Georgia State University
ScholarWorks @ Georgia State University

College of Law Library Student-Authored Works | Law Library

12-1-2011

The Defense of Patent Misuse

Vishak Ganesh
Georgia State University College of Law

Follow this and additional works at: http://scholarworks.gsu.edu/col_lib_student

Part of the Law Commons

Recommended Citation
Ganesh, Vishak, "The Defense of Patent Misuse" (2011). *College of Law Library Student-Authored Works.* Paper 43.
http://scholarworks.gsu.edu/col_lib_student/43

This Article was created by a Georgia State University College of Law student for the Advanced Legal Research class. It has been preserved in its original form, and may no longer reflect the current law. It has been uploaded to the Digital Archive @ GSU in a free and open access format for historical purposes. For more information, please contact scholarworks@gsu.edu.

Research Guides

The Defense of Patent Misuse

Guide Information

Last Updated:	Jan 24, 2012
Guide URL:	http://libguides.law.gsu.edu/content.php?pid=277129
Description:	A bibliography created for Nancy Johnson's Advanced Legal Research class
RSS:	Subscribe to Updates via RSS

Guide Index

Home
Primary Sources
Secondary Sources
Interest Groups and Associations

Home

Overview

This website focuses almost exclusively on providing the reader with a better understanding of the affirmative defense of Paten Misuse to a claim of Patent Infringement.
Patent misuse doctrine is an equitable rule that a patentee should not be allowed to use a patent to broaden the scope of the patentee's monopoly in restraint of trade or otherwise against the public interest. This doctrine is as an extension of the equitable doctrine of unclean hands and allows a court of equity to refuse to lend its support to enforce of a patent that has been misused. Patent misuse refers to specific types of prohibited behavior engaged in by the owner of the patent rights. It is a affirmative defense used in patent litigation when a defendant has been accused to have infringed a patent. For example, using a patent to restrain competition from an unpatented product or process, or employing the patent beyond its life span to exclude others from gaining commercial advantages by using the product or process. The effect of patent misuse is the loss of patent protection.
What follows is a compilation of case law, statutes, and legal journals that track the evolution and present day application of Patent Misuse

Scope

This guide provides a comprehensive overview of the affirmative defense of Patent Misuse raised against the claim Patent Infringement. The resources that follow are broken down into three parts: Primary sources, Secondary sources, and Interest Groups and Associations. The information provided in these sections includes the summaries of the current case law, analysis and interpretation of the new legal standard of Patent Misuse outlined in the Princo decision, access to law review articles written by students, professors, and patent practitioners on the evolution of the doctrine of Patent Misuse, and includes a section of articles written specifically for practicing attorneys by practicing attorneys. In addition, the resources provided on this site will aid practitioners, law students, and individuals with a non-legal background in getting a better understanding of Patent Misuse

Disclaimer

The information provided on this site is for informational purposes only and should not be considered legal advice or legal opinion of any kind. You should contact a patent attorney in order to obtain advice with respect to any particular legal issue or problem. Moreover, use of and access to this Web site or any of the links contained herein do not create an attorney-client relationship between Georgia State University and the user or browser. The opinions expressed at or through this site are the opinions of the individual author and may not reflect the opinions of the university or any individual attorney. If you need further assistance in researching this topic or have specific legal questions or concerns, please contact a reference librarian at your university or consult a registered patent agent or attorney.

About the Author

Vishak Ganesh is currently a law student at the Georgia State University College of law. Prior to law school, he worked with Advanced Control Systems and Schneider Electric as a Systems Engineer and received a B.S. in Electrical Engineering from Georgia Tech in Atlanta. If you have any questions regarding this website or would like further assistance in researching a topic, please contact him at vganesh1@student.gsu.edu or Professor Nancy Johnson of the Georgia State University College of Law at njohnson@gsu.edu.

Back to Top

Primary Sources

Rules and Regulations

- 37 CFR governs Patent Practice. A copy of the act is provided below:

  37 CFR

US Code

Patent law is governed by Federal law and is contained in Title 35 of the US code. This code was last amended in 1952. The link to the 35 USC is given below:

35 USC

The doctrine of Patent Misuse is essentially judge made law and is governed only by the following provision: 35 U.S.C. § 271(d)

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following:

> (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement; (4) refused to license or use any rights to the patent; or (5) conditioned the license of any rights to the patent or the sale of the patented product on the acquisition of a license to rights in another patent or purchase of a separate product, unless, in view of the circumstances, the patent owner has market power in the relevant market for the patent or patented product on which the license or sale is conditioned.

Legislative History

Patent Reform Act of 2007, H.R. 1908, 110th Cong. (2007).
This bill passed by the House of Representatives on Friday, September 7, 2007, by a vote of 220-175, in response to concerns raised by industry groups that intellectual property claims and resulting litigation have become a bottleneck for innovation and growth.

Patent Reform Act of 2008, S. 3600, 110th Cong. (2008).
This bill was proposed by Senate Minority Whip Jon Kyl (R-Az) in September of 2008, and offered specific ideas for reform in the area of inequitable conduct.

Patent Reform Act of 2009, S. 515, S. 610, H.R. 1260, 111th Cong. (2009).
The Patent Reform Act of 2009 contains provisions that would eliminate the need for patent filers to act in good faith in dealing with the Patent Office to later enforce their patents, a provision that could radically alter the "inequitable conduct" analysis. Senators Orrin Hatch and Patrick Leahy introduced a Senate bill, S. 515, on March 3, 2009. Representative John Conyers introduced the House version, H.R. 1260, the same day. Senator Jon Kyl introduced another bill, S. 610, on March 17, 2009. On April 2, 2009, the Senate Judiciary Committee voted 15-4 to bring S.515 before the full Senate. The Patent Reform Act of 2009 represents the third consecutive congressional session to attempt the first overhaul of the U.S. patent system since 1952.

The America Invents Act of 2011, H.R. 1249 Cong. (2011)
In September of 2011, the America Invents Act was signed by President Obama. It includes several major changes to the Patent Law Practice and Procedure. The foremost among these changes is the institution of the first to file system from the first to invent system. The entire copy of the act is provided below:

AMERICA INVENTS ACT

Cases

1. **Apple Inc. v. Psystar Corp.,** 658 F.3d 1150 (2011)

Summary:

Defendant was using plaintiff's software on defendant?s computers. The district court held that defendant was infringing plaintiff's federally registered copyrights in its operating software because defendant was copying the software for use in its computers. The district court rejected defendant's copyright misuse defense that asserted the unenforceability of plaintiff's software license agreement, which required users to run their copies on plaintiff?s computers. Inter alia, the appellate court held that defendant was a licensee, not an owner of the software. Since defendant failed to demonstrate that plaintiff misused its copyright, the grant of summary judgment on the copyright misuse defense was affirmed. The court also affirmed the district court's order enjoining defendant's continuing infringement and Digital Millennium Copyright Act violations because, in entering the injunction, the district court properly applied the eBay factors. However, on the secondary issue of sealing, there was no adequate basis in the record to support sealing any records on grounds of confidentiality. Thus, the appellate court applied the presumption in favor of access.

2. **Powertech Tech. Inc. v. Tessera, Inc.,** 2011 U.S. App. LEXIS 19951 (2011)

Summary:

Defendant's process patent is directed to methods for preventing the contamination of exposed semiconductor chip terminals during encapsulation of the chips in molded plastic. Plaintiff, one of defendant's licensees, sought a declaration of non-infringement. The parties have been involved in other litigation. The district court dismissed for lack of subject matter jurisdiction. The Federal Circuit reversed. The dispute between the parties, as to whether the license agreement requires royalty payments to be tied to valid patent coverage, is sufficient to support declaratory judgment jurisdiction.

3. Sanofi-Aventis v. Apotex Inc., 748 F. Supp. 2d 293 (2010)

Summary:

The competitors contended that the agreement concerning damages did not provide for prejudgment interest, that one of the competitors did not commit any infringing act within the United States, and that amendment to assert claims for misuse of patent and breach of contract was warranted based on the failure of a parent of an owner to disclose a side agreement in regulatory proceedings. The appellate court first held that prejudgment interest was improperly awarded since the agreement established the full amount of the owners' compensatory damages, and prejudgment interest was a form of compensatory damages. Similarly, regardless of the lack of any domestic infringing act by the one competitor, the competitor was a party to the agreement which established the competitor's joint and several liability for the damages. Also, leave to amend was properly denied since the nondisclosure of the side agreement did not broaden the scope of the patent and thus did not constitute patent misuse, and allowing the claim for breach of contract, which could be brought in state court, nearly eight years after the case was initiated would result in significant delay in resolution of the dispute.

4. **Princo Corporation, et al., Petitioners v. International Trade Commission,** 616 F.3d 1318 (2010)

Summary:

This case began as a patent infringement case when U.S. Philips Corp. ("Philips") asserted certain patents against Princo Corp., a former licensee who had stopped paying the fees required to practice the CD-R/RW "Orange Book" technology.

Princo argued, among other defenses, that Philips could not enforce the asserted patents against Princo because Philips had engaged in patent misuse, i.e., had engaged in antitrust-like anticompetitive behavior that patents are not intended to facilitate. In this case, which is Princo's second appeal from the International Trade Commission to the U.S. Court of Appeals for the Federal Circuit, the Federal Circuit has affirmed the ITC's rejection of Princo's remaining patent misuse arguments in the case.

The core of the Federal Circuit majority opinion's reasoning, which applies the patent misuse doctrine narrowly, appears on page 19 of the Slip Opinion:

"Recognizing the narrow scope of the doctrine, we have emphasized that the defense of patent misuse is not available to a presumptive infringer simply because a patentee engages in some kind of wrongful commercial conduct, even conduct that may have anticompetitive effects. Other courts have expressed the same view. While proof of an antitrust violation shows that the patentee has committed wrongful conduct having anticompetitive effects, that does not establish misuse of the patent in suit unless the conduct in question restricts the use of that patent and does so in one of the specific ways that have been held to be outside the otherwise broad scope of the patent grant."

Back to Top

Secondary Sources

MPEP

The Manual for Patent Examining Procedure (MPEP) is a manual for patent agents and patent examiners published by the United States Patent and Trademark Office (USPTO). It describes all of the laws and regulations that must be followed in the examination of U.S. patent applications, and articulates in detail their application to an enormous variety of different factual situations. The MPEP is also used extensively by patents agents and attorneys to help make sure they follow the proper USPTO regulations. The USPTO registration examination tests knowledge of the MPEP and the underlying laws and regulations. The MPEP also provides useful guidance to members of the public on how to present persuasive arguments to a patent examiner as to why a patent should be granted on a given patent application.

American Law Reports

1. *Construction and Application of Patent Act -- United States Supreme Court Cases*, Elizabeth D. Lauzon, 27 A.L.R. Fed. 2d 151 (2011)

This ALR was first published in 1969 but has been consistently updated thorough 2011. Here the author discusses several supreme court cases that shaped Patent law through the 21st century

2. *"Sham" Exception to Application of Noerr-Pennington Doctrine, Exempting from Federal Antitrust Laws Joint Efforts to Influence Governmental Action Based on Petitioning Administrative or Judicial Body*, Ann K. Wooster, J.D., 193 A.L.R. Fed. 139, (2011)

This ALR was first published in 1997 and has been consistently updated through 2005. Here the author discusses a crucial finding of the court in the Hoffman-La Roche Inc. v. Genpharm Inc., 50 F. Supp. 2d 367 (D.N.J. 1999) case. The case found that an allegation that the pharmaceutical companies had initiated a baseless suit to enforce invalid patents and patents that they knew or should have known were not infringed for anticompetitive purposes to maintain monopoly over the market for a particular drug was sufficient to state claim for patent misuse.

3. *Vertical restraints on sales territory or location as violative of § 1 of Sherman Act (15 U.S.C.A. § 1) -- post-GTE Sylvania cases*, Tim A. Thomas, J.D., 92 A.L.R. Fed. 436, (2010)

This ALR was first published in 1978 and has been consistently updated through 2010. Here the author discusses the possibility that Vertical Territorial restraints may constitute Patent Misuse

4. *Propriety of ordering separate trials as to liability and damages, under Rule 42(b) of Federal Rules of Civil Procedure, in actions involving patents and copyrights*, Eunice A. Eichelberger, J.D., 79 A.L.R. Fed. 532, (2011)

This ALR was first published in 1978 and has been consistently updated through 2011. Here the author discusses the instances in which Patent Misuse may not be alleged as an affirmative defense

5. *Bringing of patent infringement suit as violation of § 1 and 2 of Sherman Act (15 U.S.C.A. § 1, 2)*, Eunice A. Eichelberger, J.D., 62 A.L.R. Fed. 203, (2011)

This ALR was first published in 1978 and has been consistently updated thorough 2011. Here the author discusses instances in which the courts have considered patent misuse and antitrust matters in conjunction with the violation of the Sherman Antitrust Act

Legal Encyclopedia

1. Am Jur 2d Monopolies, Restraints of Trade, Unfair Trade Prac. § 121

This legal encyclopedia article provides practice tips regarding Patent Misuse for patent attorneys and sheds light on the relationship between Patent Misuse and Antitrust law

2. 60 Am Jur 2d Patents § 814 (2011)

This legal encyclopedia article discusses patent misuse in the context of a successor-in-interest.

3. 60 Am Jur 2d Patents § 854 (2011)

This legal encyclopedia article discusses patent misuse in the context of an attorney's disclosure duties to his client

Law Reviews and Other Journals

1. Vincent, Chiapetta, *Living with Patents: Insights from Patent Misuse* , 15 Intellectual Property L. Rev. 1 (2011)

The author discusses the ways in which a company's use of its patent rights has adversely affected innovation and competitiveness in the marketplace. Moreover, the author argues that the doctrine of Patent misuse, which was created more than a century ago to curb a company's unchecked power on the marketplace is outdated. The development of antitrust law and the doctrine of inequitable conduct better addresses this issue.

2. Syvil Shelbourne, *Balancing Acts: Using a Mixed Test to Ensure Better Results in Rule of Reason Patent Misuse Analysis within Section 337*, 15 Intellectual Property L. Rev. 485 (2011)

The author explores the complex interplay better patent misuse and antitrust law in a section 337 Patent Infringement Investigation brought in front of the International Trade Commission (ITC). The ITC, an alternative dispute forum that primarily hears patent infringement and unfair import cases is illustrative of how courts are interpreting the Patent Misuse doctrine going forward , and serves as strong persuasive authority for district courts.

3. Thomas F. Maffei, *The Patent Misuse Doctrine: A Balance of Patent Rights and the Public Interest*, 11 B.C.L. Rev. 46 (1969)

The author emphasizes the importance of fostering innovation and freedom in the marketplace and balancing the rights of both the patent holders and the public. He argues that the recent supreme court decision in Zenith Radio Corp v. Hazeltine Research Inc. successfully maintains this balance.

4. Philip W. Goter, *Princo, Patent Pools, and the Risk of Foreclosure: A Framework for Assessing Misuse*, 96 Iowa L. Rev. 699 (2011)

The author explores various theories of patent misuse specifically related to patent pools and proposes a framework that focuses on the inquiry of the harms patent misuse seeks to deter in patent-pool licensing practices. A more comprehensive summary can be found in the abstract found in the beginning of the note.

5. The Economic Irrationality of the Patent Misuse Doctrine

This articles focuses on the economic effects of the Patent Misuse doctrine and stipulates that the current interpretation of the law is irrational because of three reasons. A more comprehensive summary can be found in the abstract found in the beginning of the note.

6. Lim, Daryl, *Misconduct in Standard Setting: The Case for Patent Misuse*, IDEA: The Journal of Law and Technology, Vol. 51, No. 4, p. 557 (2011)

Excerpt from the Abstract:

This Article examines the problem of patent hold-ups in standard setting organizations. The paper critically assesses the solutions currently used to address the problem and explains why the overlooked policy lever of patent misuse provides a best answer yet to patent hold-ups. This article is followed by an Addendum that analyzes the en banc decision of the Federal Circuit in Princo Corp. v. International Trade Com'n. 616 F.3d 1318 (Fed. Cir. 2010), which was decided after this article was written.

Blogs

There are countless blogs online that discuss a wide variety of patent issues including popular defenses to Patent Infringement like Patent Misuse. Moreover, these blogs are often the first places where concise summaries and analysis of recent case law can be found. While most of these summaries are written by fellow attorneys, they should not be given the weight of published materials. These blogs should at best be the starting point of the patent attorney's research. A small sample of these blogs is provided below. A comprehensive list of the top 25 patent blogs according to author Gene Quinn can be found on his popular blog named IPWatchdog.com

1. Patentlyo.com

One of the most popular patent blogs in the country for both law students, seasoned practitioners, and everyone in between. Articles are usually followed by comments by readers. There comments may contain critical insight into an ambiguity in the law and often include links to other blogs that shed light on the debate

2. IPWatchdog.com

Brainchild of author Gene Quinn (professor and practicing attorney), IPWatchdog is one of the most popular patent blogs in the country. Every article is authored by Gene Quinn and usually contains helpful links to other blogs

3. TheIPLawBlog.com

Started by Weintraub Genshlea Chediak Law Corporation, this blog is fairly less popular than the others but does include certain succinct summaries and analysis of changes in the law. It stresses practicality by focusing on if or how recent decisions may have affected patent practice.

4. PHOSITA.com

This blog makes IPWatchdog's top 25 blogs. It is very interactive (includes videos), covers all types of IP issues, devotes an entire section to Electrical Engineering, Chemical Engineering, and Mechanical Engineering patents

Courses, Audio, and Video Lectures

Pharmapatentsblogs.com
Practicing Law Institute
Patent Resources Group
Law.com

Newsletters

- World Intellectual Property Organization (WIPO) Newsletter

  An e-news letter published by the WIPO

- Patent and Trademark Depository Library

  An e-news letter published by the Patent and Trademark Depository Library

Back to Top

Interest Groups and Associations

Associations

Intellectual Property Law Section of the American Bar Association

The ABA Section of Intellectual Property Law is the largest intellectual property organization in the world and the oldest substantive Section of the ABA. Since 1894, the ABA IP section has advanced the development and improvement of intellectual property laws and their fair and just administration. As the forum for rich perspectives and balanced insight on the full spectrum of intellectual property law, the Section serves as the ABA voice of intellectual property law-within the profession, before policy makers, and with the public.

American Intellectual Property Law Association

The American Intellectual Property Law Association (AIPLA) is a national bar association constituted primarily of lawyers in private and corporate practice, in government service, and in the academic community, with more than 17,000 members. The AIPLA represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

For Practitioners (Articles written by attorneys for attorneys)

1. Federal Circuit Limits Patent Misuse in Princo

This article contains a case summary of the influential Princo decision and includes comments and tips for current practitioners on how the decision changes the Patent Misuse defense

2. The Patent Misuse Defense after Princo

The author briefly discusses the history of the judge made doctrine of patent misuse and then jumps into how the new decision affects daily patent practice

3. The Evolving Standard for Patent Misuse in Patent Pools

The author includes a summary of the series of decisions that highlight the evolving standard for patent misuse in patent pools

Organizations

- World Intellectual Property Organization
  WIPO
- United States Patent and Trademark Office
  USPTO
- European Patent Office
  EPO
- National Association of Patent Practitioners
  NAPP
- Association of Patent Law Firms
  APLF
- Intellectual Property Owners Association
  IPO

Federal Agencies

United States International Trade Commission

The USITC is an independent, bi-partisan, quasi-judicial agency that provides trade expertise to both the legislative and executive branches of the government. Moreover, the agency hears primarily Patent Infringement cases involves domestic and foreign companies. Its decisions, however, are not binding and either party may decide to appeal the court's decision in a district court.

American Intellectual Property Law Association

The American Intellectual Property Law Association (AIPLA) is a national bar association constituted primarily of lawyers in private and corporate practice, in government service, and in the academic community, with more than 17,000 members. The AIPLA represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

Back to Top

Powered by Springshare; All rights reserved. Report a tech support issue.