opinion of the Court.

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[1] The facts were developed by affidavit and discovery, and the matter was submitted to the District Court on various motions dealing both with the merits and with form of relief.

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

1st DRAFT

SUPREME COURT OF THE UNITED STATES

From: Rehnquist, J.

No. 71-666

Circulated: 1/18/73

Recirculated:

United States, Appellant, v. Glaxo Group Limited et al. | On Appeal from the United States District Court for the District of Columbia.

[February —, 1973]

MR. JUSTICE REHNQUIST, dissenting.

The Court has undertaken to substitute its judgment for that of Congress in the initiation of novel procedures for the determination of patent validity, and in so doing has blandly disregarded the procedural history of this case.

I

There is neither statutory nor case authority for the existence of a general right of either private individuals or the Government to collaterally challenge the validity of the issued patents. In the Patent Act of 1790, Congress provided that private citizens could, upon motion alleging fraudulent procurement, prompt a district court to issue to a patentee an order to show cause why his letters patent should not be repealed.[1] A substantially identical provision was carried over in the Patent Act of 1793.[2] But the Patent Act of 1836 contained no provision for such individual actions although it increased the number of statutory defenses in infringement actions.[3] The effect of this omission was determined by *Mowry* v. *Whitney*, 81 U. S. 434 (1871), to be the preclusion of

[1] 1 Stat. 109. For an excellent review of the history briefly summarized here, see Cullen & Vickers, Fraud in the Procurement of a Patent, 29 Geo. Wash. L. Rev. 110 (1960).

[2] 1 Stat. 318.

[3] 5 Stat. 117.

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

2nd DRAFT

From: Rehnquist, J.

Circulated: _____

Recirculated: 1/19/73

SUPREME COURT OF THE UNITED STATES

No. 71-666

United States, Appellant, v. Glaxo Group Limited et al. | On Appeal from the United States District Court for the District of Columbia.

[February —, 1973]

MR. JUSTICE REHNQUIST, with whom MR. JUSTICE STEWART and MR. JUSTICE BLACKMUN concur, dissenting.

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[2] 1 Stat. 318.

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