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It is indeed a pleasure to have with us today, telling us about the year in review, Professor Donald S. Chisum. Professor Chisum is the author of the widely used patent treatise which I'm sure many of you use. If you don't use it, you should. You certainly have it in your offices and your libraries. It is a very, very fine work. Professor Chisum is a Professor of Law at the University of Washington Law School in Seattle; he's a graduate of the Stanford University undergraduate and law schools. He served as a law clerk to the Ninth Circuit Court of Appeals, and has been active in writing and speaking on intellectual property matters. After Professor Chisum's presentation, we will take questions, so use the cards you've been provided and they will be picked up in the *358 normal course by proctors and brought up to me. I will pass them on to Professor Chisum. So, would you please welcome Professor Donald Chisum.

Professor Donald Chisum:

I'm sure it's purely a coincidence that page 9, which is missing from some of the distributed outlines, is where I criticize one of Chief Judge Markey's opinions.

It is a privilege and a pleasure to address the honorable members of this court and many of the distinguished members of its Bar. When I prepared this speech, I thought I should open with some humor. Being a little short of material, however, I brought, on recommendation, a book titled “Official Lawyers Handbook.” It's a wonderful, amusing lampooning of law schools, law professors, law firms and lawyers, and judges. If you have a thin skin, I don't recommend you read it, but one of the pieces of advice that I took to heart was that “there are no funny lawyers, only funny people who made career mistakes.” So with that, I will skip the humor and turn to my assigned task, which is to cover this court's decisions on patent and trademark issues.

You have not one but three outlines. The two outlines which I provided contain abstracts of the published decisions arranged by topics in what you will hopefully find to be a logical order. The third outline arranges the decisions in alphabetical order. Out of a combination of the three

outlines you should get a “synergistic” result in terms of knowledge.

In my oral presentation, rather than try to talk about all of the decisions, I propose to be selective, and, indeed, to be so bold as to rank the decisions of the court in what I perceive to be their order of importance, and to give reasons for that ranking. So, I propose to offer to you a sort of a “hit parade,” of the top ten patent cases of the year. Since there were relatively fewer trademark decisions, I offer only the two trademark decisions. I hope I don't offend anybody, but in case I do, after all, I am a professor, and I have tenure. Academic tenure is even better than Article III judicial tenure. Because you get it relatively earlier in life, it gives you a longer opportunity to be generally obnoxious.

I don't have a single criterion of importance. Did the decisions represent a break with the past? Perhaps even wrongly decided? How big an impact on the profession? I tended to exclude decisions that were fairly predictable on the basis of the precedents of the two predecessor courts. For example, no reasonable person would have expected the court to embrace synergism as a test of patentability, and it most emphatically did not. I also want to stress that I am ranking not the style of the opinions or their authors. Many excellent opinions didn't make my list. The opinions of the court have in general been excellent. They get an A from this professor in terms of clarity, reasoning and, at least in most instances, brevity. My ranking of decisions takes into account the issue presented to the court by the parties as well as how the *359 court handled that issue. I note that it is almost statistically impossible for the lists to include an opinion by each of the judges of the court. (However, I notice that there seems to be a remarkably high percentage on the list of opinions by Chief Judge Markey!)

I begin with patents and, in true hit parade fashion, I'm going to begin with number ten and move upward to my number one hit. You may disagree with me, but hear me out. I will refer to the outline page on which the case is abstracted.

In the number ten spot is *Lam, Inc. v. Johns Manville* [718 F.2d 1056], which is on pages 13 and 14 of the patent outline. This was an appeal from the accounting phase of an infringement suit. The trial court awarded lost profits, broken down into three categories: profits on lost sales; reduced profits on sales made; and lost profits in sales growth that was retarded by the infringement and resulting litigation. This court affirmed, stating that in a two supplier market it is permissible to infer the critical element of causation, i.e., that the infringement caused the loss of revenue to the patent owner. The award of profits lost because of retarded sales growth was extraordinary. But it was not impermissibly speculative. The evidence established detriments that had been inflicted on the patent owner by the defendant, which was a much larger company. Particularly persuasive was a chart comparing both pre and postinfringement growth rates with those during the period of infringement.

Lam makes the list for two reasons. First, monetary remedies for patent infringement is relatively fresh ground for this court. The CCPA did not, of course, have occasion to consider such questions. Court of Claims precedents are helpful, particularly as to what constitutes a reasonable royalty. However, those precedents are inevitably colored by the special context of government procurement and use. And hence, during this first year, many of the court's full opinions dealt with the question of remedies, *particularly* monetary remedies, and all are important. In the past, some courts displayed a reluctance to award lost profits because of doubts about causation. *Lam*

liberalizes the test for proving lost profits, and, for that reason, it makes my list. In the outline, there are a number of other cases dealing with monetary remedies for patent infringement.

Number nine is *Smith International Inc. v. Hughes Tool* [718 F.2d 1573], which is on page 12 of the outline. This is another remedies case. In a prior proceeding, the patent in suit had been held valid, and the opposing party virtually admitted infringement. Nevertheless, the trial court denied a preliminary injunction because the extent of infringement was uncertain. This court reversed, holding that the extent of infringement need not be established to justify an injunction. The court also held that irreparable harm, which is normally an element required for injunctive relief, could be presumed in a patent infringement case when validity and continuing infringement are clearly established. Some prior decisions by other courts have suggested that proof of financial responsibility of the accused infringer eliminated irreparable injury because you *360 could always later collect the damages for the infringing conduct that occurred during the course of the litigation. This court found that kind of hesitancy to issue injunctive relief “contrary to the public policy underlying the patent laws.”

Smith International is of obvious importance since it is the first decision in which this court addresses the requirements for preliminary injunctive relief in patent cases. The opinion discusses but leaves open the most important issue concerning preliminary injunctions: the standard of probability of success on the merits. Many prior decisions have followed the lead of Judge Learned Hand in requiring that the movant demonstrate that his patent is “beyond question” valid and infringed. While this court described the beyond question rule, and cited possible reasons for it, it also noted that some other courts have employed a less stringent standard. The matter was not actually resolved since the patent owner in the case at bar had met even the stringent standard.

Number eight is *Hughes Aircraft Company v. United States*, [717 F.2d 1351], which is on both page 5 and page 11 of the outline. The patent in suit was upon a means of controlling the attitude of a synchronous communications satellite. The patented systems collected position data by sun sensor, transmitted that data to ground control, and then allowed ground control to transmit control signals back, which activated jet valves on the satellite in a certain way to precess it into a set position.

The inventor's application was initially rejected on reference to a prior patent to one McLean, which disclosed a spin stabilized target seeking space vehicle. But the McLean vehicle was self-guided. Accordingly, the inventor amended his claim, as inventors frequently do, requiring *inter alia* that there be, first, means on the satellite body “providing an indication external to said body of the instantaneous spin angle position of said body about said axis, and, second, means on the body for receiving control signals, the jets being responsive to such control signals.

When we get into lawsuit action, in this instance an action against the United States for reasonable compensation, it turned out that the accused systems adopted by the government used onboard computers that accepted sun pulses, calculated position, and then transmitted information to the ground control. In turn, signals from ground were stored in the computer for execution at calculated times. In other words, it was not a “real time” system as was apparently contemplated by the patentee. The claims were literally infringed since the accused systems did not have means for providing actual position information to ground control or receiving signals for immediate

execution. Thus, there was no literal infringement. Nevertheless, this court found infringement under the doctrine of equivalents. The patentee is not required to predict all future developments such as the on-board computer made possible by the microprocessing revolution. The narrowing of claims during the prosecution did not create a preclusive file wrapper estoppel. This court specifically rejected the view that any amendment to a claim creates an *361 estoppel and limits the patentee to the literal scope of his claims. (I might drop a footnote to this point. The court has fairly consistently substituted the phrase “prosecution history” estoppel for what we always knew as the doctrine of “file wrapper” estoppel. I'm not fully apprised of the reasons for the change, but it sure makes it difficult to do a Lexis search.)

Judge Davis dissented. The invention was not a “pioneer” entitled to broad construction. Two critical elements absent from the accused device, had been added to overcome prior art. For him, that presented a classic case of estoppel.

Hughes Aircraft makes the list in part, of course, because of the dramatic facts which involved satellites and all that stuff. It also provided a good crucible for testing this court's attitude towards infringement and the construction of claims. That is an ancient but ever current problem for patent law. We climb ever higher on the list!

Number seven on the hit parade is *Leinoff v. Louis Milona and Sons* [726 F.2d 734], which appears under three different topics of the outline on page 5, page 6, and page 14. The patent in suit was for a “composite fur pelt” and a method for making same. The invention was a variation on a technique known in the fur art as “leathering.” Leathering, we are told, involves inserting leather strips of specified width between cut strips of the animal pelt. Apparently, leather makes the fur look longer and flatter but still natural. The patentee applied the technique to produce a visual striped effect. Certain pelts have hairs that are lighter at the base than at the tip. So, by suitably spacing the cut pelts with leather strips, the patentee exposed the light portion and produced a striped effect rather than the natural look previously thought to be desirable. The patentee discovered that there was fashion appeal for striped furs.

What did the prior art show? It specifically taught how to use leathering to alter the appearance of furs. But, it warned against separation of the undercoat, which would have been necessary in order to produce stripes.

The primary patentability problem lay in the challenger's argument that there was no long-felt need or technical obstacle in which this invention solved. The ability to use leathering to produce stripes was always present in the art. All the patentee discovered was a fashion demand for striping, for stripes, tailfins, or whatever. This court nevertheless upheld the patent against both anticipation and obviousness attacks. Evidence of long-felt need is supportive of nonobviousness, but the court noted that such evidence is not a requirement. An invention may and I quote, “create a new want and still be nonobvious.” Judge Nies dissented: the situation was one of perceiving an advantage inherent in prior art techniques. Economic rather than technical obstacles stood in the way of striped furs.

Leinoff makes the list because, in my opinion, it deals with a difficult, substantive question relating to the meaning of nonobviousness. Is *362 technical achievement required? Or can creation of a new product or technique that meets a heretofore unperceived consumer or other market demand

support a patent? Some commentators and a scraping of judicial authority would require technical achievement. The 1890 Treatise by Professor Robinson emphasized that patents were for new means, not ends and results. And this court, in two decisions, *Orthopedic Equipment [Co. Inc., v. U.S., 702 F.2d 1005]* and *Farrenkopf [713 F.2d 714]*, stated that a combination of prior art teachings may be obvious in the technological sense and, therefore, the patent law sense, even though business or economic considerations would previously have cautioned against such a combination. *Leinoff* points in the opposite direction. It makes the list in part because of the interesting question as to the meaning of nonobviousness and because of the apparent conflict with prior opinions of the court.

Number six is *White Consolidated Industries v. Vega Servo-Control [713 F.2d 788]*, which is on page 7. It involved the enablement requirement. The patent in suit claimed a computer control system for machine tools. Carrying out the system required use of a suitable computer program, and the specification gave an example of a certain program, written in a language called "SPLIT." The program was held by the patent owner as a trade secret and was made available to users upon payment of a license fee, not an uncommon arrangement in the computer field. The trial court found a violation of the best mode requirement because the patent did not set forth the program. This court chose to focus not on best mode but on the enabling disclosure requirement of Section 112. It held that that requirement was not satisfied when one skilled in the art required access to technology held as a trade secret in order to make and use the invention. Maintenance of trade secret protection might allow the patent owner to extend its exclusionary rights beyond the statutory term of the patent. And, as of the filing date, there were no substitutes for the licensed program that were either known to persons skilled in the art or could be developed by such persons without reasonable experimentation.

White Consolidated makes the list because it raises, at least for me, some interesting questions about the relationship between the patent law enablement requirement and other areas of legal protection for technology-not only trade secrets, but also copyrights. Assume that the program itself was not patentable but had value outside of the claimed system. Is it wise or fair to require the patent applicant to forego all proprietary rights in order to obtain the patent? Does this mean surrender of copyright protection as well as trade secrecy?

Perhaps the problem is not a new one. The patent system has always attempted to seduce infringers into surrender of their right to keep useful knowledge a secret. But the computer software industry may present unique problems. A computer program has a short useful life and is distributed to anyone willing to pay a reasonable price and agree to conditions. So it is not secret in quite the same sense as other trade secrets. I sometimes think that the most useful analogy is microbiology *363 where we solve the difficult problem of compliance with the enablement requirement by use of depository systems.

Rohm & Haas makes the list in part because it's the last episode in a very long and famous litigation. (You recall the definition of litigation: it is the basic American right to have your decade in court.) More seriously, it is an important case because it introduces a new concept in the law of inequitable conduct; misconduct may be cured during prosecution so as to save the right to obtain a patent. Throwing the patent out is overkill since it would not only punish the culprit but also deprive the public of what is by definition useful knowledge.

I might add that the court in a number of cases dealt with inequitable conduct. Many of the opinions are instructive and worth reading. They are summarized on pages 10 to 11 of the outline and I commend them to you. Particularly noteworthy is Judge Rich's provocative opinion on the element of materiality in *American Hoist & Derrick [Co. v. Sowa & Sons, Inc., 725 F.2d 1350]*, I decided to pick only one inequitable conduct case for the top ten list.

We rise even higher.

Number four is *T.P. Laboratories Inc. v. Professional Positioners* [724 F.2d 965], which is on page 2 of the outline. The patent in question was on an orthodontic appliance. The inventor made a prototype in 1956 but did not file a patent application until 1962. The device was used by the inventor and his professional partners on three patients from 1958 to 1961. The patients were charged a regular professional fee and were put under no express duty of confidentiality. The trial court found a public use bar and a failure to establish experimental purpose. This court reversed. Despite the absence of an explicit pledge of confidentiality, control by the inventor was inherent in the dentist relationship. There was no commercial exploitation. This court disagreed with the lower court's analysis, which shifted the burden of proof on experimental use to the patentee upon proof by the challenger of an instance of apparent public use. In this court's view, experimental use was not an "exception" to the public use bar; it was a "negation" of public use. While proof of a public use may justify shifting the burden of *production* of evidence to the patent owner, the ultimate burden of *persuasion* remains always on the challenger to the patent.

T.P. Laboratories earns a high place on the list because, with all due respect, it appears to be a rather sharp break with the overwhelming weight of authority. This court admitted that an 1887 Supreme Court decision was to the contrary but relied on the subsequent enactment of a statutory presumption of validity. It then quoted a 1926 Sixth Circuit opinion but of course, the Sixth Circuit opinion was 26 years before the enactment of Section 282 on the presumption of validity. Furthermore, the presumption of validity has universally been understood as having codified the preponderant view of previous court decisions and not to alter the burden as to particular issues. The CCPA in its 1979 *In re Theis* [610 F.2d 786] decision had characterized the experimental use doctrine as "an exception," proof of which must be "full, unequivocal *364 and convincing." And finally, I submit that good sense supports the traditional view on the burden of persuasion; evidence concerning the character of precritical period use will almost inevitably be in the hands of the patent owner, and it seems only fair that it should bear the burden of persuasion as well as production of evidence.

Number three is *Connell v. Sears Roebuck & Company* [722 F.2d 1542], which is on page 3 of the outline. In *Connell*, this court held that the legal question of obviousness may be submitted to a jury, but that such submission should, at least preferably, be accompanied by detailed special interrogatories. *Connell* is followed by a series of decisions on the jury trial problem in patent cases, and I think the importance of the problem is self-evident. We will wait the next presentation in this program for further enlightenment on the subject. I will, as a side, note a certain bit of irony in the fact that this is the number three case on my list because another aspect of the case is its holding that the appeal had been "frivolous." After all, the patentee in question had prevailed before the jury, only to see that verdict taken away by a judgment notwithstanding the verdict. The JNOV may have been a correct action, but the holding that the taking of the appeal was

frivolous, at least raised my eyebrows. Ever higher, ever higher!!

Number two, one of my favorites, is *W.L. Gore & Associates v. Garlock, Inc.* [721 F.2d 1540], which is on pages 1, 2, and 8. This is a key case. It involved two patents for respectively, processes for stretching teflon tape and products resulting therefrom, including the well-known and highly useful breathable, waterproof fabric known as “Gortex.” The court dealt with a number of issues in patent law, including the impact of commercial success, the requisite standard of definiteness for claims, and inequitable conduct. But the issue that won this decision such a high place on my top ten list, is that of the prior art or statutory bar status of secret, commercial use of a process by someone other than the inventor/patentee.

What did the facts show? More than one year prior to Gore's application filing date, a New Zealander, one John Cropper, developed a machine for stretching teflon. Cropper sold the machine to Budd, a New Jersey company, under a contract which required Budd not to divulge information on the machine to anyone other than Budd employees who were to be sworn to secrecy. Budd used the machine to produce, presumptively anyway, products for commercial sale and swore the employees to secrecy. There was some evidence that outsiders had seen the machine but could not thereby determine the process that the machine was being used to practice. Was Budd's activity a statutory bar? This court held that it was not an invalidating public use bar even if one assumed that it met the terms of the process claims and the products of the machine had been sold commercially. Secret use by Cropper or Budd would have constituted a bar to *their* applications for a patent under the famous Learned Hand opinion in *Metalizing* [Engineering Co. v. Kenyon Bearing & Auto Parts Co., 153 F.2d 516]. However, *365 such a use is not a bar to an independent inventor who promptly applies for a patent.

The secret use issue has long been a sticky one. Unfortunately, in *Gore*, this court gave only sparse treatment to the point, its prior *Auld* [*Co. v. Chroma Graphics Corp.*, 714 F.2d 1144] decision, citing *Metalizing* dictum, and some general policy considerations favoring inventors who make an early public disclosure. The basic problem is that Section 102(b) does not distinguish between activity by the inventor and activity by others. Both the history of the statute and certain Supreme Court decisions construing it support the view that Section 102(b) is evenhanded as to who permits the proscribed acts. (I might add that prior to 1870 the statutory language was different; public use bars only arose when the activity was by or with the consent of the inventor. In 1870, the consent requirement was deliberately omitted.) Assuming it is a good rule to make a distinction between use by the inventor and use by others, what is the statutory basis for the rule? Perhaps the statutory basis for the rule is not Section 102(b) but Section 102(c) dealing with abandonment. In other words, Section 102(c) is the source of the rule that secret, commercial use by the inventor is a bar while such use by another independent of the inventor is not a bar. Of course, there is an implication of doing that. Section 102(c), unlike Section 102(b), has no geographic boundaries. Section 102(b) is limited to activity “in this country,” Section 102(c) is not. The case I really want to see is one in which you have secret, commercial exploitation in another country by the inventor/applicant.

You're dying with curiosity about number one! What is number one? I cheated. The number one spot is in fact occupied by a pair of decisions dealing with the same issue. The two cases are: (where's the envelope?) *Underwater Devices v. Morrison Knudsen Co.* [717 F.2d 1380] and

Central Soya v. George Hormel Co. [723 F.2d 1573]. They are both on page 13 of the outline. Both deal with the issue of willful infringement as a basis for multiplying damages and advice of counsel as it relates thereto. In *Underwater Devices*, the defendant was the winning bidder for a project that entailed use of the patented method and apparatus. Defendant steadfastly ignored the patent owner's offer of a license. The defendant later argued that it relied on the advice of counsel, and so it should not be found guilty of willful infringement, even though it knew about the patent because it had been approached for a license. The defendant had consulted its attorney, but its attorney was not a patent attorney and was in-house counsel. What did counsel do? Counsel ordered a patent search, and on the basis of that search, advised the defendants to continue to use the method, commenting, inter alia, that the courts were holding patents invalid in approximately 80% of the cases. Counsel did not order file histories of the patents in question until some months later.

In affirming the award of treble damages, this court emphasized that a potential infringer with actual notice of another's patent rights, has an affirmative duty to exercise due care to determine whether or not he is *366 infringing. This includes the duty to seek and obtain competent legal counsel before the initiation of possible infringing activity. The defendant was held not to have met that standard. Counsel was "in-house" and not a patent expert. Those factors were not conclusive, but they were relevant in determining the defendant's good faith. Beyond that, the opinion counsel had rendered did not have internal indicia of serious, credible advice of patent rights.

The holding in *Underwater Devices* was enhanced by this Court's subsequent decision in *Central Soya*. There, the infringer consulted independent outside patent counsel who advised that the infringer would likely avoid infringement by operating within certain parameters. Counsel also advised that, to be safe, the infringer should set up shop in the Eighth Circuit since that court had not held a patent either valid or infringed within recent history.

The essence of this case is that the infringer failed to follow counsel's advice-it set up shop in the Tenth Circuit in Oklahoma. But it also took no steps to verify that it was operating within counsel's specified parameters. In fact, it *was* operating within counsel's specified parameters; but, it had not *verified* that it was. The trial court found willful infringement, relying in part on the infringer's questionable conduct in hiring a key employee of the patent owner. This court affirmed that finding as not clearly erroneous. It specifically held that the advice of counsel was not a shield. The infringer must not only obtain competent counsel but must take steps to verify that it is in fact operating within the parameters of counsel's advice concerning noninfringement.

Why do these decisions earn the top spot? For one thing, never before has a court stated so strongly an affirmative duty to respect patent rights. One should recognize how far the patent system has come since the days when the Supreme Court's decision in *Lear v. Adkins* [395 U.S. 653, 89 S.Ct. 1902, 23 L.Ed.2d 610] was interpreted, perhaps wrongly, as strongly encouraging infringement of patents so that their validity could be tested judicially. I suggest that we've come virtually 180° from that. In truth, of course, one could say in fairness to counsel on those cases that they may have been unfairly maligned for relying on statistical invalidity rates in certain circuits; those statistics were probably reasonably reliable at the time. We in patent law should well know both the value and danger of hindsight. But indeed times have changed. These two

cases more than any others symbolize that change.

On the practical level, these two decisions require the patent law profession to reassess its standards for advising clients and employers of possible infringement. No longer can a “quick and dirty” letter or oral opinion on infringement and validity be considered a reliable shield against potentially ruinous, multiple damage awards. This court has, in the two opinions, set forth some guidelines on what constitutes competent patent advice in a serious matter. Ordering a file wrapper, conducting a search of the prior art, and doing a full analysis of the claims in relation to the prior art and the accused device are required. And *367 increasingly, the advice may be going to be—“don't do it or get a license.”

So, there are my top ten patent cases. I have time to do two cases. The first is *Litton Systems v. Whirlpool Corporation* [728 F.2d 1423], which is on page 5 of the trademark outline. This was an action involving microwave oven doors; it combined claims for utility and design patent infringement, unfair competition under Section 43(a) of the Lanham Act, and unfair competition under state law. After finding the utility patent invalid and the design patent not infringed, this court turned to the other two claims. As to the Lanham Act claims, it reversed the district court finding that the design of the defendant's door created a likelihood of confusion. (The opinion is full of nice pictures of microwave ovens.) This court relied heavily on the practice of the defendant and the entire trade to display conspicuously the manufacturer's name on the front of the product itself. As to the state law claims, the absence of the likelihood of confusion would seem to have been equally dispositive; however, this court relied instead on a “preliminary” jurisdictional question. Under the *Sears-Compco* doctrine, state law could not protect against imitation of a product configuration that is the subject of a federal design patent that has been found not to be infringed.

Litton makes the hit parade of two trademark cases for a number of reasons. One is the issue which the court clearly identified but did not resolve, in part because counsel didn't argue it. When this court confronts a question of nonpatent law, which is before it as part of a patent case within this court's exclusive appellate jurisdiction, should this court follow its own rule or a possibly conflicting rule of the regional circuit Court of Appeals in which the district court sits? That issue is apt to arise as to trademark and copyright matters which are often appended to patent cases, but it could conditionally arise as to almost any substantive or procedural point of law. So we have here an intra-federal court system “*Erie* problem.” Normally we rebel at the notion that the source of jurisdiction should dictate the substantive law to be applied. Alas, we must await this court's answer to the question.

A second reason this case makes the list is how this court handled the *Sears-Compco* problem. With all due respect, I suggest that that is not a jurisdictional flaw but rather a constitutional defense to a state claim which should not be raised by the court on its own motion. And on the merits, the court's holding could put a severe damper on the developing law of nonfunctional product configuration under Section 43(a). It seems to resurrect a notion of election; if you go for a design patent, you must rely exclusively on it even though you might otherwise have had a remedy based on state law. That would seem to discourage persons from seeking federal design patents. I never have read the *Sears-Compco* decisions as having turned specifically on the fact of

that the configurations there in issue were the subject of invalid design patents. What was critical was that the protection sought duplicated protection available at least under some conditions under federal copyright*368 law and patent law. It should not matter whether federal protection had actually been sought, successfully or unsuccessfully.

What is the top trademark case? Less suspense here. It is *Giant Food v. Nations Food Service* [710 F.2d 1565], which is on page 2 of the trademark outline. On the facts, the case was a conflict over trademark rights in “Giant Hamburgers” between a California company and a District of Columbia company. (I’m sure that the location of this court had nothing to do with the fact that the latter prevailed in this opposition to the former’s application to register the mark.) What makes this case number one in the trademark field, in my opinion, is the court’s holding that likelihood of confusion is a question of law reviewable on appeal free of the clearly erroneous standard. The court so held even though the courts of appeals are split on the matter and the CCPA precedents are equivocal. This court has in prior cases shown considerable deference to the determination of the Trademark Trial and Appeal Board. Likelihood of confusion is the key concept of trademark law, and this court has decided, as you will see in the outline, a number of cases on that issue. (My favorite is the “Thinkertoy” case.) The problem is eternal, and this court in *Giant Food* has stated that it intends to play an active role in resolving those issues, just as it will play an active role in resolving nonobviousness issues of patent law. So, in appealing to this court in trademark matters, counsel should frame their arguments accordingly.

Well, I thank you for your patience and if you have questions, I would be more than pleased to entertain them.

If you have questions, please bring them forward, and I’ll act as filter number one, here. First let me thank you ...

(Question): “The concurring opinion in *Central Soya* emphasizes that the lawyer’s opinion said that he thought there was a *good chance* patent would hold the patent invalid, rather than that the lawyer thought the patent *was* invalid. I think this is unfair because what a client wants is a prediction concerning what the courts will do, not my personal opinion.

(Answer): What do I think?-you want my personal opinion or my prediction of what the courts will do? We are cautious as lawyers; we tend to hedge things using words like “probably,” “perhaps” or “likely.” One thing that has disturbed attorneys that I have talked to is the apparent requirement that you have to be more absolute in your opinion. It’s an uncertain world. Perhaps it’s unfair to require people to do this. I can’t believe the court meant that the opinion has to be unhedged, virtually a certification. You seem to have agreed with my assessment of the most important cases. All the questions so far are about the first number one cases.

(Question): Can one read into *Underwater Devices* a corollary to the effect that a patentee who circulates charges of infringement in the trade without ever having obtained an opinion of counsel on infringement has acted willfully and is subject to damages and attorneys’ fees when there is clearly no infringement?

*369 (Answer): Yes. In several cases, the court has affirmed the award of attorneys’ fees based on findings that the litigation had no adequate basis or was continued in bad faith if it was originally

filed with good cause. In one case, the evidence disclosed prior to trial made it absolutely clear that the patent was invalid because of public use. The problem is that only attorneys' fees are available; the possibility of multiplying damages is not there unless you can find a basis for a Sherman Act claim or something to that effect. Even then damage claims are harder to prove. So, there may be an imbalance in the remedies.

(This next question may somewhat presage the next section of the program, but to the extent that Professor Chisum would like to comment on it, I'll let him do so.)

(Question): All CAFC decisions reviewing patent jury trials state that special verdicts or special interrogatories directed to the *Graham* [*v. John Deere Co.*, 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545] factual inquiries should be submitted to the jury (the question cites the *American Hoist and Derrick*). This procedure was not followed in *Railroad Dynamics* [*Inc. v. A. Stucki Co.*, 727 F.2d 1506] in which the CAFC stated they should be used but were not necessary in all cases without further guidance. When in your view must special verdicts or special interrogatories directed to the *Graham* inquiry be submitted to the jury? (Mr. Davis-Now, I think maybe since he didn't comment on this and this was not in his top ten, we won't go into that at this time.)

(Question): Here's one on *Underwater Devices*. If the underlying policy of the presumption of validity is the doctrine of administrative correctness, how can the CAFC's position and the presumption is not weakened or destroyed by prior art not considered by the PTO be tenable? Well, I don't think that the only underlying basis is a presumption of administrative correctness. There really are two aspects to the presumption of validity. One is an entry point of shifting to the challenger to a patent the burdens of production of evidence and persuasion. That is based in part on the fact that it is hard to disprove a negative. How can you show that there is no prior art out there? On the other hand, it makes sense in some situations to put the burden on the patent owner to come up with an argument supporting patentability. One thing that the court has said, of course, is that it is easier or harder to meet your burden of proof when the challenger's evidence was or was not before the examiner. We may be quibbling over verbal characterizations (“shafting” v. “easier to meet”). The court does take into account that there is a presumption of administrative correctness and that it is not a strong argument in support of a patent when it's clear that the administrative agency did not have part of the evidence before it.

(Question): Don't you think that the *Polar Music* case, is very important in its holding that as long as the trademark owner uses a word or symbol or a photograph or more than one on different record album, it can be registered in trademark? Did the court really come to grips with the question of whether a word or symbol functioned as a trademark to purchasers?

*370 Well, I think that it is an interesting case; it is in the outline-page 5, and I think the court dealt with that issue. Much depends on the facts as to how the word, picture, name of the group, etc. was used. The court didn't give us a definitive answer to that particular problem, but they did “come to grips” with it.

Someone submitted a question about the *Driscoll* [*v. Cebalo*, 731 F.2d 878] case involving interferences; Professor Chisum doesn't want to comment on that, or isn't prepared to comment on that.

If that's all the questions, we're running a little bit ahead of time, thank you very much Don, we appreciate your efforts.