

Tour of US Supreme Court Patent Cases from 1961 to 1999

A Fast and Easy Way to Learn the High Points of Patent Law and Related Anti-trust Law

Prepared as a community service by the IP and Business Law Offices of Howard L. Hoffenberg, Esa. In addition to this education series, Mr. Hoffenberg has given of his time to benefit the community and contribute to the quality justice in the State of California by (i) serving as a volunteer pro tem in the Municipal and Superior Court of the State of California in traffic, landlord-tenant, small claims and short cause matters. Mr. Hoffenberg has also served as a volunteer arbitrator of the Los Angeles County Bar Association's Dispute Resolution Service for attorney-client fee disputes and as a quasi-volunteer settlement officer and mediator in the Court of Appeals.



ARO MFG. CO. v. CONVERTIBLE TOP

Aro I
365 U.S. 336

February 27, 1961

FACTS – A patent covered a combination of parts that make up a convertible top and not the fabric by itself. GM had a license to use the convertible tops.

The patentee brought suit for contributory infringement against Aro who supplied replacement fabric to car owners.

HOLDINGS – (1) As sold by GM, the cars were noninfringing and the owners had a **RIGHT TO REPAIR**. (2) The question of allowable repairs vs. impermissible reconstruction turns on whether, viewed as a whole, the article has become spent and there is a second creation of the article. Mere replacement of individual unpatented parts, one at a time, whether of the same part repeatedly or different parts successively, is no more than a repair. (3) There is no “essence of the invention” and only the whole combination is protected. (4) There can be no contributory infringement without

direct infringement and Aro could sell replacement parts.



UNITED STATES
v.
SINGER MFG. CO.
374 U.S. 174
June 17, 1963

FACTS – Singer persuaded two European sewing machine manufacturers to assign to it a patent and cross-license patents. A trail of correspondence established that the three had the objective of better enforcing the patents against a group of infringing Japanese competitors.

HOLDING – (1) The arrangements by which patents are utilized are subject to subject to the Sherman Act prohibitions against concerted activities. (2) An unlawful anti-trust conspiracy arose from Singer's obligation to enforce the patent to the benefit of all three parties; i.e., a common design to destroy sales by another

competitor who was making infringing machines.



COMPCO CORP.

v.

DAY-BRITE

LIGHTING

376 U.S. 234

March 9, 1964

FACTS – Compcoco marketed an exact copy of Day-Brite’s not validly patented lighting fixture cover. There was one dubious instance of post sale confusion. Day-Brite sued Compcoco under state unfair competition law. The trial court was reversed in holding Compcoco liable.

HOLDING – (1) An unpatented article is in the public domain and can be copied in every detail. (2) State law may require labeling or other precautions to prevent confusion of customers.

(3) The following are relevant evidence on the state law claim: the copied unpatented article could be made in some other way, the design is

"nonfunctional" or not essential to the use,
"secondary meaning" and actual "confusion."



SEARS, ROEBUCK &
CO.

v.

STIFFEL CO.

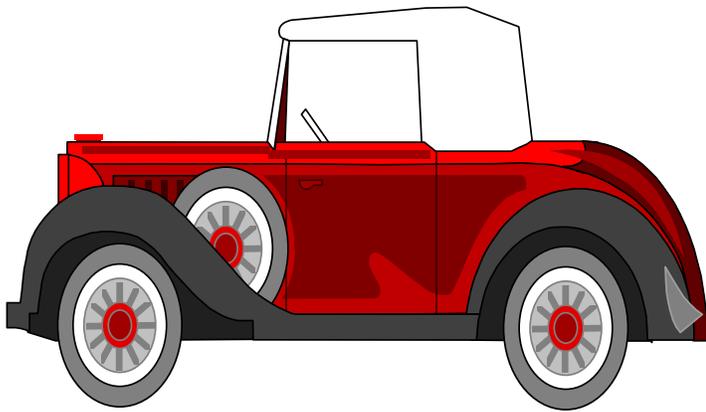
376 U.S. 225

March 9, 1964

FACTS – Stiffel sued
Sears under state unfair
competition law for
marketing an exact copy of its not validly
patented
pole lamp.

HOLDING – (1) An article which is
unpatentable or for which the patent has
expired is in the public domain and a state may
not prohibit the copying of the article (even
exact copying.) (2) A State may, in appropriate
circumstances, require that goods, whether
patented or unpatented, be labeled or that

other precautionary steps be taken to prevent customers from being misled as to the source.



377 U.S. 476

ARO MFG. CO.
v.
CONVERTIBLE
TOP, INC.

[Aro II]

June 8, 1964

FACTS – A patent covered a combination of parts that make up a convertible top and not the fabric by itself. Initially, Ford had no license; but subsequently purchased a license on July 1, 1955. This license required purchase of replacement parts from Ford or Convertible Top. The patentee brought suit for contributory infringement against Aro who supplied replacement fabric to car owners.

HOLDING – (1) At times, Ford was licensed. For licensed sales, a patentee cannot impose a condition that replacement parts may be purchased only from a licensed supplier. The contrary term in the license is invalid. (2) At

times Ford was not licensed. Where use infringes, repair does also, for it perpetuates the infringing use. (3) 35 USC § 271(c) has a knowledge requirement that an alleged contributory infringer know that the combination for which its component was designed was both patented and infringing (not licensed to the user.). (4) A contributory infringer is not liable to disgorge its profits or pay a royalty on its sales; for to do so would grant patent like protection to less than all of the claimed combination. (5) A contributory infringer is subject to an injunction; damages suffered by virtue of the prolongation of the use of the infringing article; damages from lost sales of spare parts by the patent owner itself, in a case of willful or bad-faith infringement recover punitive or "increased" damages under the statute's trebling provision. (6) A patentee could perhaps recover a royalty on sales of the patented article, even though such damages were primarily caused by the direct infringer, in a case where they could not be recovered from the direct infringer and its customers. (7) Any amount actually received from the direct infringer is a set off against this liability (no double recovery.)



BRULOTTE

v.

THYS CO.

379 U.S. 29

November 16, 1964

FACTS – Patentee sold hop-picking machines covered by 7 patents for a

flat sum and an annual royalty. The royalty payments extended beyond the expiration of the last patent. The terms prohibit assignment or relocation of the machines.

HOLDING – (1) A patent owner can exact royalties as high as can be negotiated with the leverage of the patent. (2) The leverage of the patent monopoly cannot be used to extend the patent and a patented invention becomes public property when the patent expires. (3) Royalty payments beyond the life of the patent are unlawful per se; however, where multiple patents cover a device, averaging is permitted to allow collection of a royalty until the last

patent expires. (4) Purchasing unpatented goods over time involves separate considerations.



WALKER PROCESS

v.

FOOD MACHINERY

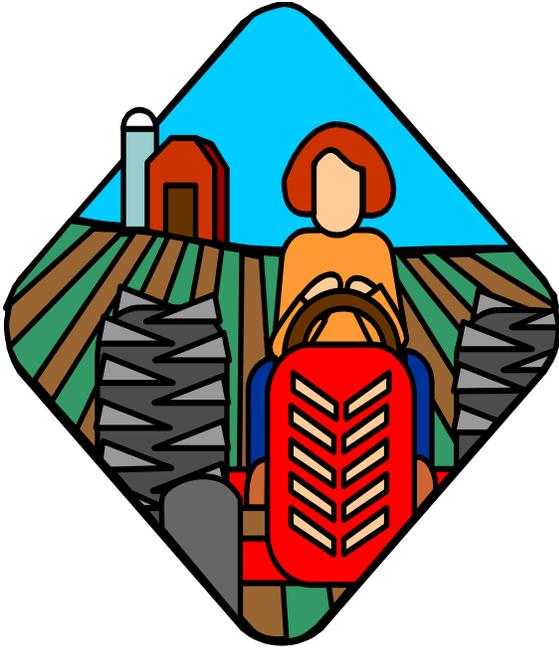
382 U.S. 172

December 6, 1965

FACTS – FM sued WP for patent infringement. WP counterclaimed for violation of § 2 of the Sherman Act. WP alleged that FM fraudulently procured its patent with false testimony to the PTO of the date of first use and that WP lost business through FM's threat of patent suit and suit.

HOLDING – (1) There is a claim under the Sherman Act for enforcement of a patent procured by intentional fraud. (2) The claimant must establish (a) that the patentee knowingly and willfully misrepresented facts to the Patent Office and good faith would furnish a complete defense; (b) exclusionary power (a lessening or destruction of competition) by the patent in the

relevant market for the product involved - i.e., there is no per se illegality and (c) damages.



GRAHAM v.
JOHN DEERE CO.

383 U.S. 1

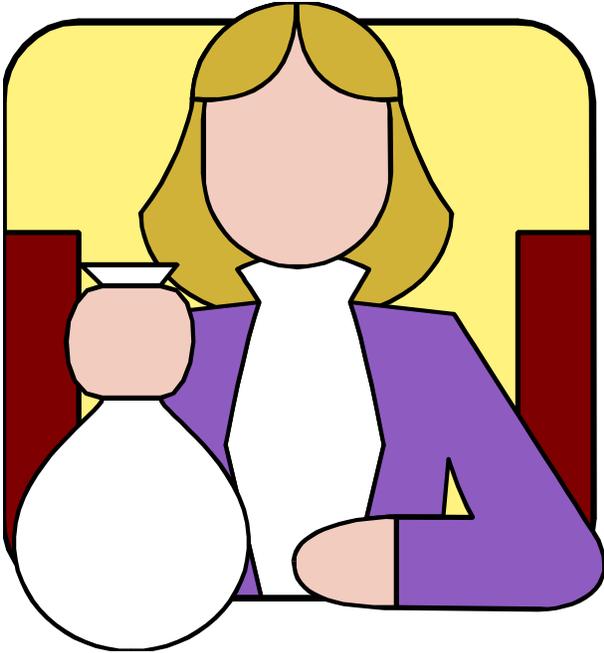
February 21, 1966

FACTS – The Court
clarified the
“unobviousness”
requirement of 35 USC §

103. It did so in the context of two patents;
one for ‘absorb shock plow shanks’ and the
other for ‘insecticide spray bottles.’

HOLDING – (1) Under 35 USC § 103
[unobviousness for patentability], the scope
and content of the prior art are to be
determined; differences between the prior art
and the claims at issue are to be ascertained;
and the level of ordinary skill in the pertinent
art resolved. Against this background ...
secondary considerations as commercial
success, long felt but unsolved needs, failure of
others, etc., might be utilized to give light to the

circumstances surrounding the origin of the subject matter sought to be patented. (2) Secondary considerations may serve to "guard against use of hindsight" and to resist the temptation to read into the prior art the teachings of the invention in issue.



BRENNER

v.

MANSON

383 U.S. 519

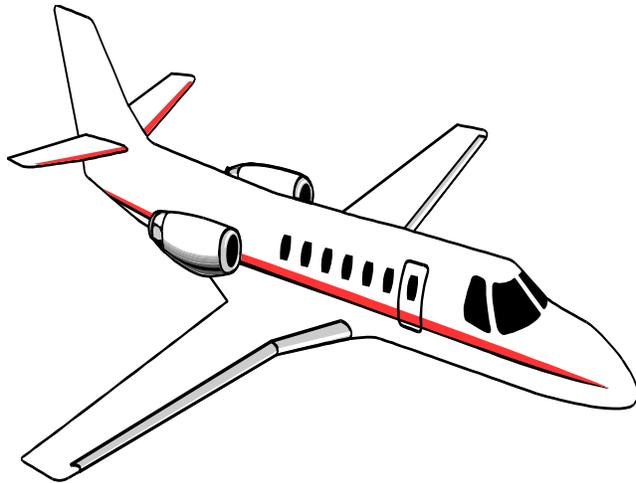
March 21, 1966

FACTS – The PTO refused to declare an interference on the

grounds that applicant had not made a showing of utility. The ‘invention’ was a process for making certain steroids that were research leads.

HOLDING – (1) A chemical process is not "useful" because (a) it works or (b) the yielded compound is under investigation as being useful (e.g. anti-tumor activity.) A specific benefit must exist in currently available form. (2) The rule is the same for products and processes. (3) Based on the degree of unpredictability of the compounds, an adjacent homologue having anti-tumor activity did not

establish the requisite utility. (4) Until the product is shown to be useful, the metes and bounds of the monopoly are not capable of precise delineation. It may engross a vast unknowable area and confer power to block off whole areas of scientific development.



LEAR, INC.

v.

ADKINS

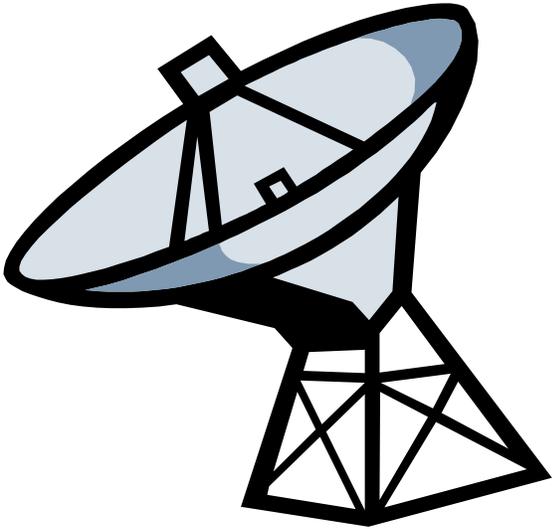
395 U.S. 653

June 16, 1969

FACTS –Lear repudiated a license that, in part, covered a patented invention. Thereafter, Adkins sued in state court for breach of contract to pay royalties and Lear defended on the grounds that the invention lacked novelty. The court applied licensee estoppel and barred Lear from challenging patent validity.

HOLDING – (1) Licensee estoppel is abolished as analytically unsound in that (i) federal patent law requires free use of ideas in the public domain and (ii) licensees are often the only ones with economic incentive to challenge a patent monopoly. (2) A licensee is freed from paying royalties commencing at least from the time of repudiation (the Court rejected that the

release occurs at the time of a court finding of invalidity.)



BLONDER- TONGUE

v.

UNIVERSITY

FOUNDATION

402 U.S. 313

May 3, 1971

FACTS – Patentee brought several separate infringement suits against different infringers. After its patent was held invalid in one case, patentee persisted in a separate suit against another infringer. This infringer contended the suit was barred by the holding of invalidity.

HOLDING – (1) There is “collateral estoppel” unless the patentee shows no “full and fair opportunity” to litigated. (2) This will primarily occur when in the prior case (i) the court wholly failed to grasp the technical subject matter and issues in suit and/or (ii) without fault of the patentee, the patentee was deprived of crucial evidence. (3) There is no automatic formula and decision rests on the trial courts'

sense of justice. (4) Procedurally, collateral estoppel is an affirmative defense plead under F.R.C.P. 8 (c) and such pleading gives the opposing party notice to argue why the imposition of an estoppel would be inappropriate.



GOTTSCHALK

v.

BENSON

409 U.S. 63

November 20, 1972

FACTS – Applicant sought a patent for a computer program for converting binary-coded decimal numerals into pure binary numerals.

HOLDING – (1) One may not patent an idea, law of nature, scientific truth or mathematical expression. (2) Patentability comes from the application of the foregoing to a new and useful end (3) For patentability, the acts need be sufficiently definite to confine the patent monopoly within definite bounds. A "process" that is abstract, sweeping as to end use and wholly pre-empts the use of an idea, law of nature or mathematical expression is not allowable. (4) We do not hold that no process patent could ever qualify if it did not meet the

requirements of our prior precedents of being tied to a particular machine or apparatus or must operate to change articles or materials to a different state.



UNITED STATES

v.

GLAXO GROUP

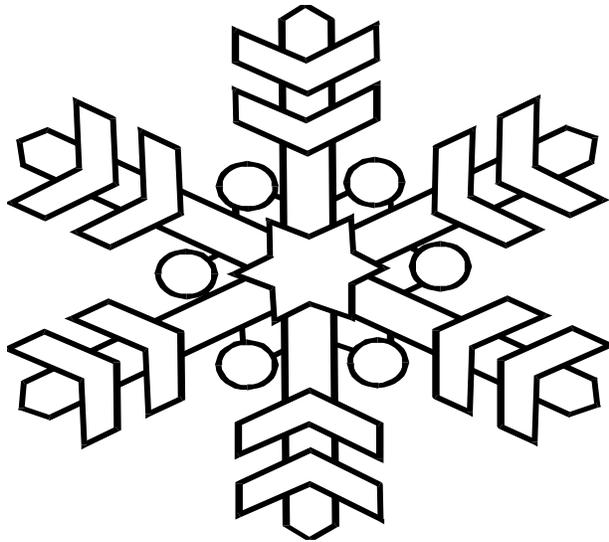
410 U.S. 52

January 22, 1973

FACTS – Imperial Chemical patented the dosage form of griseofulvin and Glaxo patented the bulk manufacturing process. The two companies entered into a patent pooling agreement. Subsequently, three wholesalers were licensed in the U.S. with restrictions on bulk-form sales to third parties. The United States sued for anti-trust violations and sought to invalidate the patents.

HOLDING – (1) The two companies unreasonably restrained trade by prohibiting the licensees from selling or reselling bulk-form griseofulvin. (2) To pry open the restrained market, the government may obtain mandatory sales and compulsory licensing.

(3) If the foregoing is inadequate, the government can attack patent validity, even when the patents are not raised as a defense.



KEWANEE OIL CO.

v.

BICRON CORP.

416 U.S. 470

May 13, 1974

FACTS – Plaintiff

developed, but did not patent, processes for making crystals that detect ionizing radiation. Plaintiff's employees defected to a competitor with the processes. Plaintiff sued for misappropriation of trade secrets in violation of non-disclosure agreement. The employees contended that the patent laws preempted state trade secret law.

HOLDING – (1) There is no pre-emption, even if the subject matter could be patented. Trade secret law provides weaker protection which does not deter patent applications. (2) "It is hard to see how the public would be benefited by disclosure of customer lists or advertising campaigns; in fact, keeping such items secret

encourages businesses to initiate new and individualized plans of operation, and constructive competition results. This, in turn, leads to a greater variety of business methods than would otherwise be the case if privately developed marketing and other data were passed illicitly among firms involved in the same enterprise."

PARKER

v.

FLOOK

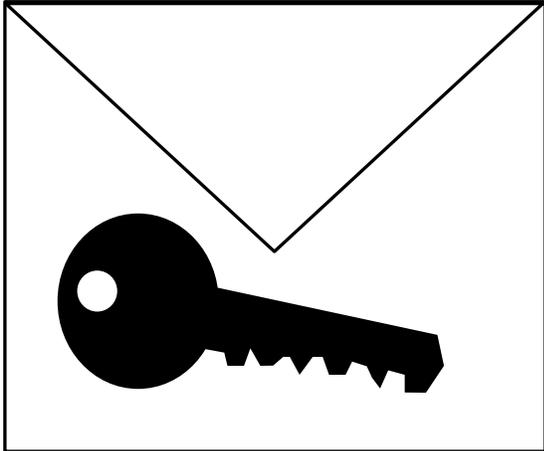
437 U.S. 584

June 22, 1978

FACTS – Applicant sought a patent for a method of updating alarm limits for a catalytic conversion processes. The novel feature was a formula and the patent did not cover the formula outside refining.

HOLDING – (1) If a claim is directed essentially to a method of calculating, the claim is nonstatutory. (2) Form over substance will not be exalted such that a “crafty” drafter makes a claim statutory by adding a conventional purpose to the method of calculating. (3) For patentability, a nonconventional post-solution activity is required. The algorithm is treated as part of the prior art and the process itself must be new and useful. (4) The court rejected that in engrafted 102 and 103 standards into 101

for it is the application of the law of nature that is patentable subject matter.



ARONSON

v.

QUICK POINT

PENCIL CO.

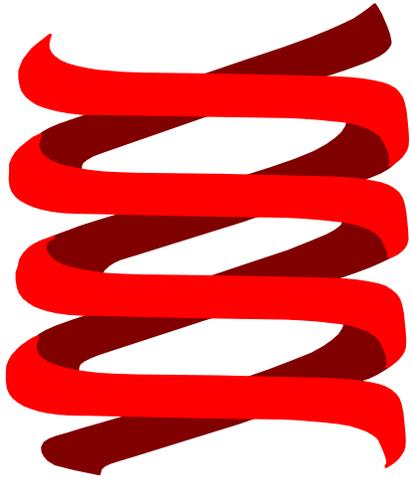
440 U.S. 257

February 28, 1979

FACTS – Aronson filed for a patent for a key holder which was not known to the public. Quickpoint signed a license for a 5% royalty if a patent issued and for a 2 1/2% royalty if no patent issued. After five years of sales, no patent issued and Quickpoint contended that the Patent Law pre-empted its obligation to pay the 2 1/2% royalty on a design which was now in the public domain.

HOLDING – (1) A preissue licensor cannot lawfully use the leverage of a patent monopoly to project royalty payments beyond the life of a patent. (2) Notwithstanding, in the event no patent issues, a de-escalating royalty in

perpetuity is enforceable as compensation for being the first to introduce a new product to the market. (3) This case did not require the Court draw a line as to what constitutes abuse of the leverage of the pending application to extort an unduly high royalty should no patent issue.



DIAMOND
v.
CHAKRABARTY
447 U.S. 303
June 16, 1980

FACTS – Plaintiff sought a patent for a genetically engineered bacterium that breaks down crude oil. The PTO allowed process claims for making the bacterium and use claims.

HOLDING – (1) 101 is to be interpreted broadly and is not limited to that which was anticipated by Congress at the time of its enactment. (2) A "manufacture" is "the production of articles ... from ... materials by giving to these materials new forms, qualities, properties, or combinations ... (3) A "composition of matter" includes "two or more substances . . . whether they be the results of chemical union, or of mechanical mixture ..." (4) The micro-organism is a patentable. It is the product of human

ingenuity having a distinctive character, not naturally occurring and with markedly different characteristics from any found in nature.



DAWSON
CHEMICAL CO.

v.

ROHM & HAAS
CO.

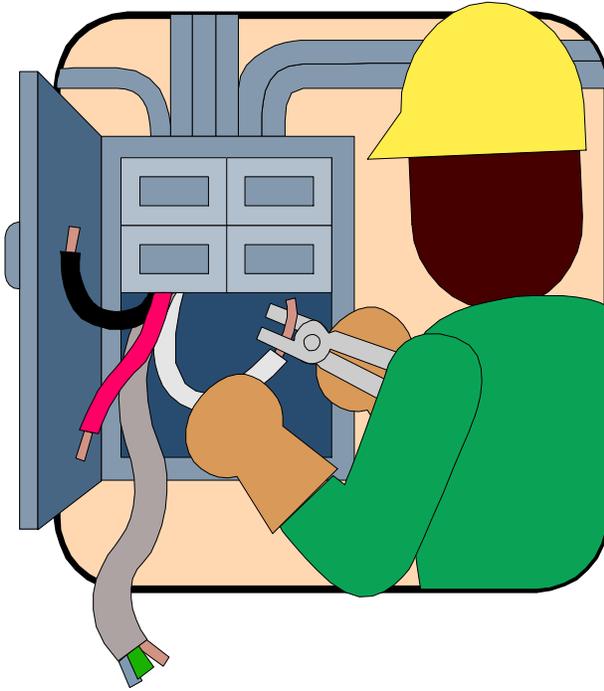
448 U.S. 176

June 27, 1980

FACTS – R&H patented a method of using propanil as a herbicide. Propanil itself was an unpatented and nonstaple good. R&H linked use of its patented method with purchasing propanil from it. Dawson sold propanil and R&H sued for contributory infringement. Dawson charged patent misuse based on “tying” by R&H.

HOLDING – (1) 35 USC § 271 (c) and (d) confer upon a patentee, as a lawful adjunct to the patent rights, a limited power to exclude others from competition in nonstaple goods. (2) A patentee’s conditioning the use of the patented

process on purchasing the nonstaple good from the patentee is nothing more than a combination of acts expressly excluded from being patent misuse by § 271 (c); i.e., selling nonstaple goods; authorizing others to do so and bringing suit for contributory infringement.



DENNISON MFG.
CO.

v.

PANDUIT CORP.

475 U.S. 809

April 21, 1986

FACTS – Plaintiff held patents for plastic cable ties. The Federal Circuit reversed the District Court’s determination of nonobviousness.

HOLDING - The subsidiary determinations of obviousness ought to be subject to Fed. Rule Civ. P. 52(a) [clearly erroneous standard.]



BONITO BOATS,
INC.

v.

THUNDER CRAFT
BOATS, INC.

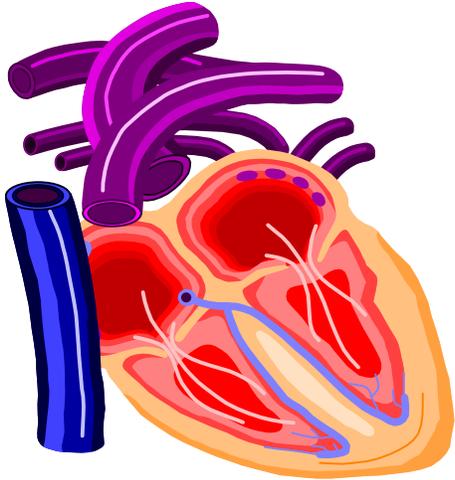
489 U.S. 141

February 21, 1989

FACTS – Defendant contended that Florida’s statute prohibiting the “use of a direct molding process to duplicate a vessel hull” was preempted by the Patent Act.

HOLDING – (1) The patent act pre-empts a state from: (i) prohibiting exploitation of publicly known, unpatented designs and utilitarian conceptions (ii) and prohibiting reverse engineering. (2) The "protection" granted a design under state unfair competition is limited to the context where consumer confusion is likely to result; the design "idea" itself may be freely exploited in all other contexts. (3)

States may regulate to protect trade secrets and in other ways that do not frustrate the patent laws.



LILLY & CO.

v.

MEDTRONIC, INC.

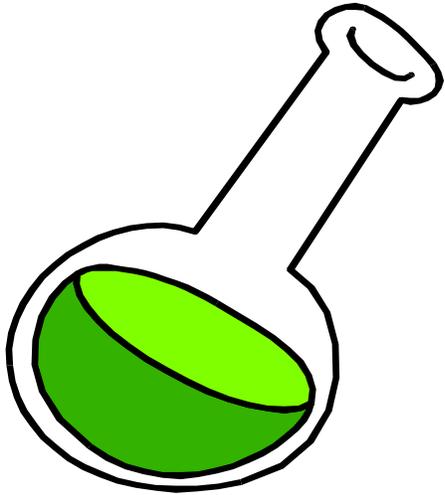
496 U.S. 661

June 18, 1990

FACTS – Lilly sought to enjoin Medtronic from testing and marketing a cardiac defibrillator, a medical device. Medtronic defended on the grounds that its activities were reasonably related to the submission of information under the FDCA, and thus exempt from infringement under 35 U.S.C. 271(e)(1).

HOLDING – (1) 35 U.S.C. § 271(e)(2) makes it an act of infringement to submit an ANDA or a paper NDA for market approval commencing prior to the expiration of a patent. (2) 35 U.S.C. 271(e)(1) provides the exemption that "[i]t shall not be an act of infringement to make, use, or sell a patented invention solely for uses reasonably related to the development and submission of information under a Federal law

which regulates the manufacture, use, or sale of drugs.” (3) Based on the statutory language and legislative history, Sub§ (e)(1) applies to medical devices.



CARDINAL CHEMICAL

v.

MORTON
INTERNATIONAL
508 U.S. 83

May 17, 1993

FACTS – The CAFC had a routine practice that after affirming a judgment of non-infringement, it vacated a declaratory judgment on validity. This practice was challenged.

HOLDING – (1) The CAFC may not routinely vacate declaratory judgments on validity, even if there is no on-going dispute. The CAFC needs to review the declaratory judgment because of the public interest in resolving patent validity and to preserve a successful litigant's value in the declaratory judgment. (2) An unusual case might justify vacation. The Court provided no guidance as to what is an unusual case. (3) The holding does not pertain to trial courts (for trial courts, there needs to be a present controversy.) (4) The holding does not pertain

to the Federal Circuit vacating unnecessary findings of validity under an affirmative defense where the patent is held not infringed.



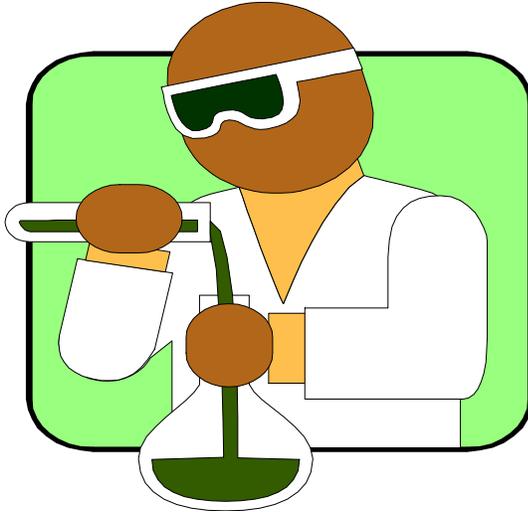
MARKMAN
v.
WESTVIEW
INSTRUMENTS,
INC.

April 23, 1996

FACTS – The trial judge granted a directed verdict so as to take away from the jury determining the meaning of the word "inventory" in a patent claim for a system that tracks a dry-cleaning process. Markman contended that this violated the Seventh Amendment right to a jury.

HOLDING – (1) The issue of claim construction, including terms of art within the claim, is exclusively within the province of the court. (2) This is because, 18th-century juries did not have interpretive responsibilities; an early Supreme Court case held that the court construes letters of patent; functional considerations show that judges often construe

written instruments in that they do so better than jurors and there is importance in uniformity in the treatment of a given patent.



March 3, 1997

WARNER
JENKINSON
COMPANY, INC.
v.
HILTON DAVIS
CHEMICAL CO.

FACTS – The patent-in-suit claimed a dye purification process. During prosecution, the patentee added a limitation, without explanation, of pH above 6. Defendant's process operated at pH 5 and it challenged infringement under the doctrine of equivalents.

HOLDING – (1) The doctrine of equivalence is viable. (2) Central to the determination of equivalence is an objective inquiry made on an element-by-element basis of the claim to the accused product. (3) There is no rigid formula. Both the "triple identity" and "insubstantial differences" tests are viable frameworks. (4) An analysis of the role of each element in the

context of the patent claim informs whether a substitute element matches the function, way, and result of the claimed element.

(Consideration is given to purpose, qualities when combined and function.) (5)

Interchangeability is an important factor. With regard to the objective nature of the doctrine, a skilled practitioner's knowledge of the interchangeability between claimed and accused elements is not relevant for its own sake, but rather for what it tells the fact finder about the similarities or differences between those elements. The perspective of a skilled practitioner provides content to, and limits on, the concept of "equivalence." (6) The proper time for evaluating equivalency--and thus knowledge of interchangeability

between elements-- is at the time of infringement, not at the time the patent was issued. The Court rejected that equivalents must not only be known, but must also be actually disclosed in the patent in order for such equivalents to infringe upon the patent. (7) Intent of the infringer plays (e.g., copying,

designing around a patent, or independent experimentation)

and there is no equitable threshold.

(8) The determination of prosecution history estoppel requires a court to consider the purpose of a claim amendment. Where the patentee has no explanation, estoppel is presumed.

(9) While not an issue before the Court, the Court commented that Federal Circuit decisions that equivalents was a jury question was in accord with the Court's precedent.

(10) On remand from the Supreme Court is *FESTO CORPORATION v. SHOKETSU* which will be reheard en banc. The following issues are set to be heard:

1. For the purposes of determining whether an amendment to a claim creates prosecution history estoppel, is "a substantial

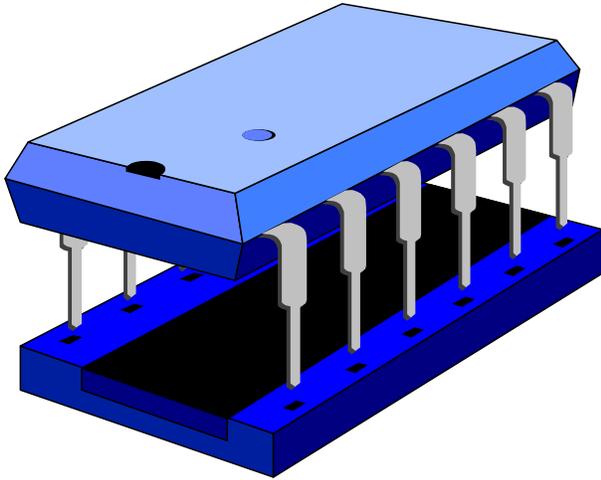
reason related to patentability," *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 33 (1997), limited to those amendments made to overcome prior art under § 102 and § 103, or does "patentability" mean any reason affecting the issuance of a patent?

2. Under Warner-Jenkinson, should a "voluntary" claim amendment - one not required by the examiner or made in response to a rejection by an examiner for a stated reason - create prosecution history estoppel?

3. If a claim amendment creates prosecution history estoppel, under Warner-Jenkinson what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?

4. When "no explanation [for a claim amendment] is established," Warner-Jenkinson, 520 U.S. at 33, thus invoking the presumption of prosecution history estoppel under Warner-Jenkinson, what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?

5. Would a judgment of infringement in this case violate Warner-Jenkinson's requirement that the application of the doctrine of equivalents "is not allowed such broad play as to eliminate [an] element in its entirety," 520 U.S. at 29. In other words, would such a judgment of infringement, post Warner-Jenkinson, violate the "all elements" rule?



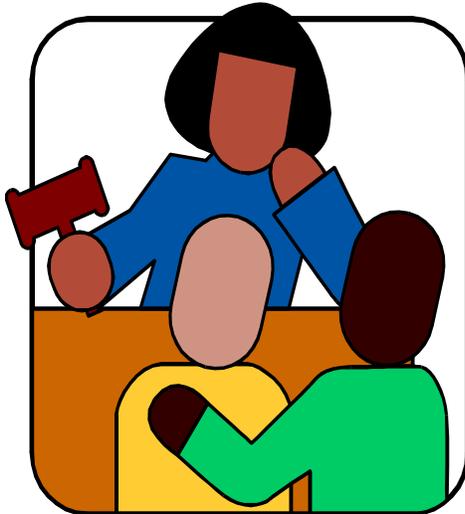
PFAFF
v.
WELLS
ELECTRONICS,
INC.

November 10, 1998

FACTS – Defendant contended that Pfaff's patent was invalid for violation of the on-sale bar. On April 8, 1981, Pfaff accepted an order for his chip socket and provided drawings to produce the device. On April 19, 1982, Pfaff filed his patent application.

HOLDING – (1) The Court rejected a date based on when an invention is "substantially complete" in favor of a bright line test. (2) "Invention" refers to conception and there is no requirement for a reduction to practice. (3) The on-sale bar applies when two conditions are satisfied before the critical date. First, there

must be a commercial offer for sale. The experimental use doctrine has not generated concerns. Second, the invention must be ready for patenting. That condition may be satisfied by proof of reduction to practice or by proof that the inventor had prepared descriptions that were sufficiently specific to enable a person to practice the invention.



DICKINSON

v.

ZURKO

June 10, 1999

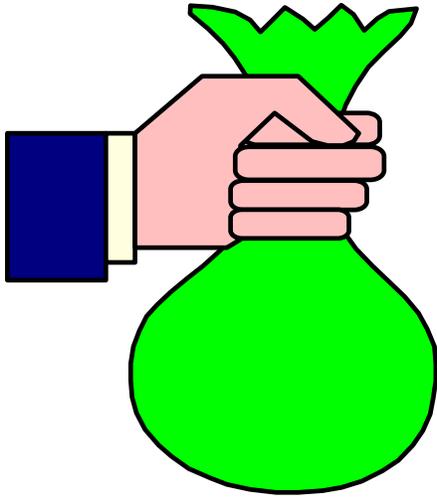
FACTS – The PTO concluded that applicant’s method for increasing computer security was obvious. The Federal Circuit applied a clearly erroneous standard to factual findings by the PTO; e.g., what the prior art teaches.

The PTO challenged the Federal Circuit using a "clearly erroneous" standard, rather than the “substantial evidence” standard set in the Administrative Procedure Act.

HOLDING – (1) The Federal Circuit must use the Administrative Procedure Act framework (2)

The Federal Circuit sets aside findings when found to be -- arbitrary, capricious, [or] an abuse of discretion, or unsupported by substantial evidence in cases reviewed on the record of a hearing. (3) The Court opined that “the difference is ... so fine that (apart from the

present case) we have failed to uncover a single instance in which ... one standard rather than the other would in fact have produced a different outcome.”



FLORIDA PREPAID
POSTSECONDARY

v.

COLLEGE
SAVINGS BANK

June 23, 1999

FACTS – Plaintiff sued an instrumentality of the State of Florida for infringement of a patent. Florida contended that the 11th Amendment barred suit in federal court.

HOLDING –(1) The Patent Remedy Act holding states liable for patent infringement in federal court is unconstitutional. It cannot be sustained under §5 of the Fourteenth Amendment. The examples of States avoiding liability for patent infringement by pleading immunity are scarce. The statute's basic aim is to provide a uniform remedy. These are proper Article I concerns, but that Article does not give Congress the power to enact such legislation after Seminole Tribe. (2) The court put its

imprimatur on law that scienter is not an element of infringement.