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REPORT

OF

SPECIAL COMMITTEE ON FEDERAL PROCEDURE TO THE PATENT SECTION OF THE AMERICAN BAR ASSOCIATION.

(Presented at the meeting of the American Bar Association at Chattanooga, Tenn., August, 1910.)

At the last meeting of the Section a Committee was appointed to study and consider reforms in Federal Equity Practice with particular reference to the production of evidence in Patent cases. Your Committee has studied carefully these questions, and they have taken the opinion of a large number of eminent practitioners which opinions have been digested and are reported herewith. It was found that the Bar Association of the City of New York had through a Committee attacked the same problems, and had reached the conclusion that all evidence in equity and admiralty should be taken in open court unless the whole or a part of the case is referred by the court to a Master in Chancery or a United States Commissioner to hear evidence and report.

For the purpose of effecting this result, a bill was introduced into Congress, H. R. No. 19077, which is quoted below. In a general way your Committee approves this bill, but we feel that there are a number of details of practice which could with advantage be provided for, and this we have

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attempted to do in a redraft of the bill, designed to re-enact Sec. 862 R. S., and we have suggested certain rules of court which we believe would simplify the practice.

The following letter was sent to about 600 members of the bar practicing in patent cases and the following replies resulted:

BALTIMORE, March 18th, 1910.

To the Members of the Bar:

GENTLEMEN:

At the the last meeting of the Patent Section of the American Bar Association, a Committee was appointed to study the question of Federal practice, particularly to suggest a remedy, if one can be found, for the present evils existing in the methods of taking testimony and preparing patent cases for final hearing.

The Committee is now studing the subject and would be glad to have your advice from your experience, upon the foliowing points:

1. It has been suggested that some gain may be made by calling a case up before the court when it is at issue for the settlement of the issues and having the court at that time secure from the parties, so far as they may be willing to give them, such admissions as will eliminate uncontroverted questions and as far as possible narrow the questions involved; such as requiring the plaintiff to specify the claims upon which he sues and the defendent, if he does not intend to dispute it to admit plaintiff's title and, if it be a corporation, the incorporation of the plaintiff company, and such other palpable facts as are not involved in the real issues of the case.

2. It has been suggested that the court might at this hearing determine what testimony should be taken, requiring the parties to state as far as possible the witnesses to be examined, the places where they are to be examined, and the time required to take evidence

January 1, 1912. Rules amended by adding Rule 29A, as follows:

"Rule 29A. The Complainant may at any time after answer and before replication filed move for a decree, notwithstanding answer. Upon such motion the facts set forth in the answer, except as affected by evidence taken as hereinafter provided, shall be taken to be true for the purposes of such motion only. At the hearing upon such motion evidence may be offered and produced, at the instance of any party to the cause, upon special allowance in the discretion of the Chancellor obtained at least ten days before the hearing. All such evidence shall be produced in open court or at Chambers and VIVA VOCE, unless otherwise directed by the Chancellor. Testimony taken VIVA VOCE before the Chancellor shall be taken stenographically, and a transcript thereof made for the record in case of appeal. Should the decree moved for be refused upon such hearing, final decree in the cause may, upon the election of the complainant, be entered, or upon like election, the cause shall proceed in due course, as if such motion for decree notwithstanding answer had not been made, whereupon the admission of the truth of the facts set up in the answer, implied in the motion for a decree notwithstanding the answer, shall not be available for any purpose in said suit. Upon the hearing of said motion for decree notwithstanding the answer, the Chancellor may, in a proper case, in his discretion, decline to decide the cause upon such motion, and thereupon may order and direct that the said cause proceed to hearing upon replication and proof taken in the usual course.

Upon the filing of the motion for a decree notwithstanding the answer, notice thereof shall be forthwith given to the solicitor for the defendant by the Register, and the hearing thereon shall be had within thirty days after the filing of such motion, at a date to be fixed by the Chancellor, upon due notice and special application therefor. Any such motion for a decree notwithstanding the answer shall be accompanied by a certificate of the solicitor for the complainant that such motion is, in his judgment, the proper method for the trial of the cause, and that it is not made for the purposes of delay. The costs of such motion shall be subject to the regular rules of cost in equity cause, and the Chancellor may in any case, where, in his judgment, such motion was improper, impose the same, or any part thereof, upon the complainant."

(Delaware).

11/06/30

also what portion of the testimony, if any, shall be taken in open court and what part of it shall be taken by depositions. The question of taking testimony in open court is a mooted one; some favor it, some disfavor it.

3. It is thought by some that under the present state of the law, this is about all that the court could require, but this much would probably serve a very useful purpose. The taking of depositions, either within the jurisdiction before an Examiner or *de bene esse* before a Notary Public, is a question which if it is to be altered, may require legislation. It may be that the present method is the best, because of its freedom from restraint, but that very freedom from restraint has produced very undesirable results in some cases and we think that, if possible, some remedy should be found for those evils. It has been suggested that all testimony which the courts decide shall be taken by deposition might be taken before a Master having magisterial power, who would preside at the taking of the testimony, control counsel and witnesses, pass upon the admissibility of testimony and exclude whatever testimony he might think incompetent. irrelevant or immaterial, or otherwise inadmissible, but inasmuch as it seems that the Supreme Court has established very firmly the rule that all testimony taken below must be contained in the appellate record, the rejected testimony will probably have to be taken. It might be taken, however, and made up into an independent record, which might never be resorted to unless some court reversed the ruling of the Master, and then only to the extent to which the ruling was reversed. The rejected testimony could in any case be taken at the cost of the party offering it and might never become a part of the admitted record, nor its cost of taking or printing be taxed as costs in the case unless the Master was reversed, and then only to the extent to which he was reversed.

These are suggestions about which we would be glad to have your views.

Yours very truly,

ARTHUR STEUART,
EDMUND WETMORE,
ROBERT H. PARKINSON,
FREDERICK P. FISH,
CHARLES MARTINDALE,
Committee.

Address:
ARTHUR STEUART,
810 Maryland Trust Building,
Baltimore, Maryland.

ABSTRACT OF OPINIONS OF ATTORNEYS.

AUTHORS.

ROGER FOSTER, "Foster's Federal Practice".

"I am satisfied that a statute should be immediately passed providing that all evidence in cases in equity, when the witnesses reside in the state or within 100 miles of the place of trial, shall be taken in open court.

I do not think that the taking of testimony before a Master with magesterial powers would be of any special value. The only justification for such a practice would be the relief of the bench. At present I believe that we have more patent cases in this circuit than anywhere in the country. There would be little difficulty with our present force in disposing of them all by the taking of testimony in open court."

C. L. BATES, Author of "Bates Federal Equity Procedure."

"A ruling upon the admission or exclusion of evidence in any case, whether at law or in equity, is a *judicial function.* The making of such a ruling is the exercise of a *judicial power.*

"Not only this, but such ruling is a part of the trial of the cause upon which error may be assigned in the Appellate Court.

"The Federal Constitution vests the judicial power of the U. S. in the Supreme Court and such inferior courts as Congress may establish. Under the system as it now exists, a Master in Chancery or a Referee or Auditor in an action at law, cannot pass upon the issues of the case without the consent of the parties.

"It seems to me that it would be extremely difficult to appoint officers over the country to take depositions and allow them to pass upon the admissibility of evidence without infringing upon the Federal Constitution. I regard this a grave question.

"And while I recognize the difficulties mentioned by you in your letter, I am firmly of the opinion that it would be very dangerous to allow petty officers, even if it could be constitutionally done, to pass upon the admissibility of evidence. The efficient administration of justice depends upon a full and free investigation of the facts of every case, and to curtail the right to investigate the facts would be to *dry up the fountain of justice.*"

"The Federal rules now in force upon the subject are very broad and ample, and I understand that the purpose in amending rule 67 so as to allow testimony in equity cases to be taken orally before an examiner, was to give a fuller and freer scope to the investigation of facts."

"I have been consulting some legal friends concerning this matter, and they are very much interested in your work and all recognize the difficulty you mention in taking depositions in equity, and some of them are much impressed with your suggestion that the examiner be given power to write up separately at the expense of the party calling it out, all irrelevant and immaterial testimony."

"It is more than likely that you have the true solution of the trouble."

August 2, 1910.

"Your favor of July 19th, 1910, reminding me that I had promised to express to you my views in reference to the taking of evidence in equity cases in the United States Courts, to aid you as chairman of a committee of the American Bar Association, having that subject in hand, was duly received.

"Since this correspondence opened between us in January last, I have given a great deal of thought to the subject.

"I understand from your letter of January 26th, 1910, that two plans have been suggested to prevent encumbering the record with irrelevant testimony, namely:

"(1) That all evidence in equity cases should be taken orally in open court, as is now the case in England: and

"(2) That all depositions in equity cases should be taken before a master with magesterial powers, who would pass upon all evidence offered and admit or reject it, as he thought legal; and that the part rejected should accompany his return as a separate record, bound up as an appendix to the evidence admitted by such officer to be legal.

"I think that, owing to the vast area of our country, and the great distance between the residence of witnesses and the place of trial, in most cases, the first scheme is out of the question. In almost every case in the Federal Courts, whether at law or equity, depositions of witnesses are "necessary to prevent a failure or delay of justice", and this necessity was recognized and provided for in the 30th section of the original Judiciary Act, which has been the law ever since.

"Now as to the second scheme suggested in your letter:

"(1). It is a fundamental rule of Anglo-Saxon institutions, whether developed in the Old World or in

the new, that every tribunal, whether a judicial court, or a legislative body, or an executive officer or council, invested with the right, power, jurisdiction or authority, over any subject matter, where the correlative duty requires an investigation of facts, has the power and authority to ascertain, for itself, under the established rules of law, all the facts necessary to enable it to exercise it jurisdiction, power and authority, and to reach a conclusion, and in so doing it has the right to receive the evidence from its original sources, without any part thereof having been previously, in any manner, *discredited*, either as to its competency, weight, or credibility, by the ministerial officer taking the deposition, or procuring the evidence.

"I know of no exceptions to this rule in the whole history of the development of Anglo-Saxon civilization and institutions. The rule has been acted upon by the courts of Common Law and Equity of England, and by the English House of Commons, for many centuries.

"The rule has likewise been acted upon by the courts of law and equity and admiralty and probate, and by legislative bodies in this country, from the earliest colonial period down to the present time. The American Senate has often times expressed its determination to stand by this rule in any matter over which it has any right, power or authority or jurisdiction. It has asserted its right to send for persons and papers, in order to determine any question in regard to which it has the power to make a decision. There was a notable example of the assertion of this right by the Senate during Mr. Cleveland's first administration, and the rule was recently again affirmed by the American Senate in a case, in which all the learning on the subject was gone over.

"It cannot be denied that, to permit an officer taking depositions to return a part of it as irrelative or incompetent, is to *discredit* the part of the deposition so returned.

"(2). The Federal Constitution has vested the judicial power of the United States in the Supreme Court and in such inferior courts as Congress may from time to time establish; and the ruling upon the admission or exclusion of evidence in any case, whether at law, or in equity, is the exercise of a judicial power; such a ruling is a part of the trial of the cause, upon which error may be assigned in the appellate court. In my humble opinion, it would not be competent for the Congress to invest one court with the power to pass upon the admissability of evidence in a cause pending for trial in another court. Such a proceeding would be contrary to all of our notions of judicial procedure.

"I have read the note of Judge Hough to the case of Electric Vehicle Co. vs. Deurr Co., 172 Federal Reporter, 923, referred to by you in this correspondence, as stating the evil intended to be obviated by your Committee. It seems to me that the facts stated in that note are a caustic arraignment of the counsel who conducted that case, and not a criticism of the rules of procedure by which the testimony of witnesses in equity cases is to be obtained; according to Judge Hough's statement, the evils complained of in that case are attributable to the fault of the counsel who conducted the examination of the witnesses, and not the faults of the rules of procedure.

"It seems to me that the remedy for the evils pointed out by Judge Hough is to penalize the offending counsel, either by imposing costs or a fine for contempt.

"Lawyers are ministers of justice, ministering at the altar of the "blind goddess", and if they choose in any case to violate their high duties, then the fault is with them, and not with the rules of procedure.

"I have been very anxious to do something in aid of your very laudable purpose, but after a careful investigation and consideration of the question, I am unable to concur in either of the plans suggested in your correspondence, or to suggest anything that could relieve the situation.

"These evils can be obviated only by the faithfulness and competency of solicitors, attorneys, and counsels, who are charged with the duty of obtaining the depositions of witnesses to be used in the trial of suits at law or to the hearing of causes in equity.

"Thanking you for the compliment implied in your request for my opinion, and regretting that I am unable to aid you, I am

Very truly yours,

C. L. BATES.

EVERETT N. CURTISS, Boston, Mass.

"Neither do I favor the taking of evidence in open court, it appearing to me where necessity demands the taking of proofs over a large territory where the witnesses live at great distances from one another, that the present practice is preferable owing to the difficulty and expense of bringing witnesses from a distance to testify."

PHILIPPS, VAN EVEREN & FISH, Boston, Mass.

"While for many reasons we should welcome the taking of testimony in open court before a judge capable of ruling on the evidence while being adduced,—if such method of taking testimony is to be hampered by the decision of the Supreme Court, in Blease vs. Garlington, 92 U. S. the change would be far from beneficial to patent litigation because of the stenographers' bills which would necessarily be incurred. We should say that while we should heartily indorse and approve a change to the English method of trying patent causes, we should as strongly disapprove of any half-way measures which must lead to uncertainty and confusion and to endless expense for judicial determination of mere matters of practice."

W. K. RICHARDSON, BOSTON, MASS.

"On the whole I believe that the present method of taking testimony is the best and that the remedy for

the undoubted evils which exist must be found in increased strictness of the courts and a clear sense of responsibility on the part of the bar."

NATHAN HEARN CROSBY & GREGORY, Boston, Mass.

"I think that the evils which have arisen are considerably over-estimated and could very largely be remedied by the court itself if the court would take the matter in hand.

"I think it quite essential in patent cases that the testimony should be taken in writing and that the examination should be conducted orally. The fact that technical questions are involved and that the witnesses are frequently scattered throughout different parts of the country, makes any other method undesirable."

C. S. DAVIS, Rochester, N. Y.

"Point 1. Proposal to eliminate unnecessary issues by affording an opportunity to secure admissions before going to trial.

"This is very much like the provisions in the French, Belgium and other countries that have their root in the civil law where documentary proof is required of most transactions except commercial, and it is provided that defendents shall pay for the proof of documents which he refuses to admit the genuineness of on demand of the plaintiff.

"Point 2. Taking testimony under the direction of the court.

"This suggestion too looks as though it came from the codes of Continental Europe for I know that under the Code Napoleon and most of the codes developed from it, the taking of testimony is under the immediate direction and constant supervision of the magistrate—usually a different magistrate from those who will sit to try the case.

"Point 3. Taking testimony before a master having magisterial power.

"But the size of the record and the expense of the

patent suit is largely traceable to the testimony of the expert.

"In the first place, the expert witness is in reality an advocate for the party who produces him. The courts find the expert witness necessary and insist upon his testimony to aid them in understanding the technical issues that are brought before them in patent litigation. But the reason they want the expert's testimony is not because they rely upon his opinion as one formed by a disinterested person who is especially qualified to judge, but because the expert's analytic training enables him to simplify the issue and to explain to the court fundamental principals so that it can comprehend them.

"Personally, I am for experting the case as now, by experts selected by and in the employ of the parties themselves. I also favor taking their depositions as we now do rather than examining them in open court. I know that in England the expert is examined in open court and that the results appear to be satisfactory, but personally I cannot see how in an intricate case such as many of our electrical cases are, for example, it is possible for the expert to give his testimony in that way or for the court or the attorneys to fully comprehend the meaning and significance of what the expert says without opportunity for reflection and comparisions which is afforded by the present procedure."

HAROLD BINNEY, New York.

"The matter of giving magisterial power to an Examiner as well as to a Master, is one that has particularly had my attention and I should deeply appreciate it if you would give me any printed data you may have on the subject, pro or con. I am pretty nearly convinced that a partial step in the right direction would be safer than attempting at first to give the Examiner complete magisterial power. The idea that has appealed most to me is that of allowing the Examiner to

rule on all points of evidence and to allow exception which can be taken to court at any time up to five days after the expiration of the time limited for the proofs then being taken. My belief is that very few exceptions would be taken to court and that the large amount of testimony would be eliminated, particularly in patent cases, by *the influence* of the Examiner's rulings and expressions of opinion. Some attorneys seem to go very far astray into irrelevant and grossly incompetent testimony and evidence, and the objections and arguments of their opponent, which are usually themselves spread at too great length on the record, seem rather to incite them to further digressions than to restrict them. The independent opinion of the Examiner would necessarily have some weight, and in many cases be a deterrent factor. The proposed plan meets the obvious objection to all the other plans that I have heard of in that it does not actually prevent the testimony being taken if the attorney insists upon it, but it makes it harder to take improper testimony and it necessitates the attorney going before the court if the Examiner agrees with the opposing attorney that the testimony should not be admitted. The Examiner would necessarily lean toward liberality, since motions to strike out are much more rarely made and much less likely to prove successful than motions to compel the witness to answer.

Some such modification of the practice would seem to effect three good ends :

Firstly, being a check on the laxity of the present methods;

Secondly, an incentive to more careful formulation of questions and presentation of evidence;

Thirdly, a very marked curtailment of irrelevant, incompetent, and out-of-place testimony and remarks of counsel;

Fourthly, I think the experience that members of the bar that restrict themselves too much to patent

work would have in acting as examiners by consent for other attorneys, would tend to better the practice and increase the knowledge and regard for the application of the rules of evidence."

"The only reason I did not say anything about the first two suggestions in your circular letter was because I knew they would die a natural death. So certainly will the matter of making up two court records. It is dollars to buttons that the courts of equity will not to any great extent try patent cases in open court. The judges in this circuit, while they have sometimes made remarks indicating the contrary, as a matter of fact would neither be willing or able to give the necessary time to the proper trial of such causes. It would necessitate an increase in the number of judges. Consequently, it would necessitate a Congressional bill."

GEO. WHITEFIELD BETTS, JR., of Hunt, Hill & Betts, New York.

"I personally am in favor of requiring the testimony to be taken in open court, except that, of course, parties would have the right to take depositions under Sec. 863 and by consent. We certainly should not interfere with Sec. 863, permitting the depositions *de bene esse* before a Notary Public, as that is one of the most beneficient proceedings of the Federal Procedure whether in equity, law or admiralty. But I am unable to see the slightest excuse for practice requiring counsel to take depositions before standing examiners, who have no power to rule and who merely charge a fee for a stenographer to take the deposition usually in their absence. I do not think the suggestion as to having a master pass upon the admissibility of testimony or as to printing separate records, are feasible."

HENRY D. WILLIAMS, New York.

"The only remedy for the evils of the existing practice is the replacement of that practice by trial in open court."

J. E. HINDON HYDE, New York.

"It is my conviction that the present evils attending the taking of testimony in equity patent causes, will not be cured until all the testimony is taken before a judge of the court except the testimony of witnesses who reside more than 100 miles from the court or who are ill or who are about to leave the country."

WILLARD PARKER BUTLER, Whitridge, Butler & Rice, New York.

"In my opinion some sort of practice analogous to that of trying cases before referees under the code of Civil Procedure in the State of New York should be adopted. When a case has been referred to a referee, he could have the full powers of the court, he could sit anywhere he chose, and could decide whether the testimony should be taken stenographically or longhand as necessities of the case might require and could rule on the admissibility of evidence of all sorts. His decision would be rendered as the judgment of the court, and the appeal would bring up all questions, not alone as to the merits, but as to the rulings of the referee on the subject of admissibility of evidence."

GEORGE H. BRUCE, New York.

"I endorse the suggestion made in point 1.

"That as to point, 2, I think that the court should determine what the issues are and what testimony should be taken, and as far as possible the witnesses to be examined, the place where they are to be examined, and the time within which it should be taken.

"I think all the testimony should be taken out of court but before a master with power. I think the master should have power to determine and pass upon the relevancy of testimony."

O. ELLERY EDWARDS, JR., New York.

"I want to indorse all three suggestions. I also wish to state that I see no reason why the master should not exclude testimony. While it is true that all testimony once taken must go before the higher courts should appeal be taken and the parties so insist, yet I know of no rule of evidence that requires all irrelevant testimony that may be offered, to go into the record. I also believe that all masters should be appointed by the court, to be paid by the U. S. and should work for an annual salary and not on a per diem basis."

BROWN & SEWARD, New York.

"It is our impression that the testimony should either be taken wholly in open court or wholly outside of open court. With reference to paragraph 3 of your circular letter, we would say as follows:

"We realize that there are many frailities in the present mode of taking testimony which give rise to extremely loose practice on the part of counsel, and we believe that a system of established referees or masters similar to the referees in bankruptcy, would be advisable. We also believe that it would be advisable to print the evidence to which objection is not made, in one record, and the evidence objected to in a separate record."

GLENN SMITH NOBLE, Chicago.

"From my experience I do not see how it would be advisable, or I might say possible, in the average patent suit, to take the testimony in open court. In nearly every case with which I have been connected the parties to the litigation have resided in different states and usually the testimony of witnesses in various parts of the country has been necessary, and it would be exceedingly difficult to have these witnesses, many of whom are men in important positions, leave their work and travel to some distant city in order to testify in open court.

"If there is any one thing which appears to me highly objectionable, it is to have a patent suit referred to a master. I have only had occasion to observe the procedure in one case of this kind and that was sufficient to indicate to me that of all possible abuses, this would undoubtedly be the worst."

WM. R. RUMMLER, Chicago.

"I am in favor of those suggestions contained in your letter which seem to lead to a stricter enforcement of the existing rules of equity pleading and those which may lead to directly indicating on the record that part which the court holds as objectionable.

"I am opposed to changing the present practice so as to require that the testimony be taken before a master."

THOMAS A. BANNING, Chicago.

"The practice is all right, the fault is in the lawyers. I am opposed to each and all of the proposed changes."

JOHN G. ELLIOTT, Chicago.

"The very best remedy I can suggest is to follow the practice of the English court, namely, to try the case in open court without a jury.

"I have heard suggestions that our method could be improved by having the examiner vested with the full powers of a master to make rulings, but in view of the experience I have had before masters in accountings on patent cases, I am inclined to believe that this remedy would be worse than the disease."

OTTO RAYMOND BARNETT, Chicago.

"I have had some experience with the taking of testimony in open court in a patent case and I have found no gain but much loss, at least so far as the testimony of ordinary fact witnesses is concerned. Every objection is argued at length, and testimony taken in this manner occupies far more time than the

same testimony taken under the present practice where objections are noted and where it is assumed that the chancellor, being presumably a skilled lawyer, will disregard all testimony to which apt and proper objections have been made.

"It does seem to me, however, that the one direction in which a big advance might be made by taking testimony in open court is in taking the testimony of the expert.

"The suggestion that any testimony be taken before a master having magisterial powers is in my judgment decidedly unwise, and if adopted, would mean a step in the wrong direction."

DWIGHT B. CHEEVER, Cheever & Cox, Chicago.

"If you would make the dismisser of a case pay taxable costs as though he loses, it would be a great help."

GEORGE P. BARTON, Barton & Folk, Chicago.

"In our Illinois Circuit Courts the witnesses in chancery cases are examined in open court. The same practice obtains in England. The 67th Rule of the Supreme Court permits this practice.

"The only legislation which I think would have unquestioned advantage would be to provide for subpoenaing witnesses from a distance to appear and give testimony in open court.

"Without further words you will understand that in my opinion "the present evils existing" are due to the reluctance of our Federal Judges to make themselves familiar with litigation while it is progressing. This would take real work. In other words, get the judges to come down to business and let counsel be fearless.

"I would say, compel counsel and parties to give account not only in the day of judgment but in this life for every idle word that shall be placed upon the record, or, to change the reference from the Good Book to the sentiment of Washington, let us have *government*

instead of relying on *influence*. I believe that the bulk of the testimony can be better taken under the 67th Rule in Equity than in any other way that has been suggested.

"The best I can offer is that the courts be asked to punish every bad boy who either does not know enough to play according to rule, or who wantonly or maliciously violates the rules.

"What I said as to the desirability of legislation which would permit subpoenaing witnesses from a distance to give testimony in open court, indicates my views upon the question of such examination of witnesses in open court which you stated is a mooted one. I not only favor this provision of the rule but believe that the power of the court to compel the attendance of witnesses should be enlarged by legislation."

FRANK P. PRITCHARD, Philadelphia.

"I am entirely in favor of any plan for the ascertainment and definition of the claims, admissions and issues in each case before the taking of testimony. I am in favor of having the testimony taken in open court.

"Our experience in equity proceedings in the State Courts in Pennsylvania has demonstrated that the effect of allowing the taking of testimony in open court is to eliminate much useless testimony and to shorten the proceeding. Under our old system the testimony was taken before an examiner, and everything went in as is now the case in the Federal Courts. When it was proposed to eliminate the examiner and master and try the cases in open court, objections were made on the ground that it would be found impossible to take the testimony within the limits of the time at the disposal of the court, but the practice has demonstrated the opposite. Cases which under the old practice would have taken several years, are now disposed of in as many days and the system is such an

improvement that I doubt if anyone would be willing to go back to it.

"So far as I am able to judge also by a comparison between the practice in admiralty in New York where the testimony is taken in open court, and the practice in admiralty in Pennsylvania where the testimony is taken by deposition, the New York practice is much the most expeditious and satisfactory. I believe it would be very desirable to eliminate the expert as a witness on patent cases.

CHARLES N. BUTLER, Philadelphia.

"As to examining witnesses in open court, this is probably the only practical way of imposing reasonable restrictions upon the introduction of testimony.

"It might be desirable to have judicial officers appointed to hear evidence in patent causes and provided with statutory authority to report upon the evidence to the circuit judges. It appears that the courts have no authority to appoint masters to report upon the testimony, this having been held by the Supreme Court an unauthorized delegation of judicial authority. If a master were provided for by statute with power to hear and pass upon the testimony, it would also be necessary no doubt to make provision for compelling witnesses to appear before him regardless of where they might reside within the United States.

"It certainly should not be the law that the parties to a litigation should be charged with the fees of a master sitting from day to day to hear evidence."

JAMES I. KAY, Kay & Totten, Pittsburg.

"As to taking testimony in open court, I have had some experience in this way and find that where a a case is not before a jury the judge will give no practical attention to it. The judges will usually say 'I have to read this testimony afterwards and it is not necessary for me to hear it. If you counsel get into any difficulty on a question you wish me to rule,

send for me and I will do it.' As much as I would like to see some way to shorten the length of cases, I doubt whether it would be practicable to arrange to have testimony taken in open court. If a question of prior public use was the one presented and the facts were being first developed by defendant, it would certainly be an injustice to the complainant to be expected to answer such testimony at that hearing where the the facts were first disclosed, and it would be a practical impossiblility to arrange with the court to have adjourned hearings, and finally after all the evidence is in, to hear the case.

"As to the third inquiry, it seems to me practically impossible to provide for the taking of depositions before a master ruling upon the admissibility of the testimony. Where the Supreme Court and the other courts are so liberal in admitting testimony, and where even the Circuit Courts have held that they are not justified in excluding it because even though they think it inadmissible, the Appellate Court may differ from them, it is evident that a mere magistrate would not feel that he could exclude testimony."

STREETER HOLLIS DEMOND & WOODWORTH, Concord, N. H.

"As to giving the master power to exclude testimony in taking depositions, we should doubt whether that would work out well. It seems to me the whole difficulty could be met by having the court adjust costs in respect to admissible testimony."

BURTON SMITH. Atlanta, Ga.

"Point 1.—This suggestion, if accomplished, would be of great value. The many state statutes which have sought to accomplish this by requiring the defendant in his pleading to admit or deny the allegations of the plaintiff's suit, and thus really eliminate admitted questions, have been successful. The result has simply been a denial, without more. If the court

were given authority and power to enforce this authority under proper penalty, the suggestion might be accomplished, but it would at least lie with the court. This would in my opinion involve a radical and beneficial departure from customary pleadings.

"2.—I approve your second suggestion and favor wherever possible, the taking of testimony in open court.

"3.—I approve the idea of taking testimony before a master with usual powers."

CHARLES MARTINDALE, Indianapolis, Ind.

"One plan has suggested itself to me and that is the reference to a special master who shall have power to take testimony in such places as shall seem to be most convenient and who shall have primary authority to admit and exclude evidence reporting to the court the material evidence in the case which shall constitute the record. If either party feels aggrieved at the ruiling of the master, he shall have a right to present a bill of exceptions embodying the evidence excluded at his own expense, but if the excluded evidence be admitted, the cost thereof to be taxed according to the equities of the case upon the final taxation of the costs.

"Next to this plan is the hearing of all the evidence in equity orally by the chancellor as in common law cases. This has been done, but few judges who have ever tried the plan were willing to repeat it."

FRED L. CHAPPELL, Chappell & Earl, Kalamazoo, Mich.

"Condensed record by counsel. This record was condensed after this fashion (Lamb Knit Goods Co. vs. Lamb Glove & Mitten Co. 56 C. C. A. 547). Counsel offering the witness made a statement of what the testimony showed or intended to show, submitted the same to the opposing counsel to make such additions as he desired thereto, when the matter was put into the form of a stipulation with such additions as the

party proposing the witness desired to make in order to make the same complete and clear. It occurs to me that the court might very well require counsel by proper rule to take this course where evidence has been adduced. That is to say that the party who takes the deposition of a witness should, after the deposition has been closed, make a fair statement of what that deposition shows, submit it to the other side which should review it and condense the same or make such additions as seem desirable in view of the actual testimony of the witness. This record might be the printed record in the case. The actual depositions might be filed so that they could, if need be, be drawn on for additions to the printed record which the rule should require to be printed and added. It seems to me that by pursuing this course a very condensed record could be obtained for the court. It should also be a rule of the court that any testimony which was specified by counsel and not referred to in his brief, or that was not necessary to the consideration of the case, should be taxed against the party thus adducing, no matter what the outcome of the case might be.

"I have not considered with favor the matter of trying a case in open court as far as patent matters are concerned.

"As to the third paragraph of this communication, I should doubt very much the propriety of having any official with magesterial powers present to pass upon the taking of deposition."

GEORGE M. FINCKEL, Finckel & Finckel, Columbus, O.

"I would say that in my judgment the present method of preparing patent cases on the equity side is about the best that could be devised."

STALEY & BOWMAN, Springfield, O.

"We feel that the present equity proceeding is open to many criticisms, but we also feel that it is dangerous to change the system or at least that there would be

little or nothing gained by changing it. There might be a great deal of harm arising from such legislation."

H. A. SEYMOUR, Washington, D. C.

"In my judgment the proposed remedy is worse than evil.

"As for taking testimony in open court,—the expense of taking witnesses away from their business to some distant city, there to hang around an over-worked court for a hearing, would more than off-set the expense now incurred in taking such portion of the testimony as may be imcompetent and immaterial. In fact, under the ruling of the Supreme Court any court below would be powerless to strike out testimony, and hence nothing would be gained in this respect. Should the testimony be taken in open court, it would have to be taken stenographically and afterward typewritten; so that all in all, such a departure from the present practice would result in no real benefit but would in all probability delay and complicate the proceedings and very materially increase the expense of litigation."

MASON, FENWICK & LAWRENCE, Washington, D. C.

"Cumbersome as our present practice is and as much as it undoubtedly needs remodelling, we have not seen suggestions of reform, which in our opinion are real reforms, and it would appear to us that the present system on the whole is as good or better than any system proposed, and especially so in view of the fact that the profession is now familiar with the present practice and any new practice would have to be learned."

JULIAN C. DOWELL, Washington, D. C.

"I think some provision by which testimony might be taken in open court in some cases, allowing counsel the privilege of producing witnesses in the usual way and under proper restrictions, would be desirable."

FOREIGN OPINIONS.

As throwing some light upon the general subject, we have received letters from correspondents in England and in France, which are as follows:

McKENNA & CO., Solicitors, London.

"We have always been struck with the complicated procedure adopted by the United States Courts in Patent and Trade-Mark Actions, and the way in which the evidence is taken. So far as concerns the English Courts, Patent Actions stand on the same footing as ordinary actions in our courts—that is to say, the suit is commenced by the issue of a writ, a statement of claim is delivered with particulars of breaches, the latter containing the acts of infringement on which the plaintiff intends to rely at the trial, and he is in most cases bound to these particulars of breaches and cannot amend except by leave of the court. The defendent then in turn lodges his defense, together with his particulars of objections. The defense recites the grounds on which the defendant relies. These grounds may include—no infringement, that letters patent sued on are invalid on the ground of anticipation or any other defense, and the particulars will contain the anticipations or other matters which are relied upon by the defendant.

"If prior user is relied upon, then the particulars of objections will set out the places and dates, if possible, where prior user took place so that the plaintiff is enabled to investigate whether in fact such prior user has been made as would constitute an anticipation of his patent.

"The defense, as a rule, closes the pleadings, that there may be discovery of documents ordered, and in some case interrogratories administered—that is to say, the defendant or the plaintiff is ordered to answer on affidavit in writing what documents he has in his possession relating to the matter and answer also on

affidavit certain questions arising out of the pleadings so as to have the effect of symplifying the issues at the trial.

"The case is then set down in the list of cases for hearing and is heard with witnesses in court—practically in all cases. At the hearing all the evidence (except as hereinafter mentioned) is taken *viva voce* and the witnesses are examined and cross examined. The delay that may take place between the writ and the trial depends first on the time the parties may take to file their statement of claim and defense, and that is either arranged between them, and if not so arranged either party may force the other to file in reasonable times, and the circumstance that the lists of cases down for hearing are full—but this delay is not all serious.

"The judge at the hearing has the right to control the evidence and speaking generally he will not allow large quantities of expert evidence all tending in the same direction to be given – in a patent action two or three experts either side is generally considered the maximum number allowable.

"In our courts evidence is only allowed to be taken *before* the trail in cases of some particular witnesses who for particular reasons may be unable to be at the trial and in such cases an order to examine them beforehand may be obtained but these orders are practically limited to witnesses about to leave the country or very ill and unable to attend court, or likely to die before the trial. Their evidence is taken before an examiner appointed by the court in the presence of counsel for both parties and the witness is examined and cross-examined in the ordinary manner, and no doubt in these cases there may be somewhat of the difficulty you experience as the examiner is not allowed to disallow questions. If objection is made to a question all he can do is to take down question and answer and make a note of the objection, and the judge at

the trial, when the evidence is read, decides whether the question should be upheld or not. But this taking of evidence is very rare.

"We can very well imagine that taking the whole of the evidence before trial as you do would result in much irrelevant evidence being tendered and large masses of evidence being taken which really had no bearing on the case.

"We here are strongly of the opinion that evidence should be taken before the tribunal who decides the case—expert evidence in these cases is in theory to assist the judge in understanding the patents and technical questions at issue and the value of such evidence would be greatly lost if the judge does not hear the witnesses and does not have the chance of asking him questions himself to clear up doubts.

"There can be no doubt that this method of dealing with evidence tends to limit evidence and thus shortens and lightens cases, though even here patent cases tend to be tried at undue length owing largely to expert evidence on both sides being called and being often very contradictory.

"The circular you enclose seems to contain suggestions which would assimilate the practice to the *Scotch* practice and we doubt if it would be effective. We very much doubt if Scotch patent actions are not at least in the earlier stages more complicated than here and whether it really saves time at the trial. It may do in some few cases, but it often results in great waste of time in the earlier steps and in the action without really limiting the issues or the evidence. A defendant cannot be prevented from claiming to rase all the possible grounds of defense if he wants to do so and he cannot be shut out in the earlier stages from being allowed to give evidence on these issues if he can. The only effective check is the matter of costs and the strong hand of the judge at the trial in excluding irrelevant evidence at the hearing."

BRANDON BROS., Solicitors, Paris.

"The procedure in France in connection with patent cases is so radically different to what it is in the United States that no comparison is really possible.

"The taking of testimony is unknown here. The courts have the authority to hear witnesses if they consider it admissible, but it is seldom that they do so. As a rule, in the case of patent suits, the courts nominate one or three official experts to hear orally and receive written statements from the parties, or their counsel, or others who may give interesting information and these experts then draw up a report giving their opinion from the technical point of view. This report is then submitted to the court and at the hearing it is discussed by the barristers who appear for plaintiff and defendant.

"Our procedure here is no doubt more simple and less costly than the U. S. procedure, but we do not know whether it shortens to any extent the length of the litigation. The procedure before the experts is sometimes very lengthy. It often extends over a year.

"The fees of the experts have to be disbursed by the plaintiff but the judgment determines later by whom they should be borne. As a rule these costs and the costs of the suit, generally, are borne by the party who loses the case.

"The experts are appointed by the courts. They are not government employees or officers. The experts who are appointed in the case of patent suits are usually professors at industrial schools, manufacturers, government or other civil engineers, electrical engineers, chemists, mining engineers, etc. In each special case the court selects the expert, or experts, who appear to be the most suitable having regard to the subject matter of the patent.

"There are certain engineers and chemists who are so often appointed by the courts that they call them-

selves "experts to the courts" and have no other occupation to speak of, but they hold no standing official positions and the courts might, at will, dispense with their services completely at any time. Experts, (not even those just referred to) are not paid by the courts or the government; they get their fees separately for each case in which they are appointed. Shortly after they are appointed they call for their fees which are deposited into court and these fees are taxed, or may be taxed, so that excessive charges may be avoided.

"The experts name their own fees and these are paid to them through the court. At the end of the proceedings these fees are taxed and sometimes reduced.

"Experts are nominated by the court to hear both the plaintiff and the defendant and their fees always have to be advanced by the plaintiff pending the decision of the court as to costs. The courts naturally use their own discretion as to whether experts shall be appointed, or not.

"It is not possible to give an idea, even approximate, of the charges of experts; these vary according to the simplicity or complication of cases. They may be as low as 200 francs for each expert and can reach 5000 francs and even more. Considering the work entailed and the time absorbed, experts' charges are moderate."

EXTRACT

From the Report of the Committee on Federal Legislation of the Bar of the City of New York, Nov. 27, 1909.

"Your committee, after conferring with many of the Federal Judges in this district, and of the members of the bar practicing in the federal courts, and after carefully considering the question, passed the following resolution:

> "Resolved that this Committee recommend to the Congressional Committee to change the practice in

equity cases so as to allow testimony to be taken in open court and that an amendment to the proposed judiciary title to this effect be prepared by the sub-committee consisting of Messrs. Masten and Bishop and submitted to the joint Congressional Committee on the revision of the statutes'."

LIST OF COMMITTEE MEMBERS.

William G. Choate, Chairman.
James L. Bishop.
Stanley W. Dexter.
Walter D. Edmonds.
Abram I. Elkus.
Robert N. Kenyon, Secretary.
Arthur H. Masten.
Harrington Putnam.
Edmond E. Wise.

As the result of this report, two bills were introduced into Congress, H. R. 19077, filed January 14, 1910, which is as follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section eight hundred and sixty-two of the Revised Statutes of the United States, be, and the same hereby is, amended so as to read as follows:

"Sec. 862. The mode of proof in causes of equity and of admiralty and maritime jurisdiction shall be by oral testimony and examination of witnesses in open court except as herein specially provided: And provided further, That nothing herein contained shall be held to prevent or limit the reference of any matter to masters in equity causes to examine and report thereon, or to prevent or limit the reference of matters to commissioners in causes of admiralty jurisdiction to examine and report thereon."

and 19078 filed the same date which is as follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section seven hundred and twenty-four of the Revised Statutes of the United States be, and the same hereby is, amended so as to read as follows:

"Sec. 724. At or before the trial of actions at law or in equity, the courts of the United States may, on motion and due notice thereof, require the parties to produce books or writings in their possession or power which contain evidence pertinent to the issue in cases and under circumstances where they might be compelled to produce the same by the ordinary rules of proceedings in chancery. If a plaintiff or complainant fails to comply with such order, the court may, on motion, give the like judgment for the defendant or respondent as in cases of nonsuit; and if a defendant or respondent fails to comply with such order, the court may, on motion, give judgment against him by default."

The first of these bills is designed for the purpose of establishing the general rule that all cases in equity and admiralty may be tried by the production of oral testimony in open court except in cases where the judges decide otherwise, and that in a case in which for any reason the court refuses to permit the testimony to be taken in court, or the parties petition and the court consents to have the testimony taken out of court,—then the testimony is to be taken not by the present method before an examiner within the jurisdiction and *de bene esse* outside of the jurisdiction or the hundred mile area, but by a master with authority to examine and report. Just what powers the master is to possess in cases of this kind is not stated. Ordinarily under Federal practice as it prevails in the U. S. courts, masters sit as vice chancellors and exercise all the powers of the court for the special pur-

pose for which they are designated. It would appear, therefore, that if this bill is adopted in its present form, the court will be given the power at any time to assign a patent infringement case to a master in chancery to hear the evidence and to make a report thereon, and with the usual powers to pass upon all questions of evidence submitted.

Equity Rules 73 to 84 inclusive.

The Supreme Court in Blease vs. Garlington, 92 U. S. 1 (1875) has defined the practice to be followed in equity cases in taking evidence, as follows:

> "The examiner before whom the witnesses are orally examined is required to note exceptions, but he cannot decide upon their validity. He must take down all the examination in writing, and send it to the Court with the objections noted. So, too, when depositions are taken according to the Acts of Congress or otherwise, under the rules, exceptions to the testimony may be noted by the officer taking the depositions, but he is not permitted to decide upon them; and when the testimony is reduced to writing by the examiner, or the deposition is filed in Court, further exception may be there taken. Thus both the exceptions and the testimony objected to are all before the Court below, and come here upon the appeal as part of the record and proceedings there. If we reverse the ruling of that Court upon the exceptions, we may still proceed with the hearing, because we have in our possession and can consider the rejected testimony.
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> "While, therefore, we do not say that, even since the Revised Statutes, the Circuit Courts may not in their discretion, under the operation of the rules, permit the examination of witnesses orally in open court upon the hearing of cases in equity, we do say that now they are not by law required to do so; and that if such practice is adopted in any case, the testimony presented

in that form must be taken down or its substance stated in writing and made part of the record or it will be entirely disregarded here on appeal. So, too, if testimony is objected to and ruled out, it must still be sent here with the record, subject to the objection, or the ruling will not be considered by us. A case will not be sent back to have the rejected testimony taken, even though we might, on examination, be of the opinion that the objection to it ought not to have been sustained."

The second bill, 19078, amends section 724 of the Revised Statutes and grants to the court the power to order the production of books or writings which contain evidence pertinent to the issue, preliminary to the hearing, and empowers the court, if the plaintiff or defendant fails to comply with such order, to enter judgment against the party in contempt. This will be a valuable aid to securing evidence required.

The foregoing correspondence, resolutions and bills point very clearly to several conclusions:

1.—A large number of the bar seem to favor trying patent cases in open court. This is the practice in England where it works satisfactorily. It is also the practice in equity in many states where the results are good, but the fact remains that while the practice is permissible under the 67th Rule in Equity, both courts and counsel have for more than thirty years failed to try patent cases in this way, but have universally resorted to the looser and easier but more expensive mode of taking evidence by consent and submitting to the court a printed record, vastly expensive to the client in both time and money and containing a large mass of useless matter. One might speculate as to the cause of this condition, but it seems to be plain that both courts and counsel have followed the course of least resistance, and while the result in matter has been good,—the decisions in patent cases have been up

to a very high standard of intelligence—the cost of these results has been very high. If the procedure is to be shortened and cheapened, it must be done by the courts, which must be given the power and charged with the duty of directing the litigation from its inception to its conclusion. The problems involved in patent litigation are technical and difficult as well as practical and they must be taken in hand in a practical way by the court and provided for as they arise, so as to adapt the procedure to the peculiarities of this class of litigation.

2.—The Bill No. 19077 amending Sec. 862 R. S. points the way, but it leaves so many important details unprovided for that it seems desirable to redraw the bill in greater detail, so as to provide for practice before the Master and conpensation to the Master.

We submit the following:

Sec. 862.—"The mode of proof in causes of equity and of admiralty and maratime jurisdiction shall be by oral testimony and examination of witnesses in open court, except as herein specially provided: *And provided further*, That nothing herein contained shall be held to prevent or limit the power of the court to refer any matter to a Master in Chancery in equity causes to examine and report thereon, or to prevent or limit the power of the court to refer any matter to a Commissioner in causes in admiralty to examine and report thereon. That when such reference is made to a Master or Commissioner, such Master or Commissioner shall appoint times for taking evidence, shall control the taking thereof, shall decide the admissibility of all testimony offered, and shall prepare a record of all testimony admitted and a supplemental record of all testimony rejected. The admitted and rejected testimony, respectively, shall be taken at the cost of the party offering it, and this distribution of cost shall remain, no matter what the ultimate result

of the case, unless at final hearing, the master is reversed as to the admissibility of particular testimony and then only in so far as the particular testimony is concerned, when the cost of the admitted testimony only shall be taxed against the losing party. The court or the master shall have power to issue subpoenas to compel the attendance of witnesses residing anywhere within the jurisdiction of the court, but all witnesses thus summoned must be tendered the usual witness fee and mileage at the rate of three cents per mile for the entire railway distance from their usual residence to the place of hearing, and in addition thereto a per diem of five dollars per day for each day of attendance upon the court or the master, which shall be paid by the party summoning the witness on the certificate of the master, and if these amounts are paid to witnesses, they shall be taxed as costs. The master may sit anywhere within the jurisdiction, but if for convenience of parties he does sit anywhere other than at the court house where appointed, his expenses incident to such sitting, but not his per diem, shall be paid by the party arranging such sitting, but such expense shall not be taxed as costs. If witnesses whom it is desired to examine, reside outside of the jurisdiction of the court where the suit is pending, the clerk of the court shall upon petition of a party desiring to take such testimony, forward to the U. S. Circuit Court within the jurisdiction of which the witnesses reside, a request for the appointment of a master by such court to take such testimony and the proceedings before such master shall be the same as if the cause were pending in his court, and the clerk of his court shall return the testimony taken to the clerk of the court where the cause is pending, taxing the masters costs therefor. The master shall be paid by the United States and not otherwise, a per diem of twenty dollars per day for each day of actual service, which shall be settled monthly by the United States Marshal of the Court by which he is appointed."

It is believed that in many cases it will be found very desirable and in fact necessary to refer a part if not all of the questions involved in a patent infringement suit to a master, who, although vested with power to pass upon the admissibility of testimony, must record all testimony offered which the parties insist upon having taken, but the presence of the master will give dignity and orderliness to the proceedings; his ruling will, in great measure, control counsel in offering testimony, and the responsibility of assuming the cost of testimony rejected by the master will restrain counsel from putting in much testimony about which they may be doubtful. The provision for witness fees, mile age, and a per diem to witnesses called to attend the master, will put a premium on trying cases in open court and deter references, and the provision for payment of master's expenses by those who take him away from the Court House, will tend to regularity, while permitting testimony to be taken at places where the parties may desire and at a minimum expense, which expense being incurred solely for the convenience of one of the parties, should not be taxed against the other. The master being a Vice Chancellor, and acting for the court with all the powers of the court, should be paid by the government. He might be paid a salary or a per diem. If a salary, the number of masters would have to be limited, but if a per diem, a different master might be appointed for each case, or as many cases assigned to one master as the court found he could attend to. The duty of the master being definitely prescribed by statute, and he being required only to hear the evidence, rule upon it, and make a report to the court, it is believed that a sufficient number of competent lawyers could be found to occupy these positions who could at twenty dollars per day earn about four thousand dollars annually if constantly employed. If the testimony were taken before several masters, each would report upon the evidence taken before him and finally all the evidence might be referred to the home master for a final report. The master's report would then come before the court for ratifica-

tion and exceptions would be considered and passed upon.

3.—It would seem that under this statute, if passed, certain rules of practice might be instituted which would keep in the hand of the court at all times complete control of the litigation, as well as reduce the cost of the trial of cases when tried in open court. It seems important that the court should exercise the authority to control pleadings and settle issues, and when the question arises, as it is likely to arise in every case,—Whether the testimony shall be taken in open court, or whether all or any part of it shall be taken before a master?—the court must inquire carefully into the case, hear counsel, and decide, and then appoint a master, if one is to be appointed and fix times for taking testimony. When the master's report has been returned, the record must be settled so that no more printing will be done than need be. At this point there will be a strong motive operating upon counsel to get the record settled. Counsel whose offers of evidence has been refused, will want the court to rule his testimony into the taxable record and counsel for the other side will have an interest in excluding it, not only to reduce the taxable record, but also to reduce the volume and cost of printing. The court will also have an interest in seeing that nothing is included in the printed record on which the case is to be decided except what is clearly admissible. In almost all circuits there is an official court stenographer who is paid by the government and allowed by statute to charge ten cents per folio for copy of testimony. Under usual practice the cost of this record if ordered by the parties, is first paid for by them, but not taxed as costs except by order of court and such order is not usually entered unless the record has been used by the court in making a finding. In England the judges generally make their own notes of the testimony and rely principally upon those, and in most cases they become the record of the evidence on appeal, but where the court

uses the stenographers' notes of the evidence in making his decision or sends them up as the record on appeal, they are allowed as costs but not otherwise.

We suggest the following rules :

1. The bill of complaint in equity or libel in admirality shall specifically declare :

A.—The parties complainant.
B.—The parties defendant.
C.—The title to the property in question.
D.—The injury or interference complained of.
E.—The relief sought.

The answer shall specifically state :

A.—The allegations of the bill which are admitted.
B.—The allegations of the bill which are denied.
C.—The defences.

All formal allegations of the bill which are denied by the answer and proven by the plaintiff shall form the basis of an award of costs against the defendant in any event.

2. When the case is at issue the pleadings shall be reviewed by the court in the presence of counsel for the respective parties who shall—

A.—Settle the issues.
B.—Decide whether evidence shall all be taken in open court or part by a master or all by a master, and if any to be taken before a master, appoint master.
C.—Set case for hearing before court or fix allowance of time for taking testimony before master.

3. When all testimony before a master has been returned and before it is printed for final hearing, parties offering testimony which has been rejected by the master, or parties excepting to testimony admitted by the master, may by petition secure from the court a review of the rulings of the master upon disputed questions, and only so much of the testimony shall be printed for final hearing as is admitted by the court, but the appellant shall have the

right at his own cost to print as part of the record on appeal any or all of the testimony rejected by the trial court.

4. All testimony produced in open court shall be written down stenographically by the court stenographer without charge to the parties, but such stenographer shall be permitted to charge the parties for copies of such testimony at the uniform rate of ten cents per folio per copy. The cost of this copy if furnished to the court and used by the court, may be taxed by the court as costs.

The action of the New York City Bar Association and the above proposal demands legislation by Congress in order that all the details of the proposed measures may be carried into effect, but it is submitted that most of the proposed measures may be effected without legislation:

1.—The Circuit Courts of the United States have the power, if they choose to make the rule, to call upon litigants when the case is at issue, to appear before the court and to settle the issues raised in the case, by review of the pleadings by the court, and require that the parties shall admit or deny specifically all of the matters involved. The court may also at this time require the plaintiff to specify the claims of the patent which he charges the defendant with infringing. The court may also require the defendant to admit formal allegations of the bill of complaint and also to disclose his own construction which is charged with infringement on showing of probable infringemnnt by the plaintiff.

2.—The court possesses the power under the 67th Rule in Equity to order all or a part of the testimony which can be found within the jurisdiction or the 100 mile limit, to be produced in open court, or a part to be produced in open court and a part to be taken before an examiner within the jusisdiction or the 100 mile limit, or before a special master within the juris-

diction or the 100 mile limit. All testimony taken beyond the jurisdiction or the 100 mile limit can be taken under the existing practice, *de bene esse* before a notary public. The court would have the power also upon the return of this testimony to refer it to a master to hear objections to the admissibility of testimony offered and with instructions to the master to divide the testimony into two records, one admitted and the other rejected, and report.

3.—Before the final hearing of the case, all testimony taken before an examiner or a master or before a notary public *de bene esse* having been first passed upon by a master who has divided it into two records, an admitted and a rejected record, may be reviewed by the court on exceptions to the ruling of the master; and when the admitted record is thus settled, the case may be tried on the admitted record, or with the addition of such testimony as the court may require to be produced in open court.

The only details of the proposed plan which cannot be accomplished by order of court without consent of all parties under existing powers, is the delegation to the master of the duty to report his conclusion as a decision in the case, and for the compensation of the master by the Government.

KIMBERLY vs. ARMS, 129 U. S., 512-525.

"A master in chancery is an officer appointed by the court to assist it in various proceedings incidental to the progress of a cause before it, * * * * * * * * * .

The information which he may communicate by his findings in such cases, upon the evidence presented to him, is merely advisory to the court, which it may accept and act upon in whole or in part, according to its own judgment as to the weight of the evidence * * * * * * * * * . It is not within the general province of the master to pass upon all the issues in an equity case, nor is it competent for the court to

refer the entire decision of a case to him without the consent of the parties. It cannot of its own motion or upon the request of one party, abdicate its duty to determine by its own judgment the controversy presented and devolve that duty upon any of its officers. But when the parties consent to the reference of a case to a master or other officer to hear and decide all the issues therein, and report his findings both of fact and of law, and such reference is entered as a rule of the court, the master is clothed with very different powers from those which he exercises upon ordinary references, without such consent; and his determinations are not subject to be set aside and disregarded at the mere discretion of the court."

The decision of the case by the master and the compensation of the master by the Government are very important details; but they are not essential, and if the courts can be induced to undertake to direct the practice along the lines above suggested,—hearing as much testimony in open court as possible and appointing masters to take testimony or to review testimony taken before an examiner or a notary public and report upon its admissibility for the advise of the court, a very great gain might be made in economy of proceedings.

Respectfully submitted,

ARTHUR STEUART.
CHARLES MARTINDALE.

I join in the above report because I believe its recommendations, if carried out, would produce a marked improvement in the practice and proceedings in patent causes. I wish to add that I also believe that, to obtain adequate relief, there should be an increase of judges in the circuits where patent causes are numerous so that there could be a permanent division of the Court for the hearing of those causes alone.

EDMUND WETMORE.

PROCEEDINGS OF THE PATENT SECTION OF THE AMERICAN BAR ASSOCIATION FOLLOWING THE REPORT OF MR. STEUART AS CHAIRMAN OF COMMITTEE ON FEDERAL PROCEDURE.

(August 29th, 1910.)

By Mr. Steuart: I received a letter from Mr. Parkinson, one of the members of the Committee, upon the subject of this report and I presume Mr. Parkinson would rather read it than to have me read it. Mr. Frederick P. Fish, another member of the Committee has not yet passed upon the report; I sent it to him but I presume he did not get it in time.

George P. Barton, of Illinois:

We would like to hear Mr. Parkinson's letter before proceeding further.

The Chairman:

Mr. Steuart, will you please take the chair while I am excused from it?

(Mr. Steuart takes the chair).

Robert H. Parkinson, of Illinois:

I was not aware until I reached here that this report was to be presented in its present form, although it was submitted to me sometime ago by Mr. Steuart for suggestions and this letter was written in response. I may say, before reading the letter, that I concur in so much of the report as suggests that our Courts ought to be more responsive to a motion to strike out improper testimony, both as the case proceeds and upon final hearing, and ought also to be empowered (if they are not already so empowered) to punish gross abuses in taking testimony or other proceedings by imposing substantial costs, as distinguished from our present statutory costs, upon offenders. I also concur in the suggestion that our pleadings should be simplified and that the settling of issues before proceeding with the case by some preliminary hearing in Court

should be provided for. I am strongly opposed to any scheme which would have the effect of transferring the hearing and preliminary control of our cases to masters, who are to be compensated by fees taxed upon the litigants, to practically control the proceedings, compel the evidence to be taken before them, hear arguments concerning the relevance and competence of the evidence as it proceeds, exclude such evidence as they may regard as incompetent, irrelevant and immaterial, generally direct the time, place and circumstances of proceeding, and make their findings upon the evidence when taken. I am opposed to the present Bills which have been introduced, providing, in effect, that the evidence shall be taken either before the Court or before Masters, for, in my opinion, the inevitable effect, if these bills are passed, will be not to secure us the personal attention of the Judges to the evidence as it proceeds or to the rulings which may be invoked as it proceeds, but to transfer all this work to Masters under the pretext (or rather I should say under the exigency) that it is impossible for the judges to give their own time to the work of this character. The result would be certainly, I think, to give us less rather than more of the personal attention of the Court, and our cases would be practically tried, in the first instance, before Masters. I think I am justified in saying that Mr. Fish, another member of the committee, who is absent and who has not signed the report, has expressed himself strongly against any plan that involved having cases referred to a Master for taking and ruling upon evidence and reporting findings.

The letter which Mr. Steuart suggested my reading was written to him as chairman of our committee August 3rd and is as follows:

August 3, 1910.

Dear Mr. Steuart:

This is my first opportunity to acknowledge yours of July 30th relative to your proposed report of the committee on Federal Equity Procedure. I make the following response:

First: The more I consider the proposition to compel parties to take evidence in equity cases, particularly patent cases, before a master with power to rule, the stronger becomes my conviction that such a course would greatly increase the expense and delay of litigation, with no commensurate advantage to the litigants or the public. The proposition to have the master either salaried by government or paid stated fees by government, as distinguished from taxing the expense upon litigants, might lesson some of the objections to this procedure, but would still leave it more expensive and time consuming than our present method of procedure. I do not believe it practicable to obtain any legislation by which salaries or fees at the government expense would be provided for the large number of masters that would be required to take such evidence, pass upon the variety of question that would be raised and perform the various services contemplated.

Second: The proposal to have evidence taken in open Court before judges has theoretically, I think, decided advantages over taking it before masters, but this would, I think, involve increasing the number of our Federal Judges several-fold and introduce many inconveniences and hardships which would offset the theoretical advantages. In patent litigation, more than elsewhere, evidence is scattered throughout the country and most of it remote from the jurisdiction where the case is to be tried. The necessary witnesses are, in large proportion, men so engaged that they cannot be all corralled at such date as the Court may reach the case and held in attendance upon the Court until it is ready to hear them. The hardship imposed by any legislation which would enable them to be subpoenaed from all parts of the United States and held in attendance upon the Court, would be enormous and cause great impatience with the whole system. If only that part of the evidence, wnich could be found within the jurisdiction, was to be taken before the Court, little

would be accomplished, and the selection of jusisdiction might impose special hardship on one party, whose witnesses would be without the jurisdiction and therefore could not be brought before the Court, while the other party (who perhaps had selected the location in which to bring the suit with this in mind) might have the advantage of producing its witnesses before the Court. It is often necessary in these cases to take evidence with reference to alleged prior uses, which can only be taken to advantage in the locality where such uses are alleged to have occurred. Much of the evidence so taken, though necessary to ascertain the fact, may result either in the fact being so established as not to be disputed, or its non-existence or irrelevance being made so manifest that it is discarded. Such evidence, under present practice, takes no time of the Court, but, if taken in open Court, would in the aggregate keep many Judges busy hearing it. Where intelligent and reputable attorneys take such evidence, they do not extend it unnecessarily and they abandon the contention as soon as the evidence satisfies them that the fact is against them. They could do no better in taking the evidence in open Court. Incompetent and dishonest attorneys could consume a vast amount of time in taking the evidence and arguing its possible relevance, if proceeding before the Court, and, with the difficulty the ordinary Court has, at the outset, in determining what may or may not prove to be pertinent or material, the records could be made quite as voluminous as they now are.

I do not think we can expect to obtain such an enlargement of the Federal Judiciary as would be required if all or any large part of the evidence was to be taken in open Court, and such legislation would be necessary before any scheme of this kind would be workable. I think we ought to be able, under our present practice, to have the Courts deal directly with these questions of unnecessarily amplifying records

both by ruling out improper evidence upon interlocutory motion and by imposing costs upon those taking such evidence. If this were done, it would, in my opinion, accomplish much of what is aimed at, but we find, whenever we invoke the Court's action by a motion of this kind, it says that it cannot consider the question until the whole case is before it on final hearing and that it would require more time than it could give to look sufficiently into the matters at issue to rule upon such a motion. If the evidence were taken in open Court, the rule of Blease vs. Garlington would lead to the admission upon the record of a great volume of evidence which might afterwards be considered irrelevant and immaterial, the Court merely reserving the right to rule upon it (but not to strike it from the record) at the final hearing.

Third: For the reasons already indicated, I could not express approval of House Bill No. 19077, nor so much of the proposed modifications as compels parties to take their evidence in open Court or before the Master in Chancery.

Fourth: I think there should be a rule simplifying our pleadings; that it should be quite stfficient in a patent case to allege the grant of the patent, the title to it and charge infringement without going into all the recitals concerning proceedings had in obtaining the patent and other allegations which are prima-facie proved by the issue of the patent. I think that part of your suggested rule 1, referring to taxing costs, should be modified by substituting "may" for "shall" before "form" and omitting the words "in any event". There are many cases where a defendant may properly put a complainant on proof of issues if the facts are peculiarly within the knowledge of complainant, where I do not think it would be proper to assess costs against the defendant in case complainant failed to establish right to relief, and there are other cases in which a defense may be properly urged and the decision of the

Court be rested upon some other defense which is conclusive, where it would not be proper to award costs to complainant. It is enough to leave this in the discretion of the Court according to the circumstances of the particular case. So much of proposed rule two as relates to settlement of issues I agree to, except what I think "may" should be submitted for "shall". While either party should have the right to seek this action by the Court, there should be nothing to discourage dispensing with it where neither counsel finds it necessary. My views concerning the course provided for in Rules 3 and 4 have already been indicated. So much as refers to taking evidence in open Court or before a master, I do not concur in, nor do I think it would generally be proper to compel the setting of the case for hearing or fixing time for taking testimony at the outset.

Fifth: I concur in the first and most of the second propositions at the end of your report, but not in the recommendation of the third. The first of these, relating to a rule upon litigants to appear before the Court and settle the issues raised in the case, I am in full accord with. I think that such a rule, if adopted and well administered, would be more effective than any change in the mode of taking testimony.

I agree to the second of these propositions except so far as it refers to a special master as distinguished from examiner and so far as it refers to reference to master in the last sentence. I do not think such references ought to be encouraged, or that the Court is justified in shifting to a master its judical duties.

Concerning the third of these propositions, I do not think there would be any economy of labor and expense, or any real advantage to the Court or the litigants, in the reference to the master there proposed, and should not be able to concur in the concluding clause.

Sixth: I think delay, expense and inconvenience could be avoided by a rule enabling a printed record

used in the Court below to be filed in the appelate Court, in lieu of the present transcript, to be taken as evidence of the record used below, only such proceedings, not included in that record, to be certified up. The mere certifying of the clerk that such is the printed record used below, or a stipulation of counsel to that effect, should be sufficient in practice, instead of requiring a certified transcript of the entire record and burdensome fees for making the copy of such record, where there is a printed record in existence. I think the rule should also authorize the use in the Court of Appeals of duplicate printed copies. There is a great convenience, as well as saving in expense, in using the same printed record in both Courts.

Seventh: Our present method of taking evidence is sometimes abused. Any different method we can contrive, whether it be in open Court or otherwise, will also be abused, and, while removing some objections, may introduce greater ones. It seems to me that the amendments of the present practice, to which I have referred with approval, will serve better than either of the radical changes proposed. If attorneys are intelligent and mindful of professional obligations, the present system, with these suggested amendments, will be simple, direct and effective, and no change of system can relieve us from the abuses due to the absence of these qualities.

Very truly yours,

(Sig.) Robt. H. Parkinson.

This letter was not written with the expectation that it was to become public and does not present as fully or clearly as I wish my reasons for opposing the proposed bills. I think they are supported upon the theory that they will result in having our cases actually tried from start to finish before Federal Judges. I am confident that they will have no such effect, that it is impossible to induce or compel our Federal Judges to assume the task of personal attendance

throughout the taking of testimony, that it would be utterly impracticable for them to do this in the districts where most patent cases are tried, unless their number was greatly increased; that they would not do this in any event if allowed the option of referring this work to masters, and that it is impossible under present conditions for us to obtain such enlargement of the Federal Judiciary as would be necessary if all this evidence had to be taken in open Court. We must remember that, under present conditions, it is quite difficult, in many of our districts, to obtain a hearing occupying a few hours in a case that has required many months in preparation; that evidence is proceeding in probably fifty or more different patent cases in the city of New York alone, substantially every working day of the week, except, perhaps, in vacation time; that a very large number of cases are similarly proceeding in each of our large cities, while others are proceeding in the smaller cities or in remoter places, keeping a very large number of lawyers, examiners and notaries constantly busy on work that now occupies no time of the judges. If all this were to be taken in open Court, and if in addition to taking it time was to be consumed in arguing questions of admissibility of evidence, competency of questions and answers and all the other interlocutory matters that would be contested if we had a Court to rule upon them as the case proceeded (matters which, for the most part, are now never permitted to occupy the time of the Court); that, in addition to all the cases which are actually heard in Court, there are probably about as many more, representing about as large a volume of evidence, which are disposed of now either by dismissal or agreement of some kind so that they never take any time of the Court; and that these cases would also in their preparation require the personal attention of the Court, I think it is too evident for dispute that our Federal Judges could not add to the work they now do that of hearing the evidence in all these cases, unless their number was multiplied many fold. Our witnesses are generally scattered over remote parts of the country and it is impossible for

either side to know precisely what evidence it will need before the evidence upon the other side is in. In fact, in most cases, it is only as we proceed with taking evidence on our own side that we find the need of looking up many important witnesses who may be scattered over the country, or even out of the country, to supplement the proofs already taken. We have to feel our way as we proceed and much of the evidence taken, and necessarily taken, in search after facts, ultimately requires no attention from the Court, because the fact is either established and no longer disputed or is so disproved that the contention is abandoned. If all the evidence were to be taken continuously in open Court, it would be practically impossible to trace out clews concerning the matter, which are only developed as the case proceeds, or to make tests or experiments, the importance of which only appears as the case proceeds. Many of our witnesses are men of numerous engagements whose time is exceedingly valuable, who cannot leave their places of occupation for weeks at a time to sit around a Court Room awaiting their turn to testify; they are liable to be thousands of miles away from where the Court sits; and even if it were possible to subpoena them from such distances and bring them before the Court, it would be necessary to keep them in attendance, not only while they were testifying, but practically from the time the case begun until it was closed, though this might be months. Indeed, it would be necessary to have them in attendance from the time the case became subject to call, or rather from the time it was on the docket so that it might, under any contingency, be reached for trial. We know what it means to keep witnesses in attendance on a jury calender, but, troublesome and expensive as this is, it is not comparable with what we should experience here where, from the nature of our cases, it is impossible to forecast the time they will occupy and where the witnesses have to be brought from such distances and include so many men whose engagements are numerous and whose time is exceptionally valuable. It is difficult for a defendant to know what evidence he will require

before the complainant's opening proofs are closed. He may then find occasion for investigations at a distance, for searching for evidence of a character that he had not supposed would be needed. The same is true, perhaps in a large measure, of the situation in which the complainant may find himself upon the close of the defendant's testimony, and yet it would be necessary for each party to have all the witnesses, and all the evidence they propose to use, at hand before the trial of the case commenced.

The reasons now given by the Court for not ruling upon motions to strike out evidence or to control the evidence to be taken as the case proceeds, are besides lack of time, that, until the entire case is before the Court, it cannot well determine what evidence may be relevant and competent; that it cannot do so without an extensive investigation into what has to be disclosed as the case proceeds; that, under the rule of Blease vs. Garlington, all evidence must be received in the first instance, unless it is privileged or scandalous, and remain a part of the record in order that it may be brought before the Appellate Court; that, if a Court of original jurisdiction should exclude any evidence which it regarded as incompetent and irrelevant, the Court of Appeals might take a different view and the mischief done by such exclusion would be irremediable. It would certainly be quite as difficult for the Court to rule on these questions as the evidence proceeded and before the case could be known either to the Court or the counsel, for, in many cases, experienced counsel have to feel their way as the case develops and would find it quite impossible to anticipate all the contingencies which may affect the relevance of evidence in a particular case. The Courts would certainly be no better qualified to exclude evidence as the case proceeds, and no more justified in doing so, if the evidence was taken before the Court than where the motion was made after the evidence was complete. I, therefore, do not think much would be saved in the bulk of evidence to be taken, except, perhaps, as parties might be deprived of the right to take evidence of the greatest

importance and most vital character because of the impossibility of getting it when the neèd of it was discovered. It must be remembered also that the discussions which would arise over the form of question and the relevance of evidence would consume a great deal of time which is now not consumed either during the taking of depcsitions or at a hearing. Masters would probably be less qualified than the Court to determine in advance what evidence should be admitted, and they should be at least as conservative about excluding evidence which the Court may consider material. We have no such safe-guards to secure the independence of masters as are provided in the choice and method of compensation of our judges. I do not think it desirable to enlarge the extent to which our cases are to be heard and determined, in the first instance, and the procedure in them controlled, by masters whos income depends upon the fees received in such cases. It must add immensely to the expense, which is now certainly large enough. And if our cases are tried, in the first instance, before masters, the Courts are liable to make this an excuse for relieving themselves from examining conflicting evidence or determining issues of facts, and to accept the findings of the masters for only such review as relates to whether there is evidence upon which the master might reach his findings of fact, or whether he has plainly misapprehended the law.

In order to bring the matter before the patent section, but with no intention of cutting off discussion, I will move that the whole matter be recommitted to the committee without any action being taken upon the present report. The fact is that neither Mr. Fish nor Mr. Wetmore nor Mr. Martindale nor myself have had an opportunity of personally conferring with our chairman, or among ourselves, concerning the report, and neither member of the committee, except the chairman and myself, are present. We have had no meetings, either preliminary to or since the preparation of this report, where we could exchange views as to the recommendations made therein. If the members of the com-

mittee could have had a meeting and discussed the report, I think we might have agreed upon something that would at least meet with the approval of all the committee.

On the second day of the session of the Section, Mr. Parkinson offered the following resolution:

"Believing that the transfer of judicial or quasi-judicial functions to masters who receive their compensation through fees levied on litigates, or any law or rule which compels evidence in equity cases to be taken before such masters, would not contribute to economy, expedition or ultimate justice, but only have the opposite effect in producing more evils than it would remedy, imposing additional hardships on litigates and unwisely extending the parentage exercised by judges, and believing that this would be the practical effect of passing House Bill 19077, we express our conviction that the enactment of that Bill, or any other conducing to such a result, is inexpedient, and protest against such inequity."

Mr. Steuart: I am glad to second that resolution, and in doing so I desire to say that the recommendations of the three members of the Committee who signed the report, involved a modification of the Bill referred to in the resolution. If it be true that that Bill, if passed, would give the court the power to appoint masters to hear all of the evidence in cases in equity, it would practically result in trying all cases before masters, as the provisions of that Bill would practically make the masters independent tribunals and would result in evils greater than those which exist under our present practice. The modification suggested by the report was that the masters should be appointed by the court and be paid by the government, and that they should occupy the position of vice chancellor, so that while they would not have the power to decide cases, they would have the power to hear evidence, to regulate the taking of testimony, to determine questions as to the relevancy, admissibility and competency of testimony, and would make their report to the court for final determination.

After discussion, the following resolution was offered and adopted:

By Mr. Steuart:

"That the report be received and filed and recommitted to the same committee with a request for further consideration, and a full report at the next session of the section; that the report be printed together with Mr. Parkinson's letter and his remarks, and distributed to the members for full consideration and conference with the committee before the preparation of a report for the next meeting".