

III. Folding Bed

In 1916, the owners of various patents related to folding beds and other similar devices entered into an agreement providing exclusive license to the Seng Company to manufacture and sell under the pool patents. Of the total royalties, 33 percent was allocated to the Pullman Couch Company. The license contract was signed by the Davoplane Bed Company (7 patents), the Pullman Couch Company (13 patents) and two inventors. The Seng Company paid a fixed percentage to the pool. Pool members split the royalty according to a pre-defined formula in the pooling agreement.¹¹⁹

IV. Airplane

In 1917, the US government needed to purchase more airplanes to use in World War I. Holders of the early patents for airplane production and various intermediate goods needed for it were charging exorbitant royalties for the use of their patents. Besides, production of aircraft in the United States had nearly come to a halt as airplane producers sued each other for patent violations. In March of that year there were two developments leading to the formation of the Manufacturers Airplane Association (MAA).¹²⁰

An advisory panel, headed by then-Assistant Secretary of the Navy Franklin D. Roosevelt, recommended the formation of the patent pool. Consequently, congress passed the Naval Appropriation Act of the Fiscal Year 1918, which included \$1,000,000 for the purchase of airplane patents. Every major producer of airplanes became a member of the Manufacturers Aircraft Association. Members would pay \$200 in royalties to the MAA. Of the money paid in royalties about 10% were put into a fund to pay for administration of the patent pool.¹²¹

- 119 Serafino D., “Early Pools Associated with Monopolies and Cartels (1856-1919)” in “Survey of Patent Pools Demonstrates Variety of Purposes and Management Structures”, *Knowledge Ecology International Studies*, June 2007, p. 9, at: <http://www.keionline.org/content/view/69/>
- 120 More on the Manufacturer’s Aircraft Association available at: <http://www.cptech.org/cm/maa.html>
- 121 For a more comprehensive overview on the importance of patents in the global market for civil aircraft, from an historical and legal perspective, see: Begemann A., “Die Rolle von Patenten in der zivilen Luftfahrtindustrie aus historischer und rechtsvergleichender Sicht”, *Utz Herbert ed.*, Jan. 2008.