

305 U.S. 111
KELLOGG CO. v. NATIONAL BISCUIT CO.

Nos. 2, 56.

Argued Oct. 10, 1938.

Decided Nov. 14, 1938.

Rehearing Denied Dec. 12, 1938.

See 305 U.S. 674, 59 S.Ct. 246, 83 L.Ed. —.

1. Trade-marks and trade-names and unfair competition ¶3(4½)

The term "Shredded Wheat" is a generic term by which a pillow-shaped biscuit of baked shreds of previously boiled whole wheat is generally known by the public, and the original producer acquired no exclusive right to use the term as a trade-name, but a competitor of original producer's successor had the right to make the product and also the right to use the term by which it is known to the public.

2. Trade-marks and trade-names and unfair competition ¶45

Registration of a trade-mark under statute has no effect on the domestic common-law rights of the person whose trade-mark is registered. 15 U.S.C.A. §§ 121-128.

3. Trade-marks and trade-names and unfair competition ¶11

Where "Shredded Wheat" was the general designation of patented product during life of patents covering product and process of making it, the right to make the product as it was made during the patent period, and also the right to apply to it the name by which it had become known, passed to the public on expiration of the basic patent.

4. Trade-marks and trade-names and unfair competition ¶11

On cessation of the monopoly and the falling of a patented device into the domain of public things, the generic designation of the thing, which has arisen during the monopoly, passes to the public along with the public ownership of the device.

5. Trade-marks and trade-names and unfair competition ¶93(3)

Evidence that, because of long period during which plaintiff or its predecessor was the only manufacturer of "Shredded Wheat," many people came to associate the product and the name by which it was generally known with plaintiff's factory at Niagara

Falls, was insufficient to show that plaintiff had the exclusive right to the name "Shredded Wheat" on ground that words had acquired the secondary meaning of "Shredded Wheat" made at Niagara Falls by plaintiff's predecessor, in absence of showing that primary significance of term in minds of consuming public was not the product but the producer.

6. Trade-marks and trade-names and unfair competition ¶93(3)

Where plaintiff's evidence showed that, because of long period during which plaintiff or its predecessor was the only manufacturer of "Shredded Wheat," many people came to associate product and name by which it is generally known with plaintiff's factory at Niagara Falls, plaintiff was merely entitled to require that defendant, allegedly engaged in unfair competition, use reasonable care to inform the public of the source of its product called "Shredded Wheat" and was not entitled to exclusive use of term under that showing.

7. Trade-marks and trade-names and unfair competition ¶11

The right of plaintiff's competitor to use the name "Shredded Wheat," on expiration of patent covering plaintiff's product and process of making it, did not depend on diligent exercise of right, but, like every other member of the public, it was and remained free to make shredded wheat when it chose to do so and to call the product by its generic name.

8. Trade-marks and trade-names and unfair competition ¶11

The right of plaintiff's competitor to use the name "Shredded Wheat" on expiration of patents covering plaintiff's product and process of making it could not be lost by delay, and the only obligation resting on competitor was to identify its own product so that it would not be mistaken for that of plaintiff.

9. Trade-marks and trade-names and unfair competition ¶11

On expiration of patents covering "Shredded Wheat" and process of making it, the form as well as the name was dedicated to the public, and successor of original manufacturer did not have the exclusive right to sell shredded wheat in the pillow-shaped form in which the product had become known to the public.

10. Trade-marks and trade-names and unfair competition ⇐11

On the expiration of a patent, the monopoly granted by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property, and there passes to the public also the right to make the thing in the form in which it was constructed during the life of the patent.

11. Trade-marks and trade-names and unfair competition ⇐71

Where an article may be manufactured by all persons, a particular manufacturer cannot assert exclusive rights in a form in which the public has become accustomed to see the article and which in the minds of the public is primarily associated with the article rather than a particular manufacturer.

12. Trade-marks and trade-names and unfair competition ⇐11

On expiration of patents covering "Shredded Wheat" and the process of making it, a competitor of original producer's successor was free to use the pillow-shaped form in which the product had become known to the public subject only to the obligation to identify its product so that it would not be mistaken for that of the successor.

13. Trade-marks and trade-names and unfair competition ⇐70(4)

Fairness in the use of the name "Shredded Wheat" and the pillow-shaped biscuit known by that term required that competitor of original producer's successor whose patents had expired exercise its right to use name in a manner reasonably distinguishing its product from that of plaintiff.

14. Trade-marks and trade-names and unfair competition ⇐70(4)

A competitor in exercising its right to use the name "Shredded Wheat" and the pillow-shaped biscuit known by that name, after plaintiff's patents covering product and process of making it had expired, did so fairly, where competitor's carton contained 15 biscuits and plaintiff's carton contained 12, competitor's cartons did not resemble those used by plaintiff in size, form, or color, labels were strikingly different, competitor's name was prominent on all of its cartons, and competitor's biscuit was about two-thirds the size of plaintiff's biscuit.

15. Trade-marks and trade-names and unfair competition ⇐70(4)

A competitor in exercising its right to use the name "Shredded Wheat" and the pillow-shaped biscuit known by that name, after expiration of plaintiff's patents covering product and process of making it, was not required to insure that every buyer would know competitor to be the maker of the product bought, but was required only to use every reasonable means to prevent confusion.

16. Trade-marks and trade-names and unfair competition ⇐11

The name "Shredded Wheat" and the pillow-shaped form of the product known by that name are integral parts of the good will of the product, and, after expiration of patents covering plaintiff's product and process of making it, plaintiff's competitor, producing a similar product called by the same name, was as free to share in the good will as plaintiff.

17. Trade-marks and trade-names and unfair competition ⇐11

A competitor's sharing in a market for "Shredded Wheat," which was created by skill and judgment of plaintiff's predecessor and was widely extended by vast expenditures in advertising, was not "unfair competition," where patents covering plaintiff's product and process of making it had expired, and product was not protected by a trade-mark.

[Ed. Note.—For other definitions of "Unfair Competition," see Words & Phrases.]

18. Trade-marks and trade-names and unfair competition ⇐71

Sharing in the good will of an article unprotected by patent or trade-mark is the exercise of a right possessed by all persons, and in the free exercise of which the consuming public is deeply interested.

19. Trade-marks and trade-names and unfair competition ⇐71

Where plaintiff's patents on "Shredded Wheat" and process of making it had expired, there was no evidence that plaintiff's competitor passed off its product called "Shredded Wheat" as that of plaintiff, or that it practiced deception, and competitor took every reasonable precaution to prevent confusion or the practice of deception in the sale of its product, competitor was improperly enjoined from using name "Shred-

ded Wheat" as its trade-name, from advertising or offering for sale its product in the form of plaintiff's biscuit, and from doing either.

20. Courts ⇨383(1)

Where Circuit Court of Appeals enjoined plaintiff's competitor from using picture of two shredded wheat biscuits in a bowl only in connection with injunction against manufacturing pillow-shaped biscuits and using term "Shredded Wheat" on grounds of unfair competition, and use of picture was not enjoined on independent ground of trademark infringement, question whether use of picture was a violation of trade-mark, though competitor was free to use name and pillow-shaped biscuit, was not before the Supreme Court for review in absence of a petition for certiorari by plaintiff.

Mr. Justice McREYNOLDS, and Mr. Justice BUTLER, dissenting.

On Writs of Certiorari to the United States Circuit Court of Appeals for the Third Circuit.

Suit by the National Biscuit Company against the Kellogg Company to enjoin alleged unfair competition. A decree dismissing the bill was reversed, and the cause was remanded with directions by the Circuit Court of Appeals, 91 F.2d 150, and subsequently the Circuit Court of Appeals granted plaintiff's petition to recall its mandate for clarification, 96 F.2d 873, and directed the District Court to enter a decree of injunction, and defendant brings certiorari to review the decree as clarified, and to reconsider the denial of its petition for certiorari to review the decree as entered in its original form.

Decrees reversed with directions to dismiss the bill.

113

Messrs. Thomas D. Thacher and W. H. Crichton Clarke, both of New York City, for petitioner.

Mr. David A. Reed, of Pittsburgh, Pa., for respondent.

Mr. Justice BRANDEIS delivered the opinion of the Court.

This suit was brought in the federal court for Delaware¹ by National Biscuit Company against Kellogg Company to enjoin alleged unfair competition by the manufacture and sale of the breakfast food commonly known as shredded wheat. The competition was alleged to be unfair mainly because Kellogg Company uses, like the plaintiff, the name shredded wheat and, like the plaintiff, produces its biscuit in pillow-shaped form.

Shredded wheat is a product composed of whole wheat which has been boiled, partially dried, then drawn or pressed out into thin shreds and baked. The shredded wheat biscuit generally known is pillow-shaped in form. It was introduced in 1893 by Henry D. Perky, of Colo

114

rado; and he was connected until his death in 1908 with companies formed to make and market the article. Commercial success was not attained until the Natural Food Company built, in 1901, a large factory at Niagara Falls, New York. In 1908, its corporate name was changed to "The Shredded Wheat Company"; and in 1930 its business and goodwill were acquired by National Biscuit Company.

Kellogg Company has been in the business of manufacturing breakfast food cereals since its organization in 1905. For a period commencing in 1912 and ending in 1919 it made a product whose form was somewhat like the product in question, but whose manufacture was different, the wheat being reduced to a dough before being pressed into shreds. For a short period in 1922 it manufactured the article in question. In 1927, it resumed manufacturing the product. In 1928, the plaintiff sued for alleged unfair competition two dealers in Kellogg shredded wheat biscuits. That suit was discontinued by stipulation in 1930. On June 11, 1932, the present suit was brought. Much evidence was introduced; but the determinative facts are relatively few; and as to most of these there is no conflict.

¹The federal jurisdiction rests on diversity of citizenship—National Biscuit Company being a New Jersey corporation and Kellogg Company a Delaware corporation. Most of the issues in the case involve questions of common law and hence are within the scope of Erie R.

Co. v. Tompkins, 1938, 304 U.S. 64, 58 S.Ct. 817, 82 L.Ed. 1188, 114 A.L.R. 1487. But no claim has been made that the local law is any different from the general law on the subject, and both parties have relied almost entirely on federal precedents.

In 1935, the District Court dismissed the bill. It found that the name "Shredded Wheat" is a term describing alike the product of the plaintiff and of the defendant; and that no passing off or deception had been shown. It held that upon the expiration of the Perky patent No. 548,086 issued October 15, 1895, the name of the patented article passed into the public domain. In 1936, the Circuit Court of Appeals affirmed that decree. Upon rehearing, it vacated, in 1937, its own decree and reversed that of the District Court, with direction "to enter a decree enjoining the defendant from the use of the name 'Shredded Wheat' as its trade-name and from advertising or offering for sale its product in the form

115

and shape of plaintiff's biscuit in violation of its trade-mark; and with further directions to order an accounting for damages and profits." In its opinion the court described the trade-mark as "consisting of a dish, containing two biscuits submerged in milk". 3 Cir., 91 F.2d 150, 152, 155. We denied Kellogg Company's petition for a writ of certiorari, 302 U.S. 733, 58 S.Ct. 120, 82 L.Ed. 567, and denied rehearing 302 U.S. 777, 58 S.Ct. 139, 82 L.Ed. 601.

On January 5, 1938, the District Court entered its mandate in the exact language of the order of the Circuit Court of Appeals, and issued a permanent injunction. Shortly thereafter National Biscuit Company petitioned the Circuit Court of Appeals to recall its mandate "for purposes of clarification." It alleged that Kellogg Company was insisting, contrary to the court's intention, that the effect of the mandate and writ of injunction was to forbid it from selling its product only when the trade name "Shredded Wheat" is applied to a biscuit in the form and shape of the plaintiff's biscuit and is accompanied by a representation of a dish with biscuits in in; and that it was not enjoined from making its biscuit in the form and shape of the plaintiff's biscuit, nor from calling it "Shredded Wheat," unless at the same time it uses upon its cartons plaintiff's trade-

mark consisting of a dish with two biscuits in it. On May 5, 1938, the Circuit Court of Appeals granted the petition for clarification and directed the District Court to enter a decree enjoining Kellogg Company (3 Cir., 96 F.2d 873):

"(1) from the use of the name 'Shredded Wheat' as its trade name, (2) from advertising or offering for sale its product in the form and shape of plaintiff's biscuit, and (3) from doing either."

Kellogg Company then filed a petition for a writ of certiorari to review the decree as so clarified, and also sought reconsideration of our denial of its petition for certiorari to review the decree as entered in its original form. In support of these petitions it called to our attention the

116

decision of the British Privy Council in Canadian Shredded Wheat Co., Ltd., v. Kellogg Company of Canada, Ltd., 55 R.P.C. 125, rendered after our denial of the petition for certiorari earlier in the term. We granted both petitions for certiorari.² 304 U.S. 586, 58 S.Ct. 1052, 82 L.Ed. 1547.

The plaintiff concedes that it does not possess the exclusive right to make shredded wheat. But it claims the exclusive right to the trade name "Shredded Wheat" and the exclusive right to make shredded wheat biscuits pillow-shaped. It charges that the defendant, by using the name and shape, and otherwise, is passing off, or enabling others to pass off, Kellogg goods for those of the plaintiff. Kellogg Company denies that the plaintiff is entitled to the exclusive use of the name or of the pillow-shape; denies any passing off; asserts that it has used every reasonable effort to distinguish its product from that of the plaintiff; and contends that in honestly competing for a part of the market for shredded wheat it is exercising the common right freely to manufacture and sell an article of commerce unprotected by patent.

[1,2] First. The plaintiff has no exclusive right to the use of the term "Shredded Wheat" as a trade name. For that is the generic term of the article, which describes

² Rights here claimed by plaintiff have been involved in much other litigation. See *Natural Food Co. v. Williams*, 30 App.D.C. 348; *Shredded Wheat Co. v. Humphrey Cornell Co.*, 2 Cir., 250 F. 960; *Kellogg Co. v. National Biscuit Co.*, 2 Cir., 71 F.2d 662; *Canadian Shredded Wheat Co., Ltd., v. Kellogg Co. of Cana-*

da, Ltd., 55 R.P.C. 125; *In the Matter of Trade Mark No. 500,761, Registered in the Name of the Shredded Wheat Co., Ltd.*, in Class 42 (1938) Supreme Court of Judicature, Court of Appeal; also *Natural Food Co. v. Buckley*, No. 28,530, U.S. Dist. Ct., N. Dist. Ill., East. Div. (1908).

it with a fair degree of accuracy; and is the term by which the biscuit in pillow-shaped form is generally known by the public. Since the term is generic, the original maker of the product acquired no exclusive right to use it. As

117

Kellogg Company had the right to make the article, it had, also, the right to use the term by which the public knows it. Compare *Saxlehner v. Wagner*, 216 U.S. 375, 30 S.Ct. 298, 54 L.Ed. 525; *Holzapfel's Compositions Co. v. Rahtjen's American Composition Co.*, 183 U.S. 1, 22 S.Ct. 6, 46 L.Ed. 49. Ever since 1894 the article has been known to the public as shredded wheat. For many years, there was no attempt to use the term "Shredded Wheat" as a trade-mark. When in 1905 plaintiff's predecessor, Natural Food Company, applied for registration of the words "Shredded Whole Wheat" as a trade-mark under the so-called "ten year clause" of the Act of February 20, 1905, c. 592, sec. 5, 33 Stat. 725, 15 U.S.C.A. § 85, William E. Williams gave notice of opposition. Upon the hearing it appeared that Williams had, as early as 1894, built a machine for making shredded wheat, and that he made and sold its product as "Shredded Whole Wheat". The Commissioner of Patents refused registration. The Court of Appeals of the District of Columbia affirmed his decision, holding that "these words accurately and aptly describe an article of food which * * * has been produced for more than ten years * * *." *Natural Food Co. v. Williams*, 30 App.D.C. 348.³

[3, 4] Moreover, the name "Shredded Wheat", as well as the product, the process and the machinery employed in making it, has been dedicated to the public. The basic patent for the product and for the process of making it, and many other patents for special machinery to be used in making the article, issued to Perky. In those patents the term "shredded" is repeatedly used as descriptive of the product. The basic patent expired October 15, 1912; the

118

others

soon after. Since during the life of the patents "Shredded Wheat" was the general designation of the patented product, there

passed to the public upon the expiration of the patent, not only the right to make the article as it was made during the patent period, but also the right to apply thereto the name by which it had become known. As was said in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185, 16 S.Ct. 1002, 1008, 41 L.Ed. 118:

"It equally follows from the cessation of the monopoly and the falling of the patented device into the domain of things public that along with the public ownership of the device there must also necessarily pass to the public the generic designation of the thing which has arisen during the monopoly. * * *

"To say otherwise would be to hold that, although the public had acquired the device covered by the patent, yet the owner of the patent or the manufacturer of the patented thing had retained the designated name which was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly."

[5, 6] It is contended that the plaintiff has the exclusive right to the name "Shredded Wheat", because those words acquired the "secondary meaning" of shredded wheat made at Niagara Falls by the plaintiff's predecessor. There is no basis here for applying the doctrine of secondary meaning. The evidence shows only that due to the long period in which the plaintiff or its predecessor was the only manufacturer of the product, many people have come to associate the product, and as a consequence the name by which the product is generally known, with the plaintiff's factory at Niagara Falls. But to establish a trade name in the term "shredded wheat" the plaintiff must show more than a subordinate meaning which applies to it. It must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. This it has not done. The

119

showing which it has made does not entitle it to the exclusive use of the term shredded wheat but merely entitles it to require that the defendant use

³ The trade-marks are registered under the Act of 1920. 41 Stat. 533, 15 U.S.C. §§ 121-128 (1934), 15 U.S.C.A. §§ 121-128. But it is well settled that registration under it has no effect on the domestic common-law rights of the person

whose trade-mark is registered. *Charles Broadway Rouss, Inc. v. Winchester Co.*, 2 Cir., 300 F. 706, 713, 714; *Kellogg Co. v. National Biscuit Co.*, 2 Cir., 71 F. 2d 662, 666.

reasonable care to inform the public of the source of its product.

[7, 8] The plaintiff seems to contend that even if Kellogg Company acquired upon the expiration of the patents the right to use the name shredded wheat, the right was lost by delay. The argument is that Kellogg Company, although the largest producer of breakfast cereals in the country, did not seriously attempt to make shredded wheat, or to challenge plaintiff's right to that name until 1927, and that meanwhile plaintiff's predecessor had expended more than \$17,000,000 in making the name a household word and identifying the product with its manufacture. Those facts are without legal significance. Kellogg Company's right was not one dependent upon diligent exercise. Like every other member of the public, it was, and remained, free to make shredded wheat when it chose to do so; and to call the product by its generic name. The only obligation resting upon Kellogg Company was to identify its own product lest it be mistaken for that of the plaintiff.

[9, 10] Second. The plaintiff has not the exclusive right to sell shredded wheat in the form of a pillow-shaped biscuit—the form in which the article became known to the public. That is the form in which shredded wheat was made under the basic patent. The patented machines used were designed to produce only the pillow-shaped biscuits. And a design patent was taken out to cover the pillow-shaped form.⁴ Hence, upon expiration of the patents

120

the form, as well as the name, was dedicated to the public. As was said in *Singer Mfg. Co. v. June Mfg. Co.*, supra, page 185, 16 S. Ct. page 1008: "It is self-evident that on the expiration of a patent the monopoly granted by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent. We may therefore dismiss without further comment the com-

⁴ The design patent would have expired by limitations in 1909. In 1908 it was declared invalid by a district judge on the ground that the design had been in public use for more than two years

plaint as to the form in which the defendant made his machines."

[11, 12] Where an article may be manufactured by all, a particular manufacturer can no more assert exclusive rights in a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer, than it can in the case of a name with similar connections in the public mind. Kellogg Company was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff.

[13-15] Third. The question remains whether Kellogg Company in exercising its right to use the name "Shredded Wheat" and the pillow-shaped biscuit, is doing so fairly. Fairness requires that it be done in a manner which reasonably distinguishes its product from that of plaintiff.

Each company sells its biscuits only in cartons. The standard Kellogg carton contains fifteen biscuits; the plaintiff's twelve. The Kellogg cartons are distinctive. They do not resemble those used by the plaintiff either in size, form, or color. And the difference in the labels is striking. The Kellogg cartons bear in bold script the names "Kellogg's Whole Wheat Biscuit" or "Kellogg's

121

Shredded Whole Wheat Biscuit" so sized and spaced as to strike the eye as being a Kellogg product. It is true that on some of its cartons it had a picture of two shredded wheat biscuits in a bowl of milk which was quite similar to one of the plaintiff's registered trade-marks. But the name Kellogg was so prominent on all of the defendant's cartons as to minimize the possibility of confusion.

Some hotels, restaurants, and lunch-rooms serve biscuits not in cartons, and guests so served may conceivably suppose that a Kellogg biscuit served is one of the plaintiff's make. But no person familiar with plaintiff's product would be misled. The Kellogg biscuit is about two-thirds the size of plaintiff's; and differs from it in appearance. Moreover, the field in which deception could be practiced is negligibly

prior to the application for the patent and theretofore had already been dedicated to the public. *Natural Foods Co. v. Bulkley*, No. 28,530, U.S. Dist. Ct., N. Dist. Ill., East. Div. (1908).

small. Only 2½ per cent of the Kellogg biscuits are sold to hotels, restaurants and lunchrooms. Of those so sold 98 per cent are sold in individual cartons containing two biscuits. These cartons are distinctive and bear prominently the Kellogg name. To put upon the individual biscuit some mark which would identify it as the Kellogg product is not commercially possible. Relatively few biscuits will be removed from the individual cartons before they reach the consumer. The obligation resting upon Kellogg Company is not to insure that every purchaser will know it to be the maker but to use every reasonable means to prevent confusion.

[16] It is urged that all possibility of deception or confusion would be removed if Kellogg Company should refrain from using the name "Shredded Wheat" and adopt some form other than the pillow-shape. But the name and form are integral parts of the goodwill of the article. To share fully in the goodwill, it must use the name and the pillow-shape. And in the goodwill Kellogg Company is as free to share as the plaintiff. Compare *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528, 530, 44 S.Ct. 615, 616, 617, 68 L.Ed. 1161.

122

Moreover, the pillow-shape must be used for another reason. The evidence is persuasive that this form is functional—that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape.

[17-19] Kellogg Company is undoubtedly sharing in the goodwill of the article known as "Shredded Wheat"; and thus is sharing

in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested. There is no evidence of passing off or deception on the part of the Kellogg Company;⁵ and it has taken every reasonable precaution to prevent confusion or the practice of deception in the sale of its product.

[20] Fourth. By its "clarifying" decree, the Circuit Court of Appeals enjoined Kellogg Company from using the picture of the two shredded wheat biscuits in the bowl only in connection with an injunction against manufacturing the pillow-shaped biscuits and the use of the term shredded wheat, on the grounds of unfair competition.⁶

123

The use of this picture was not enjoined on the independent ground of trade-mark infringement. Since the National Biscuit Company did not petition for certiorari, the question whether use of the picture is a violation of that trade-mark although Kellogg Company is free to use the name and the pillow-shaped biscuit is not here for review.

Decrees reversed with direction to dismiss the bill.

Mr. Justice McREYNOLDS and Mr. Justice BUTLER are of opinion that the decree of the Circuit Court of Appeals is

⁵ Attention is called to the fact that the label on these Kellogg cartons bears, in small letters, the words: "The original has this [W. K. Kellogg's] signature." Objection to their use was not charged in the bill; no such issue was raised at the trial; and the use was not enjoined. Counsel for the Company admitted in the argument before us that its use, common as applied to other Kellogg products, should not have been made on cartons of shredded wheat; and stated that the use had been discontinued long before entry of the "clarifying" decree.

⁶ In its opinion clarifying the mandate, the Circuit Court of Appeals, after considering the provisions concerning the name and the form of the biscuit, said (96 F.2d page 875): "The only remain-

ing question is whether, in view of the fact that the order of April 12, 1937, did not specifically provide for an injunction against the violation of the two-biscuit-in-a-dish trade-mark (although it was intended to do so) we have any jurisdiction to amend the mandate so as to include specifically such a provision. As there may be some doubt on this question, we will not amend the mandate so as to provide a specific injunction against the use of the two-biscuit-in-a-dish trade-mark. Its use on a carton or in advertising matter, when the defendant is not permitted to use the word 'Shredded Wheat' as a trade-name or to advertise or sell biscuits in the pillow-shaped form, would manifestly be so improper and so likely to mislead that we will assume that the appellee will not use it."

correct and should be affirmed. To them it seems sufficiently clear that the Kellogg Company is fraudulently seeking to appropriate to itself the benefits of a goodwill built up at great cost by the respondent and its predecessors.



305 U.S. 124
GENERAL TALKING PICTURES CORPORATION v. WESTERN ELECTRIC CO., Inc., et al.

No. 1.

Reargued Oct. 19, 20, 1938.

Decided Nov. 21, 1938.

Rehearing Denied Jan. 3, 1939.

See 305 U.S. 675, 59 S.Ct. 355, 83 L.Ed. —.

1. Patents ⇨256

Any use of a patented device beyond the valid terms of a license is an "infringement" of the patent.

[Ed. Note.—For other definitions of "Infringement," see Words & Phrases.]

2. Patents ⇨209(1)

A restrictive license to manufacture a patented device is legal.

3. Patents ⇨209(1)

A patentee may grant a license upon any conditions the performance of which is reasonably within the reward which the patentee by the grant of the patent is entitled to secure.

4. Patents ⇨209(1)

A license authorizing licensee to manufacture and sell patented vacuum tube amplifiers only for radio amateur, experimental, and broadcast reception, and providing that nothing contained in license should be regarded as conferring on licensee expressly or by estoppel, implication, or otherwise a license to manufacture or sell any apparatus, except such as could be manufactured by licensee in accordance with express provisions of license, was valid.

5. Patents ⇨256

A licensee, which was authorized to manufacture and sell patented vacuum tube amplifiers only for radio amateur, experimental, and broadcast reception, was guilty of infringement when it made and sold am-

plifiers for use in theaters as part of talking picture equipment.

6. Patents ⇨256

A corporation, which ordered, bought, and leased patented vacuum tube amplifiers from licensee for use in theaters as part of talking picture equipment, knowing that licensee was authorized to manufacture and sell them only for radio amateur, experimental, and broadcast reception, was guilty of infringement of patent the same as licensee.

Mr. Justice BLACK and Mr. Justice REED, dissenting.

Certiorari to the Circuit Court of Appeals for the Second Circuit.

Patent infringement suit by the Western Electric Company, Incorporated, and others, against the General Talking Pictures Corporation. A decree for plaintiffs on six patents and for defendant on one patent, 16 F.Supp. 293, was affirmed by the Circuit Court of Appeals, 91 F.2d 922, and defendant brings certiorari.

Affirmed.

Messrs. Samuel E. Darby, Jr., and Ephraim Berliner, both of New York City, for petitioner.

Mr. Merrell E. Clark, of New York City, for respondents.

125

Mr. Justice BRANDEIS delivered the opinion of the Court.

In this case, we affirmed on May 2, 1938 (304 U.S. 175, 58 S.Ct. 849, 82 L.Ed. 1273), the judgment of the Circuit Court of Appeals (2 Cir., 91 F.2d 922), which held that petitioner had infringed certain patents relating to vacuum tube amplifiers. On May 31st, we granted a rehearing (304 U.S. 587, 58 S.Ct. 1051, 82 L.Ed. 1548), upon the following questions which had been presented by the petition for certiorari.

1. Can the owner of a patent, by means thereof, restrict the use made of a device manufactured under the patent, after the device has passed into the hands of a purchaser in the ordinary channels of trade, and full consideration paid therefor?

2. Can a patent owner, merely by a "license notice" attached to a device made under the patent, and sold in the ordinary channels of trade, place an enforceable re-