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Recent Development

RECENT DEVELOPMENTS IN PATENT LAW

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***126 I. Supreme Court Outlook**

A. Pfaff v. Wells Electronics, Inc.

In *Pfaff*,¹ Texas Instruments contracted with Pfaff in November of 1980 to develop a socket for a leadless semiconductor chip carrier.² Pfaff made a sketch of the concept and sent the detailed engineering drawings to a manufacturer for *127 customized tooling and production in February or March of 1981.³ In April 1981, a subcontractor to Texas Instruments issued a purchase order for these sockets, which confirmed an earlier, verbal order in March 1981.⁴ The sockets ordered were intended for production use.⁵ Pfaff received the completed sockets in July 1981 and shipped them to Texas Instruments.⁶ Pfaff applied for a patent on the sockets on April 19, 1982.⁷

Pfaff then sued Wells for patent infringement.⁸ The trial court found no “on-sale” bar because Pfaff had not reduced the invention to practice at the time of the sale.⁹ The Federal Circuit reversed the trial court’s determination not to apply the on-sale bar, ruling that the bar does not necessarily require the invention to be reduced to practice.¹⁰ The appropriate question, according to the Federal Circuit, was whether the invention was “substantially complete” at the time of the sale, and whether there was reason to expect that it would work for its intended purpose upon completion.¹¹ Pfaff filed petition for Supreme Court review.¹²

Seeking review, Pfaff argued that Section 102(b) of the Patent Act¹³ explicitly requires that the one-year period start when the invention goes on sale, and that the relevant time period starts when the invention is “fully completed,” not when a “substantially complete” invention becomes available.¹⁴

The Supreme Court granted review of this question.¹⁵ According to the petitioner’s brief, the question presented was, [i]n view of the long-standing statutory definition that the one-year grace period to an ‘on-sale’ bar can start to run only after an invention is fully completed, should the Pfaff patent have been held invalid under 35 U.S.C. Section 102(b) when Mr. Pfaff’s invention was admittedly not ‘fully completed’ more than one year before he filed his patent *128 application?¹⁶

Oral argument before the Supreme Court took place as this article was being written.

II. Prosecution

A. Obviousness

1. Monarch Knitting Machinery Corp. v. Sulzer Morat GmbH

In *Monarch Knitting Machinery*,¹⁷ Sulzer was interested in finding the causes of needle breakage in sewing machines.¹⁸ After

an investigation, Sulzer learned that a smaller height for the first stem segment of the knitting needle caused fewer vibrations and, thus, lessened breakage.¹⁹ Sulzer proceeded to file a patent on a needle with a length of the first segment at least eight millimeters and a height of at most 1.1 millimeters.²⁰

In subsequent patent litigation, the district court found the patent obvious based on a conclusion that the prior art showed a trend towards increasingly lower stem heights for knitting needles.²¹ The Federal Circuit vacated the judgment and remanded for further proceedings, noting that such a trend could well suggest making minor changes in the prior art to produce the claimed invention.²² The court observed, however, that one must find adequate motivation to combine the references to form the trend.²³

2. *In re Rouffet*

In this case,²⁴ the Federal Circuit ruled that a recital of high level skill in the art does not provide the necessary motivation to combine prior art to render an invention obvious.²⁵ The Federal Circuit ruled that the reliance of the United States Patent and Trademark Office (PTO) on a high level of skill in the art to combine *129 three pieces of art to reject an application was, by itself, inappropriate.²⁶ The court noted that in complex scientific fields, the PTO could then merely identify pieces of prior art elements in an application, invoke the lofty level of skill, and rest its case.²⁷ The suggestion to combine requirement stands as a safeguard against hindsight analysis and rote application of the test for obviousness.²⁸ The court then noted that the PTO failed to provide a specific principle within the knowledge of a skilled artisan that would motivate one to make the combination.²⁹

B. Best Mode

1. *Applied Medical Resources Corp. v. United States Surgical Corp.*

The Federal Circuit ruled that when an invention relates solely to a part of the device, an applicant is not required to disclose the best mode for a non-claimed element needed in the overall device.³⁰ The Federal Circuit affirmed the trial court's refusal to set aside a jury verdict that found no best mode violation in such an instance.³¹

The patents in issue dealt with advances in surgical instrument technology.³² The defendant argued that the patents were invalid for failing to disclose the use of a preferred lubricant needed for the surgical instrument.³³ In cross-examination, both the expert witness for the plaintiff and the inventor conceded that the lubricant was necessary for the operation of the overall device in the patent.³⁴ However, only portions of the overall device were claimed in the patents.³⁵ The use of the lubricant was not necessary for the functioning of a pre-seal dilator, a seal protector, and a floating seal claimed in the three patents.³⁶ The Federal Circuit noted that the inventor is required to disclose non-claimed elements required for the operation of the invention to which the patent is directed.³⁷ However, when the invention relates *130 only to a part or portion of an overall device, the inventor is not required to disclose non-claimed elements necessary to the operation of the overall device, but not necessary to the operation of the invention to which the patent is directed.³⁸

C. Inventorship

1. *Pannu v. Iolab*

The Federal Circuit ruled that all that is required for joint inventorship is a contribution that is not insignificant and does more than explain well-known concepts.³⁹ The court held that 35 U.S.C. Section 256⁴⁰ acts as a savings provision when the error of nonjoinder is made without deceptive intent.⁴¹ If the patentee cannot utilize Section 256, the nonjoinder of the inventor renders the patent invalid.⁴²

D. Inequitable Conduct

1. *Nobelpharma AB v. Implant Innovations, Inc.*

The Federal Circuit in *Nobelpharma*⁴³ was asked to determine the extent to which allegedly fraudulent conduct before the United States Patent and Trademark Office could suffice to invalidate an issued patent and the extent to which such actions could expose an allegedly fraudulent patentee to antitrust liability.⁴⁴

With respect to invalidation of a patent, the Federal Circuit observed that an alleged “misrepresentation or omission must evidence a clear intent to deceive the examiner.”⁴⁵ With respect to a finding of *Walker Process* fraud, a higher threshold showing both of intent and materiality is necessary than that required for finding inequitable conduct.⁴⁶ A mere failure to cite a reference to the PTO would not *131 suffice in this regard.⁴⁷ A patentee can be exposed to *Walker Process*-type antitrust liability where the evidence shows that the patent was acquired by either a fraudulent misrepresentation or omission and that the party asserting the patent was aware of the fraud when bringing suit.⁴⁸

With respect to the *Noerr* “sham” exception to antitrust immunity, an antitrust plaintiff must prove that the suit was both objectively baseless and subjectively motivated by a desire to impose collateral, anti-competitive injury, rather than to obtain a justifiable legal remedy.⁴⁹ “Whether conduct in procuring or enforcing a patent is sufficient to strip a patentee of its immunity from the antitrust laws is to be decided as a question of Federal Circuit law.”⁵⁰

2. *Baxter International, Inc. v. McGaw, Inc.*

The Federal Circuit affirmed a finding of inequitable conduct where the patentee intentionally did not disclose a piece of prior art where the prior art disclosed every element of the invention but one.⁵¹ The court inferred intent based on the high materiality of the withheld art and on the fact that the inventors were clearly acquainted with the art’s features.⁵² The Federal Circuit noted that the plaintiffs did not disclose the single most relevant piece of art used in the development of the invention.⁵³

In addition, the Federal Circuit held that a related patent may not be found unenforceable under an “infectious unenforceability” theory where the patent in question stemmed from inequitable conduct in prosecution of a previous application related to the present invention.⁵⁴ All the patents in question stemmed from an original application tainted by the inequitable conduct.⁵⁵ The Federal Circuit opined that, although inequitable conduct renders all claims in a patent unenforceable, where the claims are separated from tainted claims through a divisional application, and where the issued claims have no relation to the omitted prior art, the resulting patent from the divisional application will not be unenforceable due to inequitable *132 conduct committed in the prosecution of the parent.⁵⁶

3. *PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.*

PerSeptive sued Pharmacia over three patents.⁵⁷ Pharmacia raised the defense of inequitable conduct as to ownership and moved for summary judgment.⁵⁸ The court ruled that two unjoined and unnamed inventors were joint inventors,⁵⁹ and ordered PerSeptive to move to correct inventorship under 35 U.S.C. Section 256.⁶⁰ The parties contested the allocation of burden of proof regarding whether the nonjoinder was without deceptive intent on the part of the named inventors.⁶¹ PerSeptive argued that Pharmacia had to prove deceptive intent by clear and convincing evidence or, conversely, that it was PerSeptive’s burden to show the lack of intent by a mere preponderance of the evidence.⁶² The latter standard was adopted by the court, which ultimately ruled that PerSeptive failed to show the requisite lack of intent.⁶³ PerSeptive then moved to vacate the order under *Stark v. Advanced Magnetics*⁶⁴ and to withdraw its motion to correct inventorship.⁶⁵

Stark dictates that the intent of the unnamed inventors is the focus of the inquiry.⁶⁶ However, the unnamed inventors declined to intervene and were estopped from asserting inventorship.⁶⁷ The court restated the prior finding of deceptive intent by PerSeptive.⁶⁸ Rather than letting PerSeptive withdraw its motion to correct inventorship, the court then turned to whether the named inventors engaged in inequitable conduct.⁶⁹ The court noted that the issues were the same as the inquiry pursuant to Section 256, but with a shifted burden.⁷⁰ The court went on to note that *133 the plaintiff had engaged in a course of misrepresentations, omissions, and half-truths to the PTO regarding the inventorship issue, and that it had violated its duty of candor to the PTO.⁷¹ Accordingly, the court rejected PerSeptive’s argument that expert testimony is needed to evaluate the materiality of the misrepresentations.⁷² The court noted that the misrepresentations are not the basis of the inequitable conduct charge.⁷³ Rather, the charge is based on the deliberate omission of a true inventor.⁷⁴ The court denied the motion to withdraw the motion to correct inventorship and granted judgment to Pharmacia on the inequitable conduct defense.⁷⁵

E. Statutory Subject Matter

1. *State Street Bank and Trust Co. v. Signature Financial Group, Inc.*

The Federal Circuit took another step in determining properly patentable subject matter under 35 U.S.C. Section 101.⁷⁶ The district court granted defendant's summary judgment motion that a patent on a financial services configuration did not claim statutory subject matter.⁷⁷ The Federal Circuit reversed.⁷⁸ The court stated that the services, although mathematical in nature, must have utility to qualify as statutory subject matter.⁷⁹ The court cited as an example of a useful mathematical result the transformation of electrocardiograph signals from a patient's heartbeat to a representation on a screen.⁸⁰

The Federal Circuit then held that the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price is a practical application of a mathematical algorithm.⁸¹ The court said that because the final result was a final share price momentarily fixed for recording and reporting purposes, it produced a useful, concrete, and tangible result, *134 and was thus properly patentable.⁸²

F. Written Description

1. *Reiffin v. Microsoft Corp*

In *Reiffin*,⁸³ the district court found that a patent that omits from its claims elements essential to the invention as originally described is invalid for violating the written description requirement of 35 U.S.C. Section 112.⁸⁴ Section 112 requires that a patent contain a description of the elements sufficient to enable someone in the art to recognize what has been invented.⁸⁵ In *Reiffin*, the district court noted that a patent owner cannot assert claims that omit elements of the invention as originally disclosed if a person skilled in the art would have understood those elements to be essential to the disclosed invention.⁸⁶ The court found that the patent in question disclosed four elements essential to the operation of the invention that were omitted from the claims.⁸⁷ In granting defendant's motion for summary judgment, the court noted that the inventor did not envision an invention without these four elements.⁸⁸

G. Design patents

1. Experimental Use

a. *Continental Plastic Containers, Inc. v. Owens Brockway Plastic Products, Inc.*

In *Continental Plastic Containers*,⁸⁹ the Federal Circuit ruled that the "experimental use" exception to the "on-sale" bar of 35 U.S.C. Section 102(b) does not apply to design patents.⁹⁰ It further rejected the notion that the bar time should run from the date of production of a functionally operable article embodying the *135 design.⁹¹

Continental argued that the on-sale bar should not apply to its conception of an ornamental fruit juice bottle because it did not produce a functionally operable article embodying a conception prior to the critical date.⁹² However, it had publicly circulated the design to vendors before the critical date.⁹³ Furthermore, Continental argued that its experimental use negated the on-sale status of its design.⁹⁴ The court ruled these arguments flawed for policy reasons.⁹⁵ The court noted that the specific functions of the article are not disclosed in a design patent.⁹⁶ Thus, the production date is immaterial to the ornamental aspects of the design as depicted.⁹⁷ Further, the court reaffirmed that there is no functionality requirement for obtaining a design patent.⁹⁸

The court rejected Continental's assertion of experimental use negation.⁹⁹ The court noted that the experimental use exception is intended to provide inventors with an opportunity to reduce a utility invention to practice.¹⁰⁰ Thus, experimental use cannot occur after reduction to practice.¹⁰¹ However, design inventions are reduced to practice as soon as an embodiment is constructed.¹⁰² The court explained that allowing experimental use negation in the design patent context would allow entities to increase the life of a design patent by tarrying over the production of the article of manufacture.¹⁰³

***136 III. Litigation**

A. Equivalents

1. *Litton Systems, Inc. v. Honeywell, Inc.*

In *Litton*,¹⁰⁴ the Federal Circuit held that the Supreme Court's ruling in *Warner-Jenkinson*¹⁰⁵ established a new rule of prosecution history estoppel that curbs expansive charges of doctrine of equivalents infringements.¹⁰⁶ Under the new rule, a trial court should presume that, in the absence of evidence of some other reason, an applicant that narrowed a claim element during prosecution did so for a reason related to patentability.¹⁰⁷ The court stated that prosecution history estoppel applies only where claims are amended for a limited set of reasons and found no need for estoppel to be invoked irrespective of the reason for the change.¹⁰⁸ The court further stated that an amendment for reasons other than patentability may still create an estoppel, but not automatically in all cases.¹⁰⁹ Arguments during prosecution without amendments to the claims might also limit claims under the doctrine of equivalents if the patentee clearly surrenders subject matter.¹¹⁰ This may apply even when the arguments were not necessary to distinguish prior art.¹¹¹

In this case, the court noted that the applicant added language limiting the scope of a claim.¹¹² After a series of obviousness rejections, the examiner ultimately rejected the claim under 35 U.S.C. Section 112, paragraph 2.¹¹³ In this context, the Section 112 rejection was of the same substance as the prior obviousness rejections regarding the claim.¹¹⁴ Thus, even though the responses were to a Section 112, paragraph 2 rejection, in essence the responses were for reasons of patentability.¹¹⁵ *137 In a footnote, the court also noted that statements in an information disclosure statement or otherwise during prosecution could form the basis of an estoppel without regard to whether the argument was made in response to a rejection or whether the prior art was cited by an examiner.¹¹⁶ Thus, the overall conduct of the party could serve as a basis for estoppel.¹¹⁷

2. *Chiuminatta Concrete Concepts, Inc. v. Cardinal Industries, Inc.*

The Federal Circuit also ruled that, for technology predating an invention, a finding of non-equivalence for purposes of 35 U.S.C. Section 112, paragraph 6 precluded a finding of infringement under the doctrine of equivalents.¹¹⁸ The court found that the corresponding structures described in the patent in question were not equivalent to those in the alleged infringing device, because the structure of the accused device differed substantially from the disclosed structure.¹¹⁹ Thus, an assertion of equivalence under Section 112, paragraph 6 was not proper.¹²⁰

The court further noted that the plaintiff asserted common structures known in the technology as being equivalent to the structures in its invention.¹²¹ Therefore, there was no reason why the plaintiff could not disclose those structures in its patent.¹²² The court stated that there is no policy reason why the "patentee should get two bites at the apple."¹²³

3. *YBM Magnex, Inc. v. International Trade Commission*

The Federal Circuit continued its discussion of the scope of the doctrine of equivalents in this case.¹²⁴ The ITC found that disclosed but unclaimed subject matter is dedicated to the public domain, and as such, infringement on the basis of the doctrine of equivalents could not be based on such matter.¹²⁵ The Federal Circuit *138 disagreed and reversed the finding, holding that such matter could serve as an equivalent.¹²⁶ The court noted that this specific issue was rejected by the Supreme Court in *Graver Tank*.¹²⁷ In addition, the same conclusion could be drawn from the Supreme Court's ruling in *Warner-Jenkinson*.¹²⁸

The court observed that the Supreme Court rejected the proposition that equivalents must not only be known, but must actually be disclosed in the patent.¹²⁹ The court noted that *Warner-Jenkinson* recognized that equivalents are not limited to what is disclosed in the patent, and necessarily recognized that equivalents may indeed be disclosed in the patent.¹³⁰

B. Declaratory Judgments

1. *Fina Research, SA v. Baroid Limited*

In *Fina*,¹³¹ the district court dismissed a declaratory judgment action for want of jurisdiction due to the lack of an actual controversy.¹³² The Federal Circuit reversed the dismissal because the plaintiff had reasonable apprehension that it would be sued for inducing infringement.¹³³ Baroid, through its attorney, sent two different letters to Fina.¹³⁴ The first stated that Baroid would consider Fina to be infringing its patent if it introduced its *Finagreen* product into the United States.¹³⁵ The second alleged that Fina was actively inducing infringement of the patent and that Baroid would protect its rights.¹³⁶ The court found that there was no “reassuring” language in the letters.¹³⁷ The district court had concluded that Baroid successfully disavowed the attorney’s letters.¹³⁸ However, it had not disavowed the *139 threats contained within the letters in such a manner as to “remove reasonable apprehension of suit.”¹³⁹ The court opined that an appropriate step to eliminating an apprehension of suit is necessary to eliminate any apprehension of suit.¹⁴⁰ Such steps could include a covenant not to sue.¹⁴¹ Because Baroid did nothing to eliminate Fina’s reasonable apprehension of suit created by the letters, the reasonable apprehension of suit requirement for an actual controversy was fulfilled.¹⁴²

C. Eleventh Amendment

1. *Genentech, Inc. v. Regents of the University of California*

In a state’s rights case,¹⁴³ the Federal Circuit ruled that a state waives its Eleventh Amendment immunity from suit when it threatens an infringement suit.¹⁴⁴ The University of California threatened suit against Genentech for infringement of one of the University’s patents.¹⁴⁵ In response, Genentech filed a declaratory judgment suit against the state, and California sought dismissal under the immunity provided by the Eleventh Amendment.¹⁴⁶ Genentech claimed it had a legally cognizable property right in its commercial activities and investments, and that the rights could be protected under a combination of the Fifth and Fourteenth Amendments.¹⁴⁷ However, the Federal Circuit did not resolve this issue.¹⁴⁸

The Federal Circuit ruled that the state had waived its immunity through its litigation-related actions.¹⁴⁹ The court noted that California voluntarily and deliberately created a case or controversy that could only be resolved in federal court, concerning federally created property rights of national scope and enforceable only through the exercise of federal judicial power.¹⁵⁰ The court reasoned that the act of entering a field of activity subject to federal law did not in and of itself waive *140 the immunity granted under the Eleventh Amendment, but when the state invoked federal judicial power in furtherance of the activity, it then waived its Eleventh Amendment immunity.¹⁵¹ Accordingly, the state’s action of obtaining patent protection did not waive its Eleventh Amendment immunity, but its charge of infringement of these patents constituted such a waiver.¹⁵² Additionally, the court found it relevant that the state’s actions of pursuing patent protection and enforcing those rights were not at the core of the university’s research and educational functions.¹⁵³ However, the court did not rule whether a state instrumentality can act as an arm of the state for some purposes but not others.¹⁵⁴

2. *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*

The Federal Circuit further addressed the issue of sovereign immunity in *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*.¹⁵⁵ College Savings Bank (CSB) sued Florida Prepaid, an agency of the state of Florida, for patent infringement under CSB’s patent dealing with college prepayment savings vehicles.¹⁵⁶ Florida Prepaid administered a similar college prepayment plan to CSB’s savings vehicle.¹⁵⁷ CSB relied on the Patent Remedy Act to file suit against an arm of the state of Florida.¹⁵⁸ The Patent Remedy Act specifically amended 35 U.S.C. Section 271(h) and Section 296 to permit infringement suits against the states.¹⁵⁹ In the trial court, Florida Prepaid moved to dismiss the claim as barred under the Eleventh Amendment.¹⁶⁰ Florida Prepaid also maintained that the Patent Remedy Act was unconstitutional in that Congress was attempting to use its Article I powers to abrogate state immunity and to enlarge the scope of the federal courts’ jurisdiction under Article III of the United States Constitution.¹⁶¹ The motion to dismiss was denied and Florida Prepaid appealed the *141 constitutional issues.¹⁶²

The Federal Circuit considered both issues.¹⁶³ The court first noted that any abrogation of the Eleventh Amendment must be unmistakably clear.¹⁶⁴ The sections of the patent statute amended by the Patent Remedy Act clearly met that standard by explicitly including any state, instrumentality of a state, or state employee as potential infringing defendants.¹⁶⁵ The court then observed that the United States Supreme Court in *Seminole Tribe of Florida v. Florida*¹⁶⁶ ruled that the Commerce Clause did not authorize the abrogation of the Eleventh Amendment.¹⁶⁷ However, the Federal Circuit noted that the Congress could

authorize such abrogation using the Fifth and Fourteenth Amendments to prevent deprivation of property without due process.¹⁶⁸

Florida argued that even if it had deprived the patentee of property, requirements of due process were still met.¹⁶⁹ Florida argued that CSB could have sought relief in the Florida Legislature through a claims bill.¹⁷⁰ The court disagreed, holding that the Patent Act was comprehensive in nature and should not be applied on a piecemeal basis to only those states not having a state remedy.¹⁷¹ Florida also argued that the Patent Remedy Act allowed Congress to abrogate state immunity under its Article I powers, similar to the situation in *Seminole* that the Supreme Court disallowed.¹⁷² Florida argued that Congress could then create any property right it wished, then use that power to disenfranchise Eleventh Amendment immunity provided to the states.¹⁷³

The Federal Circuit also disagreed with this reasoning.¹⁷⁴ The court opined that the states abrogated part of the immunity afforded under the Eleventh *142 Amendment when they adopted the Fourteenth Amendment.¹⁷⁵ The court also recognized that there are property rights not contemplated as protected under the Fourteenth Amendment, and that identifying those rights would prove to be a difficult task.¹⁷⁶ However, the court noted that a federally based patent scheme was already in place at the time of the adoption of the Fourteenth Amendment.¹⁷⁷ The court explained that allowing the states to claim that these properties do not warrant protection would be tantamount to asserting that Congress may not, under any circumstance, abrogate the states' Eleventh Amendment immunity.¹⁷⁸

The Federal Circuit further noted that the ability of individuals to enforce patent rights against states with monetary damages was applicable to their commercial activities.¹⁷⁹ Thus, these actions would not constrict their core governmental functions.¹⁸⁰ The court found that the harm to patentees could be significant, and that the burden on the states was only slight.¹⁸¹ Therefore, abrogation of the states' Eleventh Amendment immunity under the Patent Remedy Act was proper.¹⁸²

D. Personal Jurisdiction

1. *Dainippon Screen Manufacturing Co. v. CFMT, Inc.*

In *Dainippon Screen*,¹⁸³ the court noted that personal jurisdiction over a parent company extends to a patent holding-subsidiary which had been involved in allegations of patent infringement and license negotiations.¹⁸⁴ CFM was the parent of CFMT, and CFMT owned all the patents in the corporate structure.¹⁸⁵ CFMT licensed the patents to its parent, CFM.¹⁸⁶ The license authorized only CFMT to *143 sublicense and take any legal action with respect to the patent in dispute.¹⁸⁷ Dainippon filed a declaratory judgment action against CFM and CFMT after licensing discussions with representatives of CFM failed.¹⁸⁸ CFMT was dismissed from the case by the district court due to lack of personal jurisdiction.¹⁸⁹

Dainippon argued on appeal that the court's jurisdiction over CFMT was proper due to its status as a wholly-owned subsidiary of CFM and because the licensing negotiations could only be carried out by CFMT.¹⁹⁰ The Federal Circuit agreed, and noted that many of the agents involved in the negotiations were dually employed or held positions with both CFM and CFMT.¹⁹¹ Further, these individuals made statements that could only be attributed to CFMT.¹⁹² The Federal Circuit noted that CFMT and CFM should be awarded one of its "chutzpah awards" for trying to arrange a situation where a company can threaten its competitors without fearing a declaratory judgment action, other than in the state of incorporation of the patent-holding company.¹⁹³ A subsidiary or holding company cannot be used to insulate patent owners from declaratory actions in fora where the company operates under the patent and engages in activities sufficient to create both personal and declaratory judgment jurisdiction.¹⁹⁴

2. *Red Wing Shoe Co. v. Hockerson-Halberdtadt, Inc.*

In this case,¹⁹⁵ the Federal Circuit ruled that a series of cease-and-desist letters coupled with offers to license were insufficient to create personal jurisdiction for a declaratory judgment action.¹⁹⁶ Hockerson sent a first cease-and-desist letter to Red Wing suggesting that several of Red Wing's products infringed their patent.¹⁹⁷ Hockerson offered a non-exclusive license to Red Wing in the same letter.¹⁹⁸ Upon Red Wing's request, Hockerson sent Red Wing an additional letter extending the *144 time that Red Wing could answer the charges.¹⁹⁹ This second letter also asserted infringement of Hockerson's patents by further products in Red Wing's line.²⁰⁰ Red Wing declined to take a license based on a non-infringement analysis performed after the

second letter.²⁰¹ Hockerson responded with a rebuttal of the non-infringement analysis, reasserted the allegations of infringement, and again offered a license.²⁰² Red Wing declined the offer and responded with a further assertion of non-infringement.²⁰³ One week later Red Wing filed a declaratory judgment action in Minnesota, alleging non-infringement, invalidity, and unenforceability of Hockerson's patent.²⁰⁴

Hockerson moved to dismiss for lack of personal jurisdiction.²⁰⁵ Red Wing attempted to show that Hockerson had sufficient "minimum contacts" with Minnesota for personal jurisdiction.²⁰⁶ Red Wing relied heavily on the three letters sent into the forum state to satisfy the requirements for personal jurisdiction.²⁰⁷ The trial court dismissed the action.²⁰⁸ Red Wing asserted that the declaratory action "arose" out of the letters sent into Minnesota by Hockerson.²⁰⁹ Red Wing contended that such singular and isolated acts were sufficient to maintain personal jurisdiction under the rationale of *McGee v. International Life*.²¹⁰ In addition, Red Wing contended that the offers to license were further contacts with Minnesota that would properly establish jurisdiction.²¹¹ The Federal Circuit disagreed, noting that the operative injury was a wrongful restraint on the free exploitation of noninfringing goods.²¹² The letters could constitute such a restraint, but without more, the letters alone did not satisfy the requirements of due process in subjecting Hockerson to the jurisdiction of a Minnesota court.²¹³

*145 Red Wing urged that the offers to license further enhanced the contacts.²¹⁴ The Federal Circuit disagreed, noting that the offer to license does not convert the substance of the letter from a procedural standpoint.²¹⁵ The Federal Circuit further found that the offer to license was closely akin to an offer to settle a disputed claim rather than an arms-length negotiation.²¹⁶ Thus, the policy favoring settlement would be impaired by using an unsuccessful settlement offer as a contact for jurisdictional purposes.²¹⁷

3. *Graphic Controls Corp. v. Utah Medical Products, Inc.*

The Federal Circuit ruled in *Graphic Controls Corp. v. Utah Medical Products, Inc.*,²¹⁸ that the law of the Federal Circuit for determining personal jurisdiction applied only to interpreting the right to due process and not to interpreting any state long-arm statutes.²¹⁹

E. Laches

1. *Wanlass v. General Electric Co.*

The Federal Circuit reviewed two rulings involving laches issues. In the first case, *Wanlass v. General Electric Co.*,²²⁰ the court ruled that the time period for a laches defense is measured from the time the patentee should have known of the infringement rather than from the time of actual knowledge of such infringement.²²¹ The court ruled that although laches would not bar a justifiably ignorant patentee, such ignorance would not insulate a patentee from constructive knowledge of the infringement under appropriate circumstances.²²² Such circumstances include open, notorious activities that a reasonable patentee would suspect were infringing.²²³ The court stated that a reasonable patentee should keep abreast of activities in their given *146 field of endeavor.²²⁴

In this case, the patentee filed suit in 1995.²²⁵ However, the patentee did not test any accused products until 1992 in the face of open and notorious sales of easily testable products.²²⁶ The evidence suggested that the patentee had evidence of infringement as early as 1987, and the court concluded that Wanlass had constructive knowledge of the defendant's activities in 1989.²²⁷ While testing earlier models in 1982, the patentee concluded that earlier devices did not infringe.²²⁸ However, the previous investigation did not absolve the patentee of keeping abreast of the state of the industry when the products were easily and inexpensively testable.²²⁹ The court found that even with a large number of testable products, no testing whatsoever for over ten years was unreasonable.²³⁰ Additionally, the defendant told the inventor that it considered his patent invalid, which added to the scope of the plaintiff's unreasonable behavior.²³¹

2. *Wanlass v. Fedders Corp.*

In *Wanlass v. Fedders Corp.*,²³² the Federal Circuit contrasted Wanlass's behavior with that found in the *Wanlass v. General Electric*²³³ case.²³⁴ In *Fedders*, there was little evidence to support any contact between the plaintiff and defendant prior to 1995, when Wanlass filed suit.²³⁵ Wanlass first tested the defendant's product in 1995, and had no contact with the defendant

prior to his testing.²³⁶ In total, the Federal Circuit noted that the district court impermissibly put upon Wanlass an unlimited and undefined duty to test any and all single-phase motor air conditioners.²³⁷ Given the limited contacts with Fedders, the Federal Circuit opined *147 that summary judgment was improper.²³⁸

3. *Odetics, Inc. v. Storage Technology Corp.*

In another case dealing with laches issues,²³⁹ a district court ruled that an application of laches barred an injunction against using infringing goods sold during the laches period.²⁴⁰ The defendant successfully argued that laches applied to all infringement occurring before the date the action was filed.²⁴¹ Upon a finding of infringement and an award of damages to the plaintiff, the plaintiff moved for a permanent injunction barring usage of infringing devices.²⁴²

The district court observed that an injunction barring usage conflicts with the proposition that once the patentee had been awarded full compensation for infringement, an implied license arose for those products.²⁴³ This freed the infringer from the monopoly of the patent as to the products in question.²⁴⁴ Thus, the court denied the injunction as to devices sold after the laches period.²⁴⁵ As for the devices sold during the laches period, the court noted that allowing the injunction would effectively allow the plaintiff to recoup through the injunction what it lost through the application of laches.²⁴⁶ Accordingly, the court denied the permanent injunction as to future use of the devices.²⁴⁷

F. Preliminary Injunction

1. *Dynamic Manufacturing Inc. v. Craze*

The issue addressed by the District Court in this case²⁴⁸ was the propriety of a preliminary injunction in an instance where the plaintiff had previously licensed the *148 technology to a larger direct competitor.²⁴⁹ The court reasoned that Dynamic had lost any monopoly power it once had by such licensing practices.²⁵⁰ The court noted that by such a previous license, Dynamic eroded its own position in the marketplace.²⁵¹ Thus, the existence of this license to the larger, direct competitor strongly cut against an allegation of irreparable harm to Dynamic in the marketplace from the alleged infringer.²⁵²

G. Standard of Proof for Anticipation

1. *Woodland Trust v. FlowerTree Nursery, Inc.*

In *Woodland Trust*,²⁵³ the Federal Circuit reversed an invalidity finding that was based on oral evidence alone.²⁵⁴ The court stated that corroboration of oral evidence of prior invention is generally required.²⁵⁵ In addition the corroboration must be assessed using the “rule of reason” criteria.²⁵⁶ The court noted that it is a rare event when some physical record of any type of commercial activity did not exist.²⁵⁷ The court took note of the absence of any physical record to support the oral testimony.²⁵⁸ Thus, the oral testimony alone did not provide the clear and convincing evidence necessary to support the finding of invalidity.²⁵⁹

H. Assignor Estoppel

1. *Mentor Graphics Corp. v. Quickturn Design Systems, Inc.*

In *Mentor Graphics*,²⁶⁰ the Federal Circuit ruled that assignor estoppel applied even when the assignor disclaimed any warranty of patent validity in the *149 assignment.²⁶¹ The court ruled that a simple disclaimer of warranty of validity was insufficient to allow an assignor to assert invalidity of the patents.²⁶² The court held that the sales agreement would have to include express language reserving the assignor’s right to assert an invalidity challenge in order for the seller to assert any invalidity defense.²⁶³

The assignor then argued that its subsequently acquired subsidiary was not bound by any assignor estoppel of the parent.²⁶⁴ The court disagreed with this argument and ruled that assignor estoppel prevented parties in privity with an estopped assignor

from challenging the validity of the patent.²⁶⁵ In addition, the assignor owned all the subsidiary's stock, shared personnel, and directed almost all aspects of the subsidiary's operation.²⁶⁶ The court noted that allowing a validity challenge under these circumstances would chart a course for the unscrupulous marketing of flawed patents.²⁶⁷

I. Preemption of State Causes of Action

1. *Dow Chemical Company v. Exxon Corp.*

The fundamental problem presented to the court in *Dow v. Exxon*²⁶⁸ was whether state courts, or federal courts adjudicating state law claims, could hear state law tort claims for intentional interference with actual and prospective contractual relations that implicated the patent law issue of inequitable conduct or, alternatively, whether such a claim was preempted by the federal patent law.²⁶⁹ The Federal Circuit in *Dow* held that such a claim was not preempted by federal patent law provided that the state law cause of action included additional elements not found in the federal patent law cause of action and was not an impermissible attempt to offer patent-like protection to subject matter addressed by federal law.²⁷⁰

The fundamental tension, initially expressed in *Sears Roebuck & Company v. *150 Stiffel Co.*,²⁷¹ was that courts could not "allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented" and that would therefore "permit the State to block off from the public something which federal law has said belongs to the public."²⁷² In *Aronson v. Quick Point Pencil Company*,²⁷³ the Supreme Court held that enforcement of royalty agreements on intellectual property under state contract law was not preempted regardless of whether that intellectual property consisted of patentable subject matter, observing that "the states are free to regulate the use of such intellectual property in any manner not inconsistent with federal law."²⁷⁴ The Federal Circuit in *Dow* held that under the previous standards mandated by the United States Supreme Court, the state law cause of action at issue did not present an obstacle to the execution and accomplishment of the patent laws.²⁷⁵

The underlying issue in *Dow* concerned an allegation of bad faith enforcement of a reputedly unenforceable patent, where the accused tortfeasor allegedly knew that its patent was unenforceable when it engaged in misconduct in the marketplace.²⁷⁶ The tort claim at issue was not premised upon bad faith misconduct in the United States Patent and Trademark Office but rather was premised upon bad faith misconduct in the marketplace thereafter.²⁷⁷ Because the state law cause of action for intentional interference with contractual relations required entirely different elements to establish a prima facie case, the tort action was plainly not a preempted alternative or additional state law remedy for inequitable conduct before the PTO.²⁷⁸ Again, in this instance, the tort occurs not in the PTO, but later in the marketplace.²⁷⁹ Any award of damages would then be based on local conduct that the state has a right to regulate, while, on the other hand, proof of acts before the PTO at any such trial would merely be evidence of a patentee's bad faith in its subsequent contacts with its customers.²⁸⁰ The tort does not simply duplicate federal remedies under patent law as was urged by the defendants in *Dow*.²⁸¹ Moreover, the remedy available for proving inequitable conduct is the holding of unenforceability *151 of the patent in federal court, while the remedy at law for tortious interference is money damages in state court.²⁸²

2. *Hunter Douglas, Inc. v. Harmonic Design, Inc.*

In *Hunter Douglas*,²⁸³ the Federal Circuit again evaluated the extent to which federal patent law preempts state law causes of action prohibiting tortious activities in the marketplace, when in order to prevail on such causes of action, the plaintiff had to prove that a United States patent was either invalid or unenforceable.²⁸⁴ The Federal Circuit reached a result similar to that in *Dow*,²⁸⁵ holding that "[w]hereas patent law is completely preempted by federal law, the law of unfair competition, despite some federal encroachment ... remains largely free from federal exclusivity."²⁸⁶ The court further opined that "the regulation of business affairs is traditionally a matter for state regulation."²⁸⁷

The court cited the United States Supreme Court decision in *California Coastal Commission v. Granite Rock Co.*,²⁸⁸ noting that a state law is not per se preempted unless every fact situation that would satisfy the state law is in conflict with federal law.²⁸⁹ With respect to the unfair competition claim alleged in *Hunter Douglas*, there was no such situation that would lead to dismissal of the state law unfair competition cause of action.²⁹⁰

IV. Miscellaneous Matters

A. Standard of Review of PTO facts

1. *In re Zurko*

In *In re Zurko*,²⁹¹ the Federal Circuit ruled that the review of factual findings *152 by the PTO is governed by a clearly erroneous standard.²⁹² The PTO argued that judicial review of its finding of facts should be governed under the more deferential “substantial evidence” test of the Administrative Procedure Act (APA).²⁹³ The Federal Circuit noted that the judicial review portions of the APA were not meant to “limit or repeal additional requirements ... recognized by law.”²⁹⁴ The court also noted that the clearly erroneous standard is recognized in its jurisprudence and is consistently applied when reviewing factual findings of the PTO.²⁹⁵ Therefore, the clearly erroneous standard of review is an “additional requirement” that is recognized, and the APA’s substantial evidence standard does not limit or repeal that requirement.²⁹⁶

Additionally, the court opined that should PTO’s proposed standard of review apply, review of board decisions would be on the PTO’s reasoning rather than on the court’s.²⁹⁷

Footnotes

^{a1} Akin, Gump, Strauss, Hauer & Feld, L.L.P., Austin, Texas.

¹ *Pfaff v. Wells Elecs., Inc.*, 5 F.3d 514, 28 U.S.P.Q.2d (BNA) 1119 (Fed. Cir. 1993), *appeal after remand*, 124 F.3d 1429, 43 U.S.P.Q.2d (BNA) 1928 (Fed. Cir. 1997), *cert. granted*, 118 S. Ct. 1183 (1998) (mem.).

² *Pfaff*, 124 F.3d at 1432, 43 U.S.P.Q.2d at 1930.

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 1433, 43 U.S.P.Q.2d at 1931.

¹⁰ *Id.*

¹¹ *Id.* at 1434, 43 U.S.P.Q.2d at 1932.

¹² Brief for Petitioner, *Pfaff v. Wells Elecs., Inc.*, 1998 WL 246714 (U.S. May 12, 1998) (No. 97-1130).

13 35 U.S.C. § 102(b) (1994).

14 Brief for Petitioner, 1998 WL 246714, at *7.

15 Pfaff, 118 S.Ct 1183 (1998) (mem.).

16 Brief for Petitioner, 1998 WL 246714, at *2.

17 Monarch Knitting Mach. Corp. v. Sulzer Morat GmbH, 139 F.3d 877, 45 U.S.P.Q.2d (BNA) 1977 (Fed. Cir. 1998).

18 *Id.* at 879, 45 U.S.P.Q.2d at 1979.

19 *Id.*

20 *Id.*, 45 U.S.P.Q.2d at 1980.

21 *Id.* at 880-81, 45 U.S.P.Q.2d at 1980-81.

22 *Id.* at 881-82, 45 U.S.P.Q.2d at 1982.

23 *Id.* at 882, 45 U.S.P.Q.2d at 1982.

24 *In re Rouffet*, 149 F.3d 1350, 47 U.S.P.Q.2d (BNA) 1453 (Fed. Cir. 1998).

25 *Id.*, at 1357-58, 47 U.S.P.Q.2d at 1457-58.

26 *Id.*

27 *Id.*

28 *Id.* at 1358, 47 U.S.P.Q.2d at 1458.

29 *Id.*

30 Applied Med. Resources Corp. v. United States Surgical Corp., 147 F.3d 1374, 1377-78, 47 U.S.P.Q.2d (BNA) 1289, 1291 (Fed. Cir. 1998).

31 *Id.* at 1378, 47 U.S.P.Q.2d at 1290-91.

32 *Id.* at 1376, 47 U.S.P.Q.2d at 1290.

33 *Id.* at 1377, 47 U.S.P.Q.2d at 1291.

34 *Id.*

35 *Id.*

36 *Id.*

37 *Id.*

38 *Id.*

39 *Pannu v. Iolab*, 47 U.S.P.Q.2d (BNA) 1657, 1663 (Fed. Cir. 1998).

40 35 U.S.C. § 256 (1994).

41 *Pannu*, 47 U.S.P.Q.2d at 1657.

42 *Id.* at 1661-62.

43 *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 46 U.S.P.Q.2d (BNA) 1097 (Fed. Cir. 1998).

44 *Id.* at 1066-73, 46 U.S.P.Q.2d at 1102-09.

45 *Id.* at 1070, 46 U.S.P.Q.2d at 1106.

46 *See Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 177, 147 U.S.P.Q. (BNA) 404, 407 (1965).

47 *Nobelpharma*, 141 F.3d at 1071, 46 U.S.P.Q.2d at 1107.

48 *Id.* at 1070, 46 U.S.P.Q.2d at 1106.

49 *Eastern R.R. President's Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127 (1961).

50 *Nobelpharma*, 141 F.3d at 1068, 46 U.S.P.Q.2d at 1104.

51 *Baxter Int'l, Inc. v. McGaw, Inc.*, 149 F.3d 1321, 1330, 47 U.S.P.Q.2d (BNA) 1225, 1231 (Fed. Cir. 1998).

52 *Id.* at 1329-30, 47 U.S.P.Q.2d at 1231.

53 *Id.* at 1330, 47 U.S.P.Q.2d at 1231.

54 *Id.* at 1327, 47 U.S.P.Q.2d at 1228.

55 *Id.*

56 *Id.* at 1332, 47 U.S.P.Q.2d at 1229.

57 *PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.*, 12 F. Supp.2d 69, 75, 81 (D. Mass. 1998).

58 *Id.* at 75.

59 *Id.* at 70, 84-85.

60 *Id.* at 70, 87; *see* 35 U.S.C. § 256 (1994).

61 *PerSeptive Biosystems*, 12 F. Supp.2d at 71, 123.

62 *Id.*

63 *Id.* at 124, 131.

64 119 F.3d 1551, 43 U.S.P.Q.2d (BNA) 1321 (Fed. Cir. 1997).

65 *PerSeptive Biosystems*, 12 F. Supp.2d at 70.

66 *Id.* at 71.

67 *Id.*

68 *Id.*

69 *Id.* at 72.

70 *Id.*

71 *Id.* at 73.

72 *Id.* at 74.

73 *Id.*

74 *Id.*

75 *Id.*

76 State St. Bank and Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 47 U.S.P.Q.2d (BNA) 1596 (Fed. Cir. 1998); *see* 35 U.S.C. § 101 (1994).

77 *State St. Bank*, 149 F.3d at 1370, 47 U.S.P.Q.2d at 1598.

78 *Id.*

79 *Id.* at 1373, 47 U.S.P.Q.2d at 1601.

80 *Id.*

81 *Id.*

82 *Id.*

83 *Reiffin v. Microsoft Corp.*, 48 U.S.P.Q.2d (BNA) 1274 (N.D. Cal. 1998).

84 *Id.* at 1277-78 (citing *Gentry Gallery, Inc. v. Berklene Corp.*, 134 F.3d 1473, 1479-80, 45 U.S.P.Q.2d (BNA) 1498, 1503 (Fed Cir. 1998)); *see* U.S.C. § 112 (1994).

85 *Reiffin*, 48 U.S.P.Q.2d at 1276 (citing 35 U.S.C. § 112).

86 *Id.* at 1277 (citing *Gentry Gallery*, 134 F.3d at 1480, 45 U.S.P.Q.2d, at 1503).

87 *Id.* at 1279.

88 *Id.* at 1279-80.

89 *Continental Plastic Containers, Inc. v. Owens Brockway Plastic Prods., Inc.*, 141 F.3d 1073, 46 U.S.P.Q.2d (BNA) 1277 (Fed. Cir. 1998).

90 *Id.* at 1079, 46 U.S.P.Q.2d at 1281.

91 *Id.*

92 *Id.* at 1078, 46 U.S.P.Q.2d at 1280.

93 *Id.* at 1077, 46 U.S.P.Q.2d at 1279.

94 *Id.* at 1079, 46 U.S.P.Q.2d at 1281.

95 *Id.*

96 *Id.*

97 *Id.*

98 *Id.*

99 *Id.* at 1080, 46 U.S.P.Q.2d at 1281.

100 *Id.* at 1079, 46 U.S.P.Q.2d at 1281.

101 *Id.*

102 *Id.*

103 *Id.*

104 *Litton Sys., Inc. v. Honeywell, Inc.*, 140 F.3d 1449, 46 U.S.P.Q.2d (BNA) 1321 (Fed. Cir. 1998).

105 *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 117 S.Ct. 1040, 41 U.S.P.Q.2d (BNA) 1865 (1997).

106 *Litton*, 140 F.3d at 1455, 46 U.S.P.Q.2d at 1325.

107 *Id.* at 1456, 46 U.S.P.Q.2d at 1325 (citing *Warner-Jenkinson*, 117 S.Ct. at 1054, 41 U.S.P.Q.2d at 1876).

108 *Id.* at 1458, 46 U.S.P.Q.2d at 1327 (citing *Warner-Jenkinson*, 117 S.Ct. at 1050, 41 U.S.P.Q.2d at 1872).

109 *Id.*

110 *Id.* (citing *Hoganas AB v. Dresser Indus., Inc.*, 9 F.3d 948, 952, 28 U.S.P.Q.2d (BNA) 1936, 1939 (Fed. Cir. 1993)).

111 *Id.* (citing *Texas Instruments Inc. v. United States Int’l Trade Comm’n*, 988 F.2d 1165, 1174-75, 26 U.S.P.Q.2d (BNA) 1018, 1025 (Fed. Cir. 1993)).

112 *Id.*, 46 U.S.P.Q.2d at 1328.

113 *Id.* at 1460, 46 U.S.P.Q.2d at 1329; 35 U.S.C. § 112 (1994).

114 *Litton*, 140 F.3d at 1460, 46 U.S.P.Q.2d at 1329.

115 *Id.* at 1461, 46 U.S.P.Q.2d at 1329.

116 *Id.* at 1462, 46 U.S.P.Q.2d at 1331 (unnumbered footnote).

117 *Id.*

118 *Chiuminatta Concrete Concepts, Inc. v. Cardinal Indus., Inc.*, 145 F.3d 1303, 1305, 46 U.S.P.Q.2d (BNA) 1752, 1753 (Fed. Cir. 1998).

119 *Id.* at 1311, 46 U.S.P.Q.2d at 1758.

120 *Id.*

121 *Id.*

122 *Id.*

123 *Id.*

124 *YBM Magnex, Inc. v. Int’l Trade Comm’n*, 145 F.3d 1317, 1320-22, 46 U.S.P.Q.2d (BNA) 1843, 1845-47 (Fed. Cir. 1998).

125 *Id.* at 1319-20, 46 U.S.P.Q.2d at 1845.

126 *Id.* at 1322, 46 U.S.P.Q.2d at 1847.

127 *Id.* at 1320-21, 46 U.S.P.Q.2d at 1846 (citing *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 618, 85 U.S.P.Q. (BNA) 328, 332 (1950)).

128 *Id.* at 1321, 46 U.S.P.Q.2d at 1846 (citing *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 117 S.Ct. 1040, 1053, 41 U.S.P.Q.2d (BNA) 1865, 1874 (1997)).

129 *Id.*

130 *Id.*

131 *Fina Research, SA v. Baroid Ltd.*, 141 F.3d 1479, 46 U.S.P.Q.2d (BNA) 1461 (Fed. Cir. 1998).

132 *Id.* at 1481, 46 U.S.P.Q.2d at 1463.

133 *Id.* at 1482, 46 U.S.P.Q.2d at 1464.

134 *Id.*

135 *Id.*

136 *Id.*

137 *Id.* at 1483, 46 U.S.P.Q.2d at 1464.

138 *Id.*, 46 U.S.P.Q.2d at 1465.

139 *Id.* at 1483-84, 46 U.S.P.Q.2d at 1465.

140 *Id.*

141 *Id.* at 1484, 46 U.S.P.Q.2d at 1465.

142 *Id.*

143 *Genentech, Inc. v. Regents of the Univ. of Cal.*, 143 F.3d 1446, 46 U.S.P.Q.2d (BNA) 1586 (Fed. Cir. 1998).

144 *Id.* at 1449, 46 U.S.P.Q.2d at 1588.

145 *Id.* at 1448, 46 U.S.P.Q.2d at 1587-88.

146 *Id.*

147 *Id.* at 1451, 46 U.S.P.Q.2d at 1590.

148 *Id.*

149 *Id.* at 1453, 46 U.S.P.Q.2d at 1591.

150 *Id.*, 46 U.S.P.Q.2d at 1592.

151 *Id.*

152 *Id.*

153 *Id.* at 1453-54, 46 U.S.P.Q.2d at 1592.

154 *Id.* at 1454, 46 U.S.P.Q.2d at 1593.

155 148 F.3d 1343, 1345, 47 U.S.P.Q.2d (BNA) 1161, 1162 (Fed. Cir. 1998).

156 *Id.* at 1346, 47 U.S.P.Q.2d at 1162.

157 *Id.* at 1345, 47 U.S.P.Q.2d at 1162.

158 *Id.* at 1346, 1349, 47 U.S.P.Q.2d at 1162, 1165.

159 *Id.*; see 35 U.S.C. §§ 271(h), 296 (1984 & Supp. 1998).

160 *College Savs. Bank*, 148 F.3d at 1346, 1349, 47 U.S.P.Q.2d at 1162, 1165.

161 *Id.*

162 *Id.*

163 *Id.* at 1347, 47 U.S.P.Q.2d at 1163.

164 *Id.*

165 *Id.*, 47 U.S.P.Q.2d at 1163-64.

166 517 U.S. 44 (1996).

167 *College Savs. Bank*, 148 F.3d at 1346, 47 U.S.P.Q.2d at 1164.

168 *Id.* at 1348-50, 47 U.S.P.Q.2d at 1164-66.

169 *Id.* at 1350, 47 U.S.P.Q.2d at 1166.

170

Id.

171

Id. at 1350-51, 47 U.S.P.Q.2d at 1166.

172

Id. at 1351, 47 U.S.P.Q.2d at 1166.

173

Id., 47 U.S.P.Q.2d at 1166-67.

174

Id., 47 U.S.P.Q.2d at 1167.

175

Id. at 1351-52, 47 U.S.P.Q.2d at 1167.

176

Id. at 1352, 47 U.S.P.Q.2d at 1167.

177

Id.

178

Id.

179

Id. at 1354, 47 U.S.P.Q.2d at 1170.

180

Id.

181

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182

Id.

183

Dainippon Screen Mfg. Co., Ltd. v. CMFT, Inc., 142 F.3d 1266, 46 U.S.P.Q.2d (BNA) 1616 (Fed. Cir. 1998).

184

Id. at 1271, 46 U.S.P.Q.2d at 1621.

185

Id. at 1267, 46 U.S.P.Q.2d at 1618.

186

Id.

187

Id. at 1268, 46 U.S.P.Q.2d at 1618.

188

Id.

189

Id.

190 *Id.* at 1269, 46 U.S.P.Q.2d at 1619.

191 *Id.* at 1270, 46 U.S.P.Q.2d at 1620.

192 *Id.*

193 *Id.* at 1271, 46 U.S.P.Q.2d at 1621.

194 *Id.*

195 *Red Wing Shoe Co. v. Hockerson-Halberdtadt, Inc.*, 148 F.3d 1355, 47 U.S.P.Q.2d (BNA) 1192 (Fed. Cir. 1998).

196 *Id.* at 1361-62, 47 U.S.P.Q.2d at 1197-98.

197 *Id.* at 1357, 47 U.S.P.Q.2d at 1193.

198 *Id.*

199 *Id.*

200 *Id.*

201 *Id.*

202 *Id.*

203 *Id.*

204 *Id.*, 47 U.S.P.Q.2d at 1193-94.

205 *Id.*, 47 U.S.P.Q.2d at 1194.

206 *Id.*

207 *Id.*

208 *Id.*

209 *Id.*

210 *Id.* at 1359, 47 U.S.P.Q.2d at 1195 (citing *McGee v. Int'l Life Ins. Co.*, 355 U.S. 220, 223 (1957)).

211 *Id.*

212 *Id.* at 1360, 47 U.S.P.Q.2d at 1195-96.

213 *Id.* at 1360-61, 47 U.S.P.Q.2d at 1196.

214 *Id.*

215 *Id.* at 1361, 47 U.S.P.Q.2d at 1196.

216 *Id.*

217 *Id.*, 47 U.S.P.Q.2d at 1196-97.

218 149 F.3d 1382, 47 U.S.P.Q.2d (BNA) 1622 (Fed. Cir. 1998).

219 *Id.* at 1385, 47 U.S.P.Q.2d at 1625.

220 148 F.3d 1334, 46 U.S.P.Q.2d (BNA) 1915 (Fed. Cir. 1998).

221 *Id.* at 1337-38, 46 U.S.P.Q.2d at 1917.

222 *Id.* at 1338, 46 U.S.P.Q.2d at 1917-18.

223 *Id.*, 46 U.S.P.Q.2d at 1918.

224 *Id.* at 1339, 46 U.S.P.Q.2d at 1919.

225 *Id.* at 1336, 46 U.S.P.Q.2d at 1916.

226 *Id.* at 1339, 46 U.S.P.Q.2d at 1919.

227 *Id.*

228 *Id.* at 1336, 46 U.S.P.Q.2d at 1916.

229 *Id.* at 1339-40, 46 U.S.P.Q.2d at 1919.

230 *Id.* at 1340, 46 U.S.P.Q.2d at 1919.

231 *Id.*

232 145 F.3d 1461, 47 U.S.P.Q.2d (BNA) 1097 (Fed. Cir. 1998).

233 148 F.3d 1334, 46 U.S.P.Q.2d (BNA) 1915 (Fed. Cir. 1998).

234 *Fedders*, 145 F.3d at 1465 n.3, 47 U.S.P.Q.2d at 1100 n.3.

235 *Id.* at 1464-65, 47 U.S.P.Q.2d at 1100.

236 *Id.*

237 *Id.*

238 *Id.* at 1466-67, 47 U.S.P.Q.2d at 1101-02.

239 *Odetics, Inc. v. Storage Tech. Corp.*, 14 F. Supp.2d 785, 47 U.S.P.Q.2d (BNA) 1573 (E.D. Va. 1998).

240 *Id.* at 789-90, 47 U.S.P.Q.2d at 1578.

241 *Id.* at 788, 47 U.S.P.Q.2d at 1575.

242 *Id.*

243 *Id.* at 789, 47 U.S.P.Q.2d at 1577.

244 *Id.*

245 *Id.*

246 *Id.*

247 *Id.* at 791, 47 U.S.P.Q.2d at 1578-79.

248 *Dynamic Mfg. Inc. v. Craze*, 46 U.S.P.Q.2d (BNA) 1548 (E.D. Va. 1998).

249 *Id.* at 1549-50.

250 *Id.* at 1552.

251 *Id.*

252 *Id.*

253 *Woodland Trust v. FlowerTree Nursery, Inc.* 148 F.3d 1368, 47 U.S.P.Q.2d (BNA) 1363 (Fed. Cir. 1998).

254 *Id.* at 1369, 47 U.S.P.Q.2d at 1364.

255 *Id.* at 1371, 47 U.S.P.Q.2d at 1366.

256 *Id.*

257 *Id.* at 1373, 47 U.S.P.Q.2d at 1367.

258 *Id.*

259 *Id.*, 47 U.S.P.Q.2d at 1368.

260 *Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F.3d 1374, 47 U.S.P.Q.2d (BNA) 1683 (Fed. Cir. 1998).

261 *Id.* at 1378, 47 U.S.P.Q.2d at 1686.

262 *Id.*

263 *Id.* at 1378-79, 47 U.S.P.Q.2d at 1686-87.

264 *Id.* at 1379, 47 U.S.P.Q.2d at 1687.

265 *Id.*

266 *Id.*

267 *Id.*

268 *Dow Chem. Co. v. Exxon Corp.*, 139 F.3d 1470, 46 U.S.P.Q.2d (BNA) 1120 (Fed. Cir. 1998).

269 *Id.* at 1473, 46 U.S.P.Q.2d at 1123.

270 *Id.*

271 376 U.S. 225, 140 U.S.P.Q. (BNA) 524 (1964).

272 *Id.* at 231-32, 140 U.S.P.Q. at 528.

273 440 U.S. 257, 201 U.S.P.Q. (BNA) 1 (1979).

274 *Id.* at 262, 201 U.S.P.Q. at 4.

275 *Dow*, 139 F.3d at 1475, 46 U.S.P.Q.2d at 1124.

276 *Id.* at 1476, 46 U.S.P.Q.2d at 1126.

277 *Id.*

278 *Id.* at 1476-77, 46 U.S.P.Q.2d at 1126.

279 *Id.* at 1477, 46 U.S.P.Q.2d at 1126.

280 *Id.*, 46 U.S.P.Q.2d at 1127.

281 *Id.*

282 *Id.*

283 *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 47 U.S.P.Q.2d (BNA) 1769 (Fed Cir. 1998).

284 *Id.* at 1321, 47 U.S.P.Q.2d at 1770.

285 *See* discussion of *Dow supra* section III.I.1.

286 *Hunter Douglas*, 153 F.3d at 1334, 47 U.S.P.Q.2d at 1780.

287 *Id.*

288 480 U.S. 572 (1987).

289 *Hunter Douglas*, 153 F.3d at 1335, 47 U.S.P.Q.2d at 1781 (citing *California Coastal Comm'n v. Granite Rock Co.*, 480 U.S. 572, 580 (1987)).

290 *Id.* at 1337, 47 U.S.P.Q.2d at 1782-83.

291 142 F.3d 1447, 46 U.S.P.Q.2d (BNA) 1691 (Fed. Cir. 1998).

292 *Id.* at 1449, 46 U.S.P.Q.2d at 1693.

293 *Id.*; *see* Administrative Procedure Act, 5 U.S.C. § 559 (1994).

294 *Zurko*, 142 F.3d at 1450, 46 U.S.P.Q.2d at 1694 (quoting 5 U.S.C. § 559).

295 *Id.* at 1457-58, 46 U.S.P.Q.2d at 1700-01.

296 *Id.* at 1457, 46 U.S.P.Q.2d at 1700.

297 *Id.* at 1458, 46 U.S.P.Q.2d at 1701.