

# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



REDISCOVERING THE DOCTRINE OF MARKING ESTOPPEL AFTER  
*MEDIMMUNE*: BALANCING THE PUBLIC INTEREST AND PRIVATE RIGHTS

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## ABSTRACT

Marking is the act of placing a patent number on a product or its packaging. The doctrine of marking estoppel deals with whether the act of marking will preclude denials of patent infringement or patent validity challenges. This comment reviews the history of marking estoppel and determines that although the Federal Circuit has expressed reservations about the doctrine, marking estoppel remains viable. This comment argues that marking estoppel should preclude a marking party from denying patent infringement when the marking party has acted with scienter and the asserting party has come to court with clean hands. However, because of the important public interest in having only valid patents in the marketplace, marking estoppel should not preclude patent validity challenges. In light of the Supreme Court's decision in *MedImmune*, marking estoppel could become a powerful shield for increasingly defenseless patentees.

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*Cite as Michael D. Karson, Rediscovering the Doctrine of Marking Estoppel After MedImmune: Balancing the Public Interest and Private Rights, 7 J. MARSHALL REV. INTELL. PROP. L. 573 (2008).*



# REDISCOVERING THE DOCTRINE OF MARKING ESTOPPEL AFTER *MEDIMMUNE*: BALANCING THE PUBLIC INTEREST AND PRIVATE RIGHTS

MICHAEL D. KARSON\*

## INTRODUCTION

Estoppel is “[a] bar that prevents one from asserting a claim . . . that contradicts what one has said or done before.”<sup>1</sup> The doctrine of estoppel in the context of patent law has a variety of applications.<sup>2</sup> This comment explores the history, viability, and applicability of one type of estoppel, the doctrine of marking estoppel.

Patent “marking” is defined by statute.<sup>3</sup> A manufacturer of a product “marks” the product as protected under a patent by physically placing the applicable patent number on the product itself.<sup>4</sup> If the nature of the product requires, a manufacturer may also affix a label bearing the patent number to the product or packaging.<sup>5</sup>

The issue, then, is whether a party marking a product is estopped from either attacking the validity of the patent<sup>6</sup> or claiming that the patent is not infringed<sup>7</sup> by the marked product. The law regarding the doctrine of marking estoppel has varied as much by jurisdiction as it has over time.<sup>8</sup> The United States Court of Appeals for the Federal Circuit has yet to issue a definitive ruling with respect to the viability of

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\*\* Available at [www.jmripl.com](http://www.jmripl.com).

<sup>1</sup> BLACK’S LAW DICTIONARY 589 (8th ed. 2004).

<sup>2</sup> *See, e.g.*, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002) (prosecution history estoppel, also known as file-wrapper estoppel); *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020 (Fed. Cir. 1992) (equitable estoppel); *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220 (Fed. Cir. 1988), *cert. dismissed*, 487 U.S. 1265 (1988) (assignor estoppel); *In re Kroekel*, 803 F.2d 705 (Fed. Cir. 1986) (interference estoppel).

<sup>3</sup> 35 U.S.C. § 287(a) (2006) (recognizing marking as actual notice that a product is patented in order for a patentee to collect damages in an infringement action). Patent marking, as defined in the statute, is the act from which marking estoppel arises. *Id.* Indeed, in his renowned treatise, Professor Chisum referenced patent marking when discussing marking estoppel. 5B DONALD S. CHISUM, CHISUM ON PATENTS § 18.06[1][e] n.147 (2007).

<sup>4</sup> 35 U.S.C. § 287(a).

<sup>5</sup> *Id.*

<sup>6</sup> *See id.* § 282 (“A patent shall be presumed valid.”).

<sup>7</sup> *See id.* § 271(a) (defining an infringer as one who “without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent”).

<sup>8</sup> *Compare* *Regina Music Box Co. v. Newell*, 131 F. 606 (C.C.S.D.N.Y. 1904) (estopping a party from denying the validity of a patent due to stamping a product as patented), *with* *Beckman Instruments, Inc. v. Technical Dev. Corp.*, 433 F.2d 55, 59 (7th Cir. 1970) (“[W]e hold as a matter of law that licensees are no longer estopped to challenge the validity of a licensed patent merely because they have marked their products with the patent number.”).

the doctrine of marking estoppel; indeed, the court seems to have gone out of its way to avoid addressing this issue head-on.<sup>9</sup>

That the Federal Circuit has not developed a body of case law regarding the doctrine of marking estoppel should not be surprising. The doctrine of marking estoppel is most likely to appear in cases involving patent licenses, pursuant to which, a licensee may be required to mark its products with one or more patent numbers.<sup>10</sup> Until recently, licensees were not able to challenge a licensed patent while they remained licensees because it was thought that the license itself “obliterated any reasonable apprehension of a lawsuit.”<sup>11</sup> Without a reasonable apprehension of being sued, no actual case or controversy existed between the parties.<sup>12</sup> The Federal Circuit had always held that a patent licensee had to terminate its license agreement in order to obtain declaratory judgment jurisdiction and challenge a licensed patent.<sup>13</sup> If a licensee terminated its license agreement but continued to sell the same products, it risked being held liable for willful infringement and faced the possibility of treble damages.<sup>14</sup> Thus, very few, if any, justiciable cases would even present the issue of marking estoppel.

In 2007, however, the United States Supreme Court issued its decision in *MedImmune, Inc. v. Genentech, Inc.*<sup>15</sup> In *MedImmune*, the Court ruled that a licensee need not terminate its license in order to obtain declaratory judgment jurisdiction.<sup>16</sup> This decision made it easier for a licensee to challenge its licensor’s patent by eliminating the requirement of terminating the license prior to bringing suit.<sup>17</sup> Thus, licensees are now more likely to attack the validity of licensed patents because, if successful, the licensee will no longer need to pay royalties for the patent at issue. In response to these suits, licensors may attempt to assert the doctrine of

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<sup>9</sup> Slip Track Sys., Inc. v. Metal Lite, Inc., 113 F. App’x 930, 934 (Fed. Cir. 2004) (“[E]ven assuming the doctrine remains viable, it does not apply to the facts of this case.”); High Frequency Prods., Inc. v. Wynn’s Climate Sys., Inc. (*High Frequency II*), No. 95-1468, 1996 U.S. App. LEXIS 9957, at \*4 (Fed. Cir. Apr. 30, 1996) (“It is not necessary to decide whether the doctrine of marking estoppel is still viable.”); Smithkline Diagnostics, Inc. v. Helena Labs. Corp., 859 F.2d 878, 890 (Fed. Cir. 1988) (“Whatever the validity of the ‘marking estoppel’ line of cases, we do not find [them] applicable to the present case.”).

<sup>10</sup> See 35 U.S.C. § 287(a). In order to recover damages in an infringement suit, a patentee must provide actual notice of the patent to the infringer. *Id.* Of course, filing a patent infringement suit constitutes notice under the statute. *Id.* However, to maximize these damages, a patentee may require its licensees to mark their products with the patent number, thus putting potential infringers on notice of the patent as early as possible. *Id.*

<sup>11</sup> Gen-Probe Inc. v. Vysis, Inc., 359 F.3d 1376, 1381 (Fed. Cir. 2004), *cert. dismissed*, 543 U.S. 941 (2004).

<sup>12</sup> See U.S. CONST. art. III, § 2, cl. 1.

<sup>13</sup> *Gen-Probe*, 359 F.3d at 1376 (finding no declaratory judgment jurisdiction because the licensee continued to fulfill its obligations under the license); *cf.* 28 U.S.C. § 2201(a) (2006) (authorizing declaratory judgment jurisdiction).

<sup>14</sup> See *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983), *overruled by In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007); 35 U.S.C. § 284.

<sup>15</sup> 127 S. Ct. 764 (2007).

<sup>16</sup> *Id.* at 777 (“[P]etitioner was not required, insofar as Article III [of the Constitution of the United States of America] is concerned, to break or terminate its . . . license agreement before seeking a declaratory judgment in federal court that the underlying patent is invalid, unenforceable, or not infringed.”).

<sup>17</sup> *Id.*

marking estoppel as a bar to prevent a licensee's patent validity challenge, denial of patent infringement, or both.<sup>18</sup>

Part I of this comment surveys the historical development of the doctrine of marking estoppel. This review leads to the conclusion, detailed in Part II, that the doctrine of marking estoppel remains a viable legal doctrine. Part II analyzes the different components of the doctrine. Finally, Part III describes a workable theory of the modern doctrine of marking estoppel, consistent with the Supreme Court's recent decision in *MedImmune*.

## I. BACKGROUND

The circumstances necessary to invoke the doctrine of marking estoppel have been historically rare, but after the Supreme Court's decision in *MedImmune*, it can be used as a shield by patentees who are finding themselves increasingly defenseless. Section A surveys early cases addressing marking estoppel. These cases establish the foundation from which the doctrine emerged and frame the manner in which courts have dealt with marking estoppel. Section B analyzes a series of cases that applied marking estoppel contemporaneously with other estoppel doctrines. Section B concludes with the Supreme Court's elimination of the doctrine of patent licensee estoppel in *Lear, Inc. v. Adkins*.<sup>19</sup> With *Lear*, the Supreme Court disposed of one tool that courts and litigants had used to prevent patent validity challenges. Section C reviews cases since *Lear*, including the decisions of the United States Court of Appeals for the Federal Circuit, that address marking estoppel and whether the doctrine of marking estoppel might take the place of patent licensee estoppel.

### A. Early Case Law

The equitable<sup>20</sup> doctrine of marking estoppel was recognized, in some form, as early as 1901 in *Piaget Novelty Co. v. Headley*.<sup>21</sup> In that case, the inventor, Headley, manufactured products under his patent and marked them as covered by the patent.<sup>22</sup> He subsequently sold an exclusive license to manufacture and sell products under the patent to Piaget Novelty yet continued to manufacture and mark precisely the same product.<sup>23</sup> The Second Circuit ruled that because Headley was still marking his products with the patent number even though he no longer had a right

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<sup>18</sup> See, e.g., *Boyd v. Schildkraut Giftware Corp.*, 936 F.2d 76, 79 (2d Cir. 1991) (marking estoppel asserted to preclude a denial of patent infringement); *Beckman Instruments, Inc. v. Technical Dev. Corp.*, 433 F.2d 55, 58–59 (7th Cir. 1970) (marking estoppel asserted to preclude a patent validity challenge); *Crane Co. v. Aeroquip Corp.* (*Crane I*), 364 F. Supp. 547 (N.D. Ill. 1973), *aff'd in part, rev'd in part*, 504 F.2d 1086 (7th Cir. 1974) (marking estoppel asserted to preclude both a denial of patent infringement and a patent validity challenge).

<sup>19</sup> 395 U.S. 653 (1969).

<sup>20</sup> BLACK'S LAW DICTIONARY 578 (8th ed. 2004) ("1. Just; consistent with principles of justice and right. 2. Existing in equity; available or sustainable by an action in equity, or under the rules and principles of equity.").

<sup>21</sup> 108 F. 870 (2d Cir. 1901).

<sup>22</sup> *Id.* at 872.

<sup>23</sup> *Id.*

to do so, he was precluded from claiming that his products did not infringe the patent.<sup>24</sup>

In 1904, marking estoppel again reared its head in *Regina Music Box Co. v. Newell*.<sup>25</sup> The court ruled that the act of placing a patent stamp on a product after the patent license expired precluded the defendants from attacking the validity of the patent.<sup>26</sup> The act of marking the product was seen as “leading the purchaser to believe that the license still continue[d].”<sup>27</sup> This is often an argument raised in support of using marking estoppel to preclude a patent validity challenge.<sup>28</sup>

In *Kant-Skore Piston Co. v. Sinclair Manufacturing Corp.*,<sup>29</sup> a licensee manufactured and sold a product that was an improvement of the licensed patent.<sup>30</sup> The licensee, while refusing to pay royalties on its new product, marked it as covered by the licensed patent.<sup>31</sup> The court held that as long as the licensee continued to mark its products and associate them with the patent, the license would cover the marked products.<sup>32</sup> Because of licensee estoppel, this decision effectively precluded the licensee from denying infringement of the patent.<sup>33</sup> *Kant-Skore* was also among the first cases to deal with suits by licensors for royalties on marked products, including those not within the original scope of the licensing agreement.<sup>34</sup>

The doctrine of marking estoppel, without being so identified, appeared in *Collis Co. v. Consolidated Machine Tool Corp. of America*.<sup>35</sup> In that case, the plaintiff argued that its product did not embody the patent in order to preserve its rights in an associated trademark.<sup>36</sup> The court noted that because the plaintiff had marked its

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<sup>24</sup> *Id.* at 872–73. In dictum, the court indicated that it would have dealt with a patent validity challenge by invoking the “well-settled” principle that an inventor and applicant for a patent may not challenge its validity. *Id.* at 871. Thus, the court did not even consider the effect of the doctrine of marking estoppel on a patent validity challenge. *Id.*

<sup>25</sup> 131 F. 606 (C.C.S.D.N.Y. 1904).

<sup>26</sup> *Id.* at 606–07. The defendants’ only defense to the infringement suit was the invalidity of the patent. *Id.* at 606.

<sup>27</sup> *Id.* at 606–07; see also *Harley C. Loney Co. v. Perfect Equip. Corp.*, 178 F.2d 165, 169–70 (7th Cir. 1949) (“The fact that [the licensee] still places upon its manufactured products the number of the [patent in suit] is a representation to the public that the . . . product marked is authorized to be manufactured and sold under the patent.”).

<sup>28</sup> *Harley*, 178 F.2d at 170.

<sup>29</sup> 32 F.2d 882 (6th Cir. 1929).

<sup>30</sup> *Id.* at 884.

<sup>31</sup> *Id.* (“[The defendant] continued, however, not only to sell its product under the [same trade name] and to mark its goods ‘patented,’ but also to account to plaintiff for royalties thereon.”).

<sup>32</sup> *Id.* at 886 (“[The licensee’s] obligations under the license continue so long as it identifies its pistons with the [patented] pistons in any way, *even though it asserts a deviation therefrom.*”) (emphasis added). The defendant in *Kant-Skore* failed to effectively terminate the license even though it ceased payment of royalties because of a common understanding of the parties resulting from their prior course of conduct. *Id.* at 885. The plaintiff regularly sent the defendant notices of cancellation, as contemplated in the license, when the defendant failed to make a royalty payment. *Id.* at 884. These notices were apparently so common that they were treated not as notices of cancellation but rather as “notices to pay up.” *Id.*

<sup>33</sup> *Id.* at 886.

<sup>34</sup> See, e.g., *Kenyon v. Automatic Instrument Co.*, 186 F.2d 752 (6th Cir. 1951); *Harley C. Loney Co. v. Perfect Equip. Corp.*, 178 F.2d 165 (7th Cir. 1949); *Collis Co. v. Consol. Mach. Tool Corp. of Am.*, 41 F.2d 641 (8th Cir. 1930).

<sup>35</sup> 41 F.2d at 641.

<sup>36</sup> *Id.* at 644–45.

product with both the trademark and the patent number, the patent mark belied the plaintiff's assertion that its product was not covered by the patent.<sup>37</sup> In fact, the plaintiff marked its product as patented for at least a year after the expiration of the patent.<sup>38</sup> This case demonstrates the primary rationale for the doctrine of marking estoppel—a party should not benefit from a misrepresentation to the public.

Thus, by 1930, marking estoppel had been used effectively in at least three different Circuit Courts of Appeal.<sup>39</sup> However, none of the cases employing marking estoppel identified it as such.<sup>40</sup> Additionally, each of these cases confused or complicated the issue in one way or another.<sup>41</sup>

### B. Marking Estoppel's Interplay with Other Doctrines

To examine the doctrine of marking estoppel, it must be studied in light of the doctrines of licensee estoppel or assignor estoppel, the other estoppel doctrines that often recur alongside marking estoppel.<sup>42</sup> In *Dwight & Lloyd Sintering Co. v. American Ore Reclamation Co.*,<sup>43</sup> decided in 1941, the contours of the doctrine of marking estoppel began to emerge. *Dwight & Lloyd* involved a licensee that required sub-licensees to affix a plate referring to the licensor's patents on each of the manufactured machines.<sup>44</sup> The defendant licensee argued that the patents in suit were invalid and, in the alternative, that it did not infringe the patents in suit.<sup>45</sup> The court dealt with the patent validity challenge under the doctrine of licensee estoppel.<sup>46</sup> Then, the court invoked the doctrine of marking estoppel to preclude the

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<sup>37</sup> *Id.* at 645.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at 641 (Eighth Circuit holding); *Kant-Skore Piston Co. v. Sinclair Mfg. Corp.*, 32 F.2d 882 (6th Cir. 1929); *Piaget Novelty Co. v. Headley*, 108 F. 870 (2d Cir. 1901).

<sup>40</sup> *Collis*, 41 F.2d at 645 (“The plaintiff, having enjoyed the benefits of the monopoly protected by this patent, cannot consistently now be heard to say that in fact the device manufactured and sold by it was not the device so patented.”); *Kant-Skore*, 32 F.2d at 886 (“[Defendant’s] obligations under the license continue so long as it identifies its pistons with the [patented] pistons in any way, even though it asserts a deviation therefrom.”); *Piaget*, 108 F. at 873 (“[I]t does not lie in the mouth of Headley to assert, as against complainant, that the banks he used to stamp and sell as being within said patent are not infringements.”).

<sup>41</sup> *Collis*, 41 F.2d at 644–45 (noting that the plaintiff represented that its device was covered by a patent which had expired); *Kant-Skore*, 32 F.2d at 884–86 (linking a course of conduct in paying royalties with the failure of the defendant to effectively cancel the license, thereby preventing the defendant from denying the patent’s validity due to licensee estoppel); *Piaget*, 108 F. at 871 (referring to the rule that an inventor may not challenge the validity of its own patent).

<sup>42</sup> *Dwight & Lloyd Sintering Co. v. Am. Ore Reclamation Co.*, 44 F. Supp. 401 (S.D.N.Y. 1941) (licensee estoppel and marking estoppel); *Kenyon v. Automatic Instrument Co.*, 186 F.2d 752 (6th Cir. 1951) (assignee estoppel and marking estoppel).

<sup>43</sup> 44 F. Supp. at 401.

<sup>44</sup> *Id.* at 402.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.* (“[A] licensee is estopped to deny validity . . . .”); see, e.g., *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 339 U.S. 827, 836 (1950) (“The general rule is that the licensee under a patent license agreement may not challenge the validity of the licensed patent . . . .”); *Kant-Skore*, 32 F.2d at 885 (“[A] licensee [is] estopped to deny validity . . . .”). The doctrine of licensee estoppel is only marginally related to the doctrine of marking estoppel and has its origins in *Kinsman v. Parkhurst*, 59 U.S. (18 How.) 289 (1856); see generally Nathaniel Dean Kramer, *Estoppel to Deny*

licensee from denying infringement of the patents.<sup>47</sup> The fact the licensee had not marked some of its products with the patent number did not eliminate the estoppel.<sup>48</sup>

Two estoppel doctrines were also employed by the Sixth Circuit in *Kenyon v. Automatic Instrument Co.*<sup>49</sup> The defendant in *Kenyon* was the successor in interest of the assignee of the patent in suit.<sup>50</sup> The court first disposed of the defendant's validity challenge on the grounds of assignor estoppel.<sup>51</sup> The defendant in *Kenyon* marked its product with a patent notice listing fourteen patent numbers, including the one at issue that belonged to the plaintiff.<sup>52</sup> Notwithstanding the marking, the court detailed the ways in which the defendant's product differed from the claims of the patent and stated the notice itself was "somewhat meaningless."<sup>53</sup> As a result, the court did not apply marking estoppel and affirmed the district court's ruling that the plaintiff was not entitled to royalties for the product at issue.<sup>54</sup>

In addition to other estoppel doctrines, the doctrine of marking estoppel has also been combined with a theory of infringement under the doctrine of equivalents.<sup>55</sup> At least one court has applied marking estoppel to preclude the defendants from denying infringement by the doctrine of equivalents of the patent in suit.<sup>56</sup> The defendants in *Canaan Products, Inc. v. Edward Don & Co.*<sup>57</sup> had marketed the plaintiff's patented product and then, solely on the basis of cost, switched to

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*Validity*—A *Slender Reed*, 23 N.Y.U. INTRAMURAL L. REV. 237 (1968) (examining the history of the doctrines of licensee estoppel and assignor estoppel and commenting on the policies of each rule); James M. Treece, *Licensee Estoppel in Patent and Trademark Cases*, 53 IOWA L. REV. 525 (1967) (tracing the doctrine of licensee estoppel back to its origins from the landlord-tenant relationship of property law); Hal D. Cooper, *Estoppel To Challenge Patent Validity: The Case of Private Good Faith vs. Public Policy*, 18 W. RES. L. REV. 1122 (1967) (discussing the policies and rationales behind the doctrine of licensee estoppel, examining the exceptions to the rule, and proposing that courts should examine the basis of a patent validity challenge before estopping the challenge).

<sup>47</sup> *Dwight & Lloyd*, 44 F. Supp. at 402 ("Defendant, in view of all the circumstances, can not successfully maintain in this action that the machines bearing plates referring to patents which plaintiff claims were used by the machines did not embody such patents.")

<sup>48</sup> *Id.* at 402–03. This rule was further clarified in *Gridiron Steel Co. v. Jones & Laughlin Steel Corp.*, 361 F.2d 791, 797 (6th Cir. 1966) ("[The defendant] may not relieve itself of liability for the payment of royalties by eliminating the patent marking in manufacturing and selling the table of construction identical with the one previously marked.") (citing *Dwight & Lloyd*, 44 F. Supp. at 401).

<sup>49</sup> 186 F.2d 752 (6th Cir. 1951) (assignor estoppel and marking estoppel).

<sup>50</sup> *Id.* at 754.

<sup>51</sup> *Id.* at 755. The doctrine of assignor estoppel is closely related to the doctrine of licensee estoppel. Cooper, *supra* note 46, at 1123 ("[T]he general rule traditionally has been that both the assignor and the licensee are estopped to challenge the validity of the patent."). The doctrine estopped an assignor from denying the validity of its assignee's patent. *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 349 (1924); Kramer, *supra* note 46, at 237.

<sup>52</sup> *Kenyon*, 186 F.2d at 755.

<sup>53</sup> *Id.* at 756.

<sup>54</sup> *Id.*

<sup>55</sup> *Canaan Prods., Inc. v. Edward Don & Co.*, 273 F. Supp. 492 (N.D. Ill. 1966), *aff'd*, 388 F.2d 540 (7th Cir. 1968). Under the doctrine of equivalents, a product is an equivalent "if it performs substantially the same function in substantially the way to obtain the same result." *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608 (1950); *see also* *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997) (discussing the relationship between the doctrine of equivalents and the doctrine of prosecution history estoppel).

<sup>56</sup> *Canaan Prods.*, 273 F. Supp. 492.

<sup>57</sup> *Id.*



unlicensed copies.<sup>58</sup> The court found the unlicensed copies were equivalents of the licensed products produced under the patent.<sup>59</sup> The court then applied the doctrine of marking estoppel to preclude the defendants' denial of infringement.<sup>60</sup> This case appears to have strained the bounds of the doctrine of marking estoppel because it applies marking estoppel to a seller of marked products, not to the marking party.<sup>61</sup>

By the late 1960s, it appeared to be settled law that the doctrine of marking estoppel only precluded denials of infringement.<sup>62</sup> Patent validity challenges were typically disposed of using some other type of estoppel, notably licensee estoppel.<sup>63</sup>

A fundamental change in this dynamic occurred in 1969 when the United States Supreme Court eliminated the doctrine of licensee estoppel in *Lear, Inc. v. Adkins*.<sup>64</sup> Prior to *Lear*, any licensee of a patent was estopped from challenging the patent's validity because of a contract doctrine that dictated a party could not receive a benefit under a contract while asserting the contract was not valid.<sup>65</sup> In *Lear*, the Court balanced the "competing demands of the common law of contracts and the federal law of patents."<sup>66</sup> The Court went on to hold that licensee estoppel was not "compelled by the spirit of contract law."<sup>67</sup>

Surely the equities of the licensor do not weigh very heavily when they are balanced against the *important public interest* in permitting full and free competition in the use of ideas which are in reality a part of the public domain. Licensees may often be the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery. If they are muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification. We think it plain that the technical requirements of contract doctrine must give way before the

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<sup>58</sup> *Id.* at 495.

<sup>59</sup> *Id.* ("The accused infringing products do not differ significantly from the patented product . . . They all do the *same task* in the *same manner*.") (emphasis added).

<sup>60</sup> *Id.* at 502 (issuing a conclusion of law that the defendants, "having marketed the patented product of plaintiff at a time when the product was marked with the number of the patent in suit, and then having switched to unlicensed copies of the patented product, are, under the circumstances surrounding the switch, estopped to deny infringement.").

<sup>61</sup> Compare *id.*, with 5B CHISUM, *supra* note 3, § 18.06[1][e] (describing the "doctrine of 'marking estoppel' under which a licensee or other party *who had placed* a patent mark on a product was estopped") (emphasis added), and ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT § 12.4(d) (8th ed. 2007) (discussing the "marking estoppel doctrine under which a party, usually a licensee, *who marks its product* with the patent number is estopped") (emphasis added).

<sup>62</sup> See *supra* Parts I.A, I.B.

<sup>63</sup> See, e.g., *Dwight & Lloyd Sintering Co. v. Am. Ore Reclamation Co.*, 44 F. Supp. 401 (S.D.N.Y. 1941) (licensee estoppel); *Piaget Novelty Co. v. Headley*, 108 F. 870 (2d Cir. 1901) (licensee estoppel).

<sup>64</sup> 395 U.S. 653 (1969).

<sup>65</sup> *Id.* at 656.

<sup>66</sup> *Id.* at 668. The "uncertain status of licensee estoppel," according to the Court, was a result of competing demands. *Id.* Contract law precludes a purchaser from simply repudiating a bad deal but patent laws require that ideas belong to the public unless patented. *Id.* According to the Court, the result of trying to reconcile these conflicting policies was "a failure" that only produced "a chaos of conflicting case law." *Id.*

<sup>67</sup> *Id.* at 670.

demands of the public interest in the typical situation involving the negotiation of a license after a patent has issued.<sup>68</sup>

The Court elevated the public interest above the private contract interests between the patent licensor and licensee.<sup>69</sup> Based on this policy preference, the Court eradicated patent licensee estoppel, which would drastically change the context in which marking estoppel could be invoked.<sup>70</sup> After *Lear*, suddenly there were two contexts in which marking estoppel could be applied—patent infringement denials and patent validity challenges.

### C. Marking Estoppel After Lear

In the wake of the *Lear* decision, the United States Court of Appeals for the Seventh Circuit was the first to consider how the doctrine of marking estoppel would apply in this new landscape.<sup>71</sup> In *Beckman Instruments, Inc. v. Technical Development Corp.*,<sup>72</sup> the Seventh Circuit first noted that the district court's ruling, based on the theory of licensee estoppel, was overruled in light of *Lear*.<sup>73</sup> Without the aid of licensee estoppel, the licensor argued that marking estoppel could be invoked to produce the same result as licensee estoppel.<sup>74</sup> In rejecting this argument, the court held "as a matter of law that licensees are no longer estopped to challenge *the validity of a licensed patent* merely because they have marked their products with the patent number."<sup>75</sup>

In another case, decided by the same panel of the Seventh Circuit, the court was presented with an opportunity to clarify marking estoppel's effect on a marker's denial of infringement.<sup>76</sup> The district court ruled that the defendant's apparatus did not infringe the patent in suit yet held the defendant liable for royalties under the doctrine of marking estoppel.<sup>77</sup> The Seventh Circuit reversed the district court's non-infringement decision, holding the defendant's apparatus infringed the patent, both literally and under the doctrine of equivalents.<sup>78</sup> As a result of this holding of infringement, the court stated, "it is unnecessary for us to decide the question

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<sup>68</sup> *Id.* at 670–71 (emphasis added).

<sup>69</sup> *Id.*

<sup>70</sup> *Id.* at 671 ("We are satisfied that *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, [339 U.S. 827 (1950)], itself the product of a clouded history, should no longer be regarded as sound law with respect to its 'estoppel' holding, and that holding is now overruled."). The *Automatic Radio* "estoppel" holding prohibited a licensee from "challeng[ing] the validity of the licensed patents." *Automatic Radio*, 339 U.S. at 836.

<sup>71</sup> *Beckman Instruments, Inc. v. Technical Dev. Corp.*, 433 F.2d 55 (7th Cir. 1970).

<sup>72</sup> *Id.*

<sup>73</sup> *Id.* at 58.

<sup>74</sup> *Id.*

<sup>75</sup> *Id.* at 59 (emphasis added); see *Kraly v. Nat'l Distillers & Chem. Corp.*, 502 F.2d 1366, 1369 (7th Cir. 1974) (ruling that a licensee "is not estopped from challenging the validity of the patent"); *Precision Shooting Equip., Inc. v. Allen*, 199 U.S.P.Q. (BNA) 459, 460–61 (E.D. Ill. 1978) (holding that past and continued marking by a party will not bar or estop a validity challenge).

<sup>76</sup> *Crane Co. v. Aeroquip Corp.* (*Crane I*), 504 F.2d 1086 (7th Cir. 1974).

<sup>77</sup> *Crane Co. v. Aeroquip Corp.* (*Crane I*), 364 F. Supp. 547, 559, 561 (N.D. Ill. 1973), *aff'd in part, rev'd in part*, 504 F.2d 1086 (7th Cir. 1974).

<sup>78</sup> *Crane II*, 504 F.2d at 1091.

whether the court was right in holding defendant liable by reason of marking [estoppel]. We express no opinion on that phase of the decision below.”<sup>79</sup> The district court’s unreviewed finding, however, that the defendant had “a specific intent to mark” suggests an extra requirement of scienter<sup>80</sup> may be necessary before marking estoppel will preclude a party from denying infringement.<sup>81</sup>

Indeed, that is exactly what the Second Circuit held in *Boyd v. Schildkraut Giftware Corp.*<sup>82</sup> In *Boyd*, although the licensee modified its product such that it was no longer covered by the licensed patent, the licensee inadvertently marked the modified product with the patent number.<sup>83</sup> The court found that a “mismarker” who is accused of infringement should be able to defeat a claim of marking estoppel by showing the mismarking was inadvertent and limited in time.<sup>84</sup> Mismarking is defined by statute and includes the act of marking a patent number on a product with the intent of deceiving the public and inducing them to believe that product was made or sold with the consent of the patentee.<sup>85</sup> Although the *Boyd* court ruled that inadvertent mismarking for a limited time did not result in estoppel, it did note that “deliberate mismarking of even a limited nature or inadvertent mismarking over a prolonged period would justify an estoppel.”<sup>86</sup> This was the first case to suggest that an element of scienter was required for marking estoppel to apply.

To date, only a single district court judge has rejected the doctrine of marking estoppel, ruling that the “marking estoppel doctrine . . . is no longer viable and is

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<sup>79</sup> *Id.* at 1093. Notwithstanding the Seventh Circuit’s silence, after *Lear*, on the effect of marking estoppel on a denial of infringement, district courts in Illinois have held that the doctrine does not preclude such a denial. *See, e.g., Precision Shooting*, 199 U.S.P.Q. (BNA) at 460–61 (holding that past and continued marking by a party will not act as a bar or estoppel to a denial of patent infringement).

<sup>80</sup> *See* BLACK’S LAW DICTIONARY 1373 (8th ed. 2004) (“2. A mental state consisting in an intent to deceive, manipulate, or defraud.”).

<sup>81</sup> *Crane I*, 364 F. Supp. at 560. *But cf. id.* (noting the absence of authority requiring “wrongful intent” in marking estoppel cases).

<sup>82</sup> 936 F.2d 76 (2d Cir. 1991). *Boyd* was a suit for royalties under a patent license, a state law claim. *Id.* at 80. The federal case arose under diversity jurisdiction. *Id.* Thus, the United States Court of Appeals for the Second Circuit exercised appellate jurisdiction rather than the United States Court of Appeals for the Federal Circuit. *Id.*

<sup>83</sup> *Id.* at 79.

<sup>84</sup> *Id.* However, the court went on, “[o]f course, deliberate mismarking of even a limited nature or inadvertent mismarking over a prolonged period would justify an estoppel.” *Id.*; *see also* Slip Track Sys., Inc. v. Metal Lite, Inc., 113 F. App’x 930, 934 (Fed. Cir. 2004) (“[E]ven assuming the doctrine remains viable, it . . . ‘should arise only when a consideration of all aspects of a defendant’s pertinent conduct makes it inequitable for him to take a position contrary to his prior statements or actions.’”) (quoting *Boyd*, 936 F.2d at 79); *Elite Licensing, Inc. v. Thomas Plastics, Inc.*, 250 F. Supp. 2d 372, 385 (S.D.N.Y. 2003), *appeal dismissed*, 95 F. App’x 1000 (Fed. Cir. 2004) (stating if “a party knowingly and deliberately marks its product with a patent number for a period of years, thereby representing to the public that the product is covered by the patent, that party is estopped from later denying in an infringement suit that the product is covered by the patent”); *Eastman Kodak Co. v. E.I. DuPont de Nemours & Co.*, 298 F. Supp. 718, 733 (E.D. Tenn. 1969) (noting that mismarking that was “mistakenly and innocently made with no intent to deceive . . . is not a basis for estoppel”).

<sup>85</sup> 35 U.S.C. § 292(a) (2006).

<sup>86</sup> *Boyd*, 936 F.2d at 79.

inconsistent with the provisions of Title 35 [of the United States Code].”<sup>87</sup> On appeal, the United States Court of Appeals for the Federal Circuit responded, stating “[i]t is not necessary to decide whether the doctrine of marking estoppel is still viable.”<sup>88</sup>

The Federal Circuit has issued only three opinions that substantively mention the doctrine of marking estoppel.<sup>89</sup> In all three opinions, the court has questioned the continued viability of the doctrine.<sup>90</sup> Further, the court has found the doctrine inapplicable in all three cases.<sup>91</sup>

Indeed, the Federal Circuit has given only a precious few insights into the doctrine. The court has ruled that an admittedly noninfringing product may not be treated as an infringing product solely due to application of the doctrine of marking estoppel.<sup>92</sup> Probably more importantly, the court has indicated that if viable, application of the doctrine of marking estoppel would likely require a showing of scienter.<sup>93</sup>

## II. ANALYSIS

The sporadic appearance of the doctrine of marking estoppel in the past combined with the Federal Circuit’s questioning commentary now leaves uncertain the precise status of the doctrine and under what circumstances it might be used. Section A reasons that, notwithstanding suggestions to the contrary, the doctrine of marking estoppel remains viable. This still leaves the question of how the doctrine impacts patent infringement denials and patent validity challenges. Section B examines the relationship between the doctrine of marking estoppel and patent infringement denials, and Section C explores the circumstances in which marking estoppel has been used to defeat patent validity challenges. Finally, Section D addresses the equitable aspects of the doctrine of marking estoppel.

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<sup>87</sup> *High Frequency Prods., Inc. v. Wynn’s Climate Sys., Inc. (High Frequency I)*, 892 F. Supp. 1515, 1519 (S.D. Fla. 1995), *aff’d*, (*High Frequency II*), No. 95-1468, 1996 U.S. App. LEXIS 9957 (Fed. Cir. Apr. 30, 1996).

<sup>88</sup> *High Frequency II*, 1996 U.S. App. LEXIS 9957, at \*4.

<sup>89</sup> *Slip Track*, 113 F. App’x at 930; *High Frequency II*, 1996 U.S. App. LEXIS 9957; *Smithkline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878 (Fed. Cir. 1988).

<sup>90</sup> *Slip Track*, 113 F. App’x at 934 (“even assuming the doctrine [of marking estoppel] remains viable”); *High Frequency II*, 1996 U.S. App. LEXIS 9957, at \*4 (“regard-less of [the doctrine of marking estoppel’s] vitality”); *Smithkline*, 859 F.2d at 890 (“[w]hatever the validity of the ‘marking estoppel’ line of cases”).

<sup>91</sup> *Slip Track*, 113 F. App’x at 934 (“[The doctrine of marking estoppel] does not apply to the facts of this case.”); *High Frequency II*, 1996 U.S. App. LEXIS 9957, at \*4 (“[T]he doctrine [of marking estoppel] is inapplicable under the circumstances of this case.”); *Smithkline*, 859 F.2d at 890 (“[W]e do not find [the marking estoppel line of cases] applicable to the present case.”).

<sup>92</sup> *Smithkline*, 859 F.2d at 891. The *Smithkline* court was confronted with a product that the plaintiff admitted was not covered by its patents either literally or under the doctrine of equivalents. *Id.* at 890. Nonetheless, the defendant marked its product with the number of the plaintiff’s patent. *Id.* at 881.

<sup>93</sup> *Slip Track*, 113 F. App’x at 934 (“[The doctrine of] marking estoppel, like other varieties of estoppel, should arise only when a consideration of all aspects of a defendant’s pertinent conduct makes it inequitable for him to take a position contrary to his prior statements or actions.” (alteration in original) (quoting *Boyd v. Schildkraut Giftware Corp.*, 936 F.2d 76, 79 (2d Cir. 1991))).

### A. *The Doctrine of Marking Estoppel Remains Viable*

There can be little doubt the doctrine of marking estoppel remains viable. The doctrine has been around for quite a long time.<sup>94</sup> The contours of the doctrine have been defined and modified many times.<sup>95</sup> Modern courts, including the Federal Circuit, have referred to marking estoppel.<sup>96</sup> The Federal Circuit has even rejected a district court's conclusion that the doctrine was extinct.<sup>97</sup>

That leading patent law treatise authors have written on the doctrine<sup>98</sup> suggests the continued viability of marking estoppel. Although the Federal Circuit has yet to explicitly adopt marking estoppel or apply it to the facts of a case, the court has commented on the doctrine.<sup>99</sup> Thus, even if it did not explicitly recognize the doctrine, the court's passing mention of it, in and of itself, suggests that the doctrine of marking estoppel is still viable.

Given the close relationship between the doctrines of patent licensee estoppel and marking estoppel,<sup>100</sup> one might have questioned whether the Supreme Court's decision in *Lear*<sup>101</sup> eviscerated marking estoppel along with patent licensee estoppel. An answer to the question came less than fifteen months after *Lear*, when the Seventh Circuit issued its opinion in *Beckman*, reanalyzing the doctrine of marking estoppel as an independent legal doctrine in the absence of patent licensee estoppel.<sup>102</sup> A number of other courts followed suit and continued to apply the doctrine of marking estoppel even though the doctrine of patent licensee estoppel was

<sup>94</sup> See *Kant-Skore Piston Co. v. Sinclair Mfg. Corp.*, 32 F.2d 882 (6th Cir. 1929); *Piaget Novelty Co. v. Headley*, 108 F. 870 (2d Cir. 1901); *Regina Music Box Co. v. Newell*, 131 F. 606 (C.C.S.D.N.Y. 1904).

<sup>95</sup> See *Crane Co. v. Aeroquip Corp.* (*Crane ID*), 504 F.2d 1086 (7th Cir. 1974); *Kraly v. Nat'l Distillers & Chem. Corp.*, 502 F.2d 1366 (7th Cir. 1974); *Beckman Instruments, Inc. v. Technical Dev. Corp.*, 433 F.2d 55 (7th Cir. 1970); *Gridiron Steel Co. v. Jones & Laughlin Steel Corp.*, 361 F.2d 791 (6th Cir. 1966); *Consol. Electroynamics Corp. v. Midwestern Instruments, Inc.*, 260 F.2d 811 (10th Cir. 1958); *Kenyon v. Automatic Instrument Co.*, 186 F.2d 752 (6th Cir. 1951); *Harley C. Loney Co. v. Perfect Equip. Corp.*, 178 F.2d 165 (7th Cir. 1949); *Collis Co. v. Consol. Mach. Tool Corp. of Am.*, 41 F.2d 641 (8th Cir. 1930); *Precision Shooting Equip., Inc. v. Allen*, 199 U.S.P.Q. (BNA) 459 (E.D. Ill. 1978); *Eastman Kodak Co. v. E.I. DuPont de Nemours & Co.*, 298 F. Supp. 718 (E.D. Tenn. 1969); *Canaan Prods., Inc. v. Edward Don & Co.*, 273 F. Supp. 492 (N.D. Ill. 1966), *aff'd*, 388 F.2d 540 (7th Cir. 1968); *Dwight & Lloyd Sintering Co. v. Am. Ore Reclamation Co.*, 44 F. Supp. 401 (S.D.N.Y. 1941).

<sup>96</sup> See *Slip Track*, 113 F. App'x at 930; *High Frequency II*, 1996 U.S. App. LEXIS 9957, at \*4; *Boyd*, 936 F.2d at 76; *Smithkline*, 859 F.2d at 878; *Barnett v. Strom*, 265 F. Supp. 2d 946 (N.D. Ill. 2003); *Elite Licensing, Inc. v. Thomas Plastics, Inc.*, 250 F. Supp. 2d 372 (S.D.N.Y. 2003), *appeal dismissed*, 95 F. App'x 1000 (Fed. Cir. 2004).

<sup>97</sup> *High Frequency II*, 1996 U.S. App. LEXIS 9957, at \*4 (rejecting the district court's determination that "the doctrine is no longer viable" and stating that "regard-less [sic] of its vitality as a general matter, the doctrine [of marking estoppel] is inapplicable under the circumstances of this case").

<sup>98</sup> See 5B CHISUM, *supra* note 3, § 18.06[1][e]; HARMON, *supra* note 61, § 12.4(d).

<sup>99</sup> *Slip Track*, 113 F. App'x at 934; *High Frequency II*, 1996 U.S. App. LEXIS 9957, at \*4; *Smithkline*, 859 F.2d at 890.

<sup>100</sup> See, e.g., *Beckman*, 433 F.2d at 59 (observing that "arguments in support of [the doctrines of marking estoppel and licensee estoppel] sound very similar" and extending the reasoning of *Lear* to marking estoppel); *Dwight & Lloyd*, 44 F. Supp. at 401.

<sup>101</sup> *Lear, Inc. v. Adkins*, 395 U.S. 653, 671 (1969) (setting aside the doctrine of patent licensee estoppel).

<sup>102</sup> *Beckman*, 433 F.2d at 55.

no longer available.<sup>103</sup> Indeed, this should have been expected, for *Lear* dealt exclusively with patent licensee estoppel and abandoned that doctrine based on policy considerations concerning the relationship of the patent laws with contract laws, considerations which do not apply to marking estoppel.<sup>104</sup>

The viability of marking estoppel, however, is only the penultimate issue. The more important questions are whether marking estoppel can be invoked to prevent denials of patent infringement and whether marking estoppel precludes patent validity challenges.

### *B. Marking Estoppel & Patent Infringement Denials*

Since its inception, the doctrine of marking estoppel has been used to preclude a marker's denial of patent infringement.<sup>105</sup> Many of the older decisions that applied the doctrine to prevent infringement denials did not explicitly state a policy rationale justifying the application of the doctrine.<sup>106</sup> Since then, however, a series of policy rationales have been suggested for applying the doctrine of marking estoppel to prevent a denial of infringement.

One justification notes that by marking a product as covered by a patent, a party is holding out to the public that a license remains in effect.<sup>107</sup> Although not explicitly mentioning this rationale, several other courts have breathed life into it by treating markers as operating under a license.<sup>108</sup> A related rationale details that by marking a product, a party is holding out to the public that the product is produced under the patent.<sup>109</sup> A third rationale is that by marking a product as patented, the marker is holding off competition in the marketplace.<sup>110</sup>

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<sup>103</sup> *Boyd v. Schildkraut Giftware Corp.*, 936 F.2d 76 (2d Cir. 1991); *Barnett v. Strom*, 265 F. Supp. 2d 946 (N.D. Ill. 2003); *Elite Licensing, Inc. v. Thomas Plastics, Inc.*, 250 F. Supp. 2d 372 (S.D.N.Y. 2003), *appeal dismissed*, 95 F. App'x 1000 (Fed. Cir. 2004).

<sup>104</sup> *See Lear*, 395 U.S. at 656 (stressing "the strong federal policy favoring free competition in ideas which do not merit patent protection"); *Id.* at 670 (recognizing that licensees may be the only party with enough incentive to challenge a patent); *Id.* (predicting that the public will have to "pay tribute" to invalid patents without validity challenges by licensees).

<sup>105</sup> *See Piaget Novelty Co. v. Headley*, 108 F. 870, 872-73 (2d Cir. 1901).

<sup>106</sup> *See, e.g., Dwight & Lloyd Sintering Co. v. Am. Ore Reclamation Co.*, 44 F. Supp. 401, 402 (S.D.N.Y. 1941) ("Defendant, in view of all the circumstances can not successfully maintain in this action that the [marked products] did not embody such patents."); *Piaget*, 108 F. at 872-73 ("We are satisfied that now . . . it does not lie in the mouth of [the defendant] to assert . . . that the [products] he used to stamp and sell as being within said patent are not infringements.")

<sup>107</sup> *Kant-Skore Piston Co. v. Sinclair Mfg. Corp.*, 32 F.2d 882, 885 (6th Cir. 1929) (equating marking with "deliberately purporting to manufacture and sell [products] under the patent and the contract"); *Regina Music Box Co v. Newell*, 131 F. 606, 606-07 (S.D.N.Y. 1904) (marking leads "the purchaser to believe that the license still continues").

<sup>108</sup> *Kraly v. Nat'l Distillers & Chem. Corp.*, 502 F.2d 1366, 1372 (7th Cir. 1974) (noting the "eminently correct" decision of the district court in enforcing a license until the licensee ceased marking its products as covered by the patent); *Kant-Skore*, 32 F.2d at 886 (treating a party as if still operating under a license so long as it continued to mark its products).

<sup>109</sup> *Boyd v. Schildkraut Giftware Corp.*, 936 F.2d 76, 79 (2d Cir. 1991) (suggesting that only *de minimis* mismarking does not present adverse effects on the consuming public); *Harley C. Loney Co. v. Perfect Equip. Corp.*, 178 F.2d 165, 169-70 (7th Cir. 1949) (marking is "a representation to the public that . . . the product marked is authorized to be manufactured and sold under the patent"); *Collis Co. v. Consol. Mach. Tool Corp. of Am.*, 41 F.2d 641, 645 (8th Cir. 1930) (marker was "falsely

All three of these rationales are derivatives of one another and seem to argue the same point: by marking a product as patented, the marker is holding out to the public that the product is protected in the marketplace by a patent's limited monopoly.<sup>111</sup> During the term of a patent<sup>112</sup> a patentee has the exclusive right to manufacture, use, and sell the patented invention.<sup>113</sup> Marking is a way for a party to take advantage of this monopoly grant because it deters other competitors from interfering with the constitutionally authorized statutory grant of a monopoly.<sup>114</sup>

The deterrent effect of a patent mark on a product can only come from the assumption that the product itself embodies the limitations of the patent.<sup>115</sup> Courts have recognized that it is manifestly unjust to allow the marker, having taken advantage of this assumption and marked a product as covered by a patent, to subsequently claim the product does not embody the claims of the patent.<sup>116</sup>

### C. Marking Estoppel & Patent Validity Challenges

When the doctrine of marking estoppel first emerged, there was no reason to apply it to a patent validity challenge because such a challenge was dismissed on the

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representing that [its] device was protected by patent"). It has been implied that only a significant marking may put the public on notice that the product is authorized under a patent. *Kenyon v. Automatic Instrument Co.*, 186 F.2d 752, 756 (6th Cir. 1951) (stating that "the inclusion of the patent number in a somewhat *meaningless patent notice*" did not justify applying marking estoppel) (emphasis added).

<sup>110</sup> *Beckman Instruments, Inc. v. Technical Dev. Corp.*, 433 F.2d 55, 59 (7th Cir. 1970) (acknowledging that "[p]erhaps it is true that such marking provides the licensee with additional protection from competitors"); *Collis*, 41 F.2d at 645 (noting that the marker had "enjoyed the benefits of the monopoly protected by [the] patent"); *Kant-Skore*, 32 F.2d at 885 (observing that the defendant, by marking, had gained "protection in fact from interference by plaintiff and all third parties with the monopoly of its article"); *Elite Licensing, Inc. v. Thomas Plastics, Inc.*, 250 F. Supp. 2d 372, 386 (S.D.N.Y. 2003) ("Having asserted for years that the accused merchandisers are covered by the [patent] and reaped the benefits of that protection it would be inequitable to allow [the defendant] to now assert that those merchandisers are not covered by the patent at issue.").

<sup>111</sup> See U.S. CONST. art. I, § 8, cl. 8 ("The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 229 (1964) ("The grant of a patent is the grant of a statutory monopoly.").

<sup>112</sup> 35 U.S.C. § 154(a)(2) (2006) (defining a patent term as ending twenty years from the date of application).

<sup>113</sup> *Id.* § 271(a) (defining an infringer as one who "without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent"); *Merck KGaA v. Integra Lifesciences I, Ltd.*, 545 U.S. 193, 195 (2005).

<sup>114</sup> *Kant-Skore*, 32 F.2d at 885 (observing that the defendant, by marking, had gained "protection in fact from interference by plaintiff and all third parties with the monopoly of its article").

<sup>115</sup> See 35 U.S.C. § 287(a) (requiring notice in order to collect infringement damages and sanctioning actual notice via marking).

<sup>116</sup> See, e.g., *Elite Licensing, Inc. v. Thomas Plastics, Inc.*, 250 F. Supp. 2d 372, 386 (S.D.N.Y. 2003) ("Having asserted for years that the accused merchandisers are covered by [the patent] and reaped the benefits of that protection, it would be inequitable to allow [the defendant] to now assert that those merchandisers are not covered by the patent at issue.").

basis of licensee estoppel.<sup>117</sup> In fact, with few exceptions, patent validity challenges were routinely disposed of by other means despite the fact marking estoppel was available.<sup>118</sup>

The notable exception to this pattern in the early case law was *Regina Music Box*.<sup>119</sup> In *Regina Music Box*, the court specifically noted that not only had the defendant continued to manufacture the patented music boxes without a license, it had also naively continued to place a patent stamp on the products.<sup>120</sup> Licensee estoppel could not be invoked in that case because there was no valid license agreement in effect at the time of suit.<sup>121</sup> Assignor estoppel<sup>122</sup> could not be invoked either because the defendant was not the patentee or assignor of the patent.<sup>123</sup> Apparently, with no other way of holding the defendants estopped to challenge the validity of the patent, the court invoked the doctrine of marking estoppel.<sup>124</sup>

When the United States Court of Appeals for the Seventh Circuit readdressed marking estoppel in *Beckman*, after *Lear*, the court compared the policies behind marking estoppel with those behind licensee estoppel.<sup>125</sup> The court noted that the “arguments in support of [the doctrines of licensee estoppel and marking estoppel] sound very similar.”<sup>126</sup> Although this might be the case with regard to patent validity challenges, it is not true with regard to denials of infringement.<sup>127</sup> The public interest which demands that licensees, and perhaps marking parties, be free to challenge the validity of a patent is not implicated in a patent infringement claim because a patent infringement claim is a private cause of action between two parties.

It should have been clear that courts would not allow marking estoppel to serve as a backdoor to the Supreme Court’s decision in *Lear*. Consider a common scenario wherein a patentee licenses its patent. The license may include language that it only covers products that would otherwise infringe a valid claim of the patent.<sup>128</sup> Alternatively, the license may identify the covered products by model number. In

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<sup>117</sup> See *Piaget Novelty Co. v. Headley*, 108 F. 870, 871 (2d Cir. 1901).

<sup>118</sup> See, e.g., *Dwight & Lloyd Sintering Co. v. Am. Ore Reclamation Co.*, 44 F. Supp. 401, 402 (S.D.N.Y. 1941) (licensee estoppel); *Piaget*, 108 F. at 871 (licensee estoppel).

<sup>119</sup> *Regina Music Box Co. v. Newell*, 131 F. 606 (C.C.S.D.N.Y. 1904).

<sup>120</sup> *Id.* at 606.

<sup>121</sup> *Id.*

<sup>122</sup> See *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 351 (1924) (describing the doctrine as precluding an assignor from challenging the validity of its own patent); *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220, 1224 (Fed. Cir. 1988) (“Assignor estoppel is an equitable doctrine that prevents one who has assigned the rights to a patent (or patent application) from later contending that what was assigned is a nullity.”).

<sup>123</sup> *Regina Music Box*, 131 F. at 606.

<sup>124</sup> *Id.* at 607.

<sup>125</sup> *Beckman Instruments, Inc. v. Technical Dev. Corp.*, 433 F.2d 55, 59 (7th Cir. 1970).

<sup>126</sup> *Id.*

<sup>127</sup> See *Lear, Inc. v. Adkins*, 395 U.S. 653, 670–71 (1969). The Court identified the “important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain” as the rationale for permitting licensees to challenge the validity of a licensed patent. *Id.* This policy rationale does not apply in the infringement context because there is no danger of the public being “required to pay tribute to would-be monopolists without need or justification.” *Id.* at 670.

<sup>128</sup> See *Serocint Research & Techs., Inc. v. Unigen Pharms., Inc.*, 541 F. Supp. 2d 1238, 2008 U.S. Dist. LEXIS 10674, at \*5–6 (D. Utah 2008) (“The License Agreement defines [the licensed product] as a product in the scope of a claim or claims of the ‘308 patent.’”).



order to reserve for itself the opportunity to collect maximum damages from future infringers, the patentee will likely require the licensee to mark its products with the patent number.<sup>129</sup> The licensee, in accordance with the license, then marks its products with the number of the licensed patent. If the mere existence of a license could not preclude a patent validity challenge, there is no reason why the marking requirement of a license agreement alone could bar a patent validity challenge.

Marking estoppel can be invoked against non-licensees, like unauthorized markers,<sup>130</sup> as well as licensees. Examining the *Beckman* decision from the public's point of view, as *Lear* seems to instruct<sup>131</sup>, there is no difference between a licensee and an unauthorized marker. In both cases, a product with a patent number marked on it deters competition and increases consumer expectations. In ordinary circumstances, neither the competitor nor the consumer will know whether the marker is a licensee or an unauthorized marker. Nonetheless, the effect on the competitor and the consumer should be the same. Thus, the *Beckman* court's reasoning would be equally applicable to cases where the marker was not a licensee.

Since the *Beckman* decision, there have not been many reported decisions involving marking estoppel. This may be one of the reasons the Federal Circuit has questioned the continued viability of the doctrine.<sup>132</sup>

#### *D. Implications of Equity*

One of the only other significant marking estoppel cases to be decided since *Lear* was *Boyd v. Schildkraut Giftware Corp.*<sup>133</sup> In *Boyd*, the court conditioned applicability of the doctrine of marking estoppel on a showing of scienter on the part of the marker.<sup>134</sup> The court incorporated the scienter requirement of the mismarking statute<sup>135</sup> into the doctrine of marking estoppel.<sup>136</sup>

According to the *Boyd* court, the scienter element of marking estoppel may be met in one of two ways.<sup>137</sup> First, deliberate mismarking for any period of time would

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<sup>129</sup> 35 U.S.C. § 287(a) (2006) (limiting infringement damages to those occurring after actual notice and allowing patent marking as permissible actual notice).

<sup>130</sup> *Id.* § 292(a) (including in the definition of false markers those who mark a product with the intent of counterfeiting or imitating a patentee's mark).

<sup>131</sup> *Lear*, 395 U.S. at 670 (remarking that "the equities of the licensor do not weigh very heavily when they are balanced against the important public interest").

<sup>132</sup> *Slip Track Sys., Inc. v. Metal Lite, Inc.*, 113 F. App'x 930, 934 (Fed. Cir. 2004) ("[E]ven assuming the doctrine remains viable, it does not apply to the facts of this case."); *High Frequency Prods., Inc. v. Wynn's Climate Sys., Inc. (High Frequency II)*, No. 95-1468, 1996 U.S. App. LEXIS 9957, at \*4 (Fed. Cir. Apr. 30, 1996) ("It is not necessary to decide whether the doctrine of marking estoppel is still viable."); *Smithkline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878, 890 (Fed. Cir. 1988) ("Whatever the validity of the 'marking estoppel' line of cases, we do not find [them] applicable to the present case.").

<sup>133</sup> 936 F.2d 76 (2d Cir. 1991).

<sup>134</sup> *Id.* at 79.

<sup>135</sup> 35 U.S.C. § 292(a).

<sup>136</sup> *Boyd*, 936 F.2d at 79 (referring to "the scienter requirement of the mismarking offense"); see *Dwight & Lloyd Sintering Co. v. Am. Ore Reclamation Co.*, 44 F. Supp. 401, 402 (S.D.N.Y. 1941) (applying marking estoppel "in view of all the circumstances").

<sup>137</sup> *Boyd*, 936 F.2d at 79.

justify the application of marking estoppel.<sup>138</sup> Second, innocent or unintentional marking for a prolonged period would warrant marking estoppel.<sup>139</sup> For instance, if a manufacturer intentionally placed a patent number on its product in order to deter competition even though the manufacturer had no rights to the patent, the scienter requirement would be met. Alternatively, if a licensee placed a patent number on its product for a prolonged period of time, even under the license, the scienter element would also be met.

As an equitable doctrine,<sup>140</sup> the application of marking estoppel should be limited as fairness and justice demand.<sup>141</sup> In this light, the requirement that a party demonstrate scienter to establish liability under the doctrine of marking estoppel seems exceedingly reasonable.

Another aspect of the doctrine of marking estoppel is that, as an equitable doctrine, it is subject to the doctrine of unclean hands.<sup>142</sup> The doctrine of unclean hands prevents a party from asserting an equitable defense if that party has acted inequitably itself.<sup>143</sup> Thus, a party asserting the doctrine of marking estoppel should not be able to benefit from its application if the party has violated some equitable principle. This view of the doctrine of marking estoppel would mean that a party invoking the doctrine would have to come to court “with clean hands” to successfully assert marking estoppel.<sup>144</sup>

### III. PROPOSAL

The context in which the doctrine of marking estoppel is asserted should determine its applicability. Section A reasons that the doctrine of marking estoppel should act as a bar to patent infringement denials. Section B contends that, in light of important public interests, the doctrine of marking estoppel should not preclude patent validity challenges. Finally, section C suggests how two equitable principles complement the doctrine of marking estoppel.

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<sup>138</sup> *Id.*; see also *Slip Track Sys., Inc. v. Metal Lite, Inc.*, 113 F. App'x 930, 934 (Fed. Cir. 2004) (refusing to apply marking estoppel because there was no evidence of deliberate mismarking).

<sup>139</sup> *Boyd*, 936 F.2d at 79.

<sup>140</sup> *High Frequency Prods., Inc. v. Wynn's Climate Sys., Inc. (High Frequency II)*, No. 95-1468, 1996 U.S. App. LEXIS 9957, at \*2-3 (Fed. Cir. Apr. 30, 1996) (referring to “the equitable doctrine of patent marking estoppel”).

<sup>141</sup> 27A AM. JUR. 2D *Equity* § 110 (2007) (“The court will grant relief only when fairness and good conscience demand it.”); BLACK'S LAW DICTIONARY 578 (8th ed. 2004) (defining equitable as: “1. Just; consistent with principles of justice and right. 2. Existing in equity; available or sustainable by an action in equity, or under the rules and principles of equity”).

<sup>142</sup> *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 814 (1945) (reciting “the equitable maxim that ‘he who comes into equity must come with clean hands’”).

<sup>143</sup> BLACK'S LAW DICTIONARY 268 (8th ed. 2004) (defining the clean-hands doctrine as “[t]he principle that a party cannot seek equitable relief or assert an equitable defense if that party has violated an equitable principle, such as good faith”).

<sup>144</sup> *Precision Instrument*, 324 U.S. at 814 (observing that “he who comes into equity must come with clean hands”).

### A. *The Doctrine Precludes Infringement Denials*

The doctrine of marking estoppel should operate to preclude a marker from denying patent infringement because of the private nature of infringement and traditional notions of equity.<sup>145</sup> In *Lear*, the Supreme Court instructed that the “important public interest in permitting full and free competition in the use of ideas” is paramount to the “technical requirements of contract doctrine.”<sup>146</sup> However, a patent infringement claim does not involve this public interest because infringement only affects the parties to the litigation.<sup>147</sup> A finding of infringement does not result in the public “pay[ing] tribute to would-be monopolists without need or justification.”<sup>148</sup> Rather, the only payment from such a finding would be between the parties.<sup>149</sup>

When the public interest described in *Lear* is not implicated, other interests should control.<sup>150</sup> The equities between a licensor and licensee are rooted in contract doctrine.<sup>151</sup> Although these interests must yield to the “important public interest”<sup>152</sup> in patent validity challenges, they may, and should, control in patent infringement denials.

A traditional view of estoppel also calls for the conclusion that marking should act as a bar to denying infringement of the marked patent. By marking its product with a patent number, a marker holds out to the public that its product is protected in the marketplace by a patent’s limited monopoly.<sup>153</sup> Marking deters the marker’s

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<sup>145</sup> BLACK’S LAW DICTIONARY 589 (8th ed. 2004) (defining estoppel as a “bar that prevents one from asserting a claim . . . that contradicts what one has said or done before”).

<sup>146</sup> *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969); *see also* *Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362, 1368 (Fed. Cir. 2001) (holding that the important public interest identified in *Lear* “trumps” other interests); *Thompson-Hayward Chem. Co. v. Rohm & Haas Co.*, 745 F.2d 27, 33 (Fed. Cir. 1984) (noting that the important public interest identified in *Lear* prevails over other interests).

<sup>147</sup> *See* 35 U.S.C. § 281 (2006) (“A *patentee* shall have a remedy by civil action for infringement of his patent.”) (emphasis added); *Id.* § 100(d) (“The word ‘patentee’ includes not only the patentee to whom the patent was issued but also the successors in title to the patentee.”); *Minco, Inc. v. Combustion Eng’g, Inc.*, 95 F.3d 1109, 1116 (Fed. Cir. 1996) (“Under the Patent Act, only patentees may bring an action for infringement.”); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1551 (Fed. Cir. 1995) (en banc). The remedies available to a prevailing patentee also suggest the public is not involved. *See, e.g.*, 35 U.S.C. § 283 (allowing injunctions to issue against an infringer “to prevent the violation of any right secured by patent”); *Id.* § 284 (defining how damages, paid by the infringer to the patent owner, are to be determined).

<sup>148</sup> *Lear*, 395 U.S. at 670.

<sup>149</sup> 35 U.S.C. § 284 (defining the damages payable to the successful claimant by the patent infringer).

<sup>150</sup> *See, e.g.*, *Hemstreet v. Spiegel, Inc.*, 851 F.2d 348, 350 (Fed. Cir. 1988) (enforcing a settlement agreement to pay royalties “involves another public policy totally absent in *Lear*: the encouragement of settlement of litigation”).

<sup>151</sup> *Lear*, 395 U.S. at 670.

<sup>152</sup> *Id.*

<sup>153</sup> *See* *Beckman Instruments, Inc. v. Technical Dev. Corp.*, 433 F.2d 55, 59 (7th Cir. 1970) (acknowledging that “[p]erhaps it is true that such marking provides the licensee with additional protection from competitors”); *Collis Co. v. Consol. Mach. Tool Corp. of Am.*, 41 F.2d 641, 645 (8th Cir. 1930) (noting that the marker had “enjoyed the benefits of the monopoly protected by [the] patent”); *Kant-Skore Piston Co. v. Sinclair Mfg. Corp.*, 32 F.2d 882, 885 (6th Cir. 1929) (observing that the defendant, by marking, had gained “protection in fact from interference by plaintiff and all third parties with the monopoly of its article”); *Elite Licensing, Inc. v. Thomas Plastics, Inc.*, 250 F. Supp. 2d 372, 386 (S.D.N.Y. 2003) (“Having asserted for years that the accused merchandisers are

competitors from entering the market for fear of infringing a patent. Consumers may also prefer to purchase products covered by patents.

By definition, estoppel “prevents one from asserting a claim . . . that contradicts what one has said or done before.”<sup>154</sup> A marker, having benefited from leading the public to believe that a product embodies a patent, should not be permitted to take a contrary position in court and claim that the product does not embody the claim limitations. The two positions are diametrically opposed.

### *B. The Doctrine Does Not Preclude Validity Challenges*

Unlike denials of patent infringement, patent validity challenges involve precisely the same considerations that led the *Lear* court to eliminate licensee estoppel. The “important public interest in permitting full and free competition in the use of ideas”<sup>155</sup> is equally involved if the case concerns licensee estoppel or marking estoppel. This public interest trumps any private rights between the parties.<sup>156</sup> It follows then that just as a validity challenge is not barred by the existence of a license, the act of marking should also not bar a validity challenge.

This result is also in line with the Supreme Court’s recent decision in *MedImmune, Inc. v. Genentech, Inc.*<sup>157</sup> There, the Court made clear that a licensee need not “bet the farm” and terminate the license prior to seeking a declaratory judgment of patent invalidity.<sup>158</sup> After *Lear*, many courts required a licensee to terminate the license prior to seeking a declaratory judgment of patent invalidity.<sup>159</sup> The *MedImmune* Court merely took the next logical step from *Lear* and eliminated this jurisdictional obstacle.<sup>160</sup> Thus *Lear* and *MedImmune* evince a clear policy on the part of the United States Supreme Court to encourage patent validity challenges. The conclusion that marking a product with a patent number should not affect a patent validity challenge is entirely in line with the Supreme Court’s jurisprudence.

At least one court has stated that a patent mark on a product indicates to the public that the patent is valid.<sup>161</sup> This might suggest that markers should be estopped from challenging the validity of the patent whose number was marked on a product. This policy based argument does not have great force however, in light of

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covered by the [patent] and reaped the benefits of that protection it would be inequitable to allow [the defendant] to now assert that those merchandisers are not covered by the patent at issue.”).

<sup>154</sup> BLACK’S LAW DICTIONARY 589 (8th ed. 2004).

<sup>155</sup> *Lear*, 395 U.S. at 670; *Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362, 1368 (Fed. Cir. 2001); *Thompson-Hayward Chem. Co. v. Rohm & Haas Co.*, 745 F.2d 27, 33 (Fed. Cir. 1984).

<sup>156</sup> *Lear*, 395 U.S. at 670.

<sup>157</sup> 127 S. Ct. 764 (2007).

<sup>158</sup> *Id.* at 775 (“The rule that a plaintiff must destroy a large building, bet the farm, or (as here) risk treble damages and the loss of 80 percent of its business, before seeking a declaration of its actively contested legal rights finds no support in Article III.”).

<sup>159</sup> *See, e.g.*, *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376, 1381 (Fed. Cir. 2004) (concluding that the license “obliterated any reasonable apprehension of a lawsuit”).

<sup>160</sup> *MedImmune*, 127 S. Ct. at 777 (holding that licensees need not break or terminate license agreements before seeking declaratory judgments of patent invalidity in order to obtain Article III subject-matter jurisdiction).

<sup>161</sup> *Harley C. Loney Co. v. Perfect Equip. Corp.*, 178 F.2d 165, 169–70 (7th Cir. 1949) (“The fact that [the defendant] still places upon its manufactured product the number of the [plaintiff’s] patent is a representation to the public that the patent is claimed to be valid . . .”).

the Supreme Court's current jurisprudence, which encourages patent validity challenges.

According to *Lear*, licensees, who may be "the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery,"<sup>162</sup> are not estopped from challenging a licensed patent's validity.<sup>163</sup> In light of *MedImmune*, licensees may challenge the validity of licensed patents even more freely because they no longer need to terminate the license first.<sup>164</sup>

Given the ease with which a licensee may challenge the validity of a patent, invalid patents should not now generally permeate the market. The existence of a patent alone is sufficient to suggest its validity.<sup>165</sup> Marking a patent number on a product does not represent to the public that the patent is *valid*; it merely puts the public on notice of the *existence* of the patent. It is redundant to suggest the marking *also* shows the patent to be valid. Surely this argument can only serve as a "backdoor" to the Supreme Court's rule of allowing patent validity challenges.

### C. The Doctrine's Equitable Elements

There are two main issues that arise from the fact that marking estoppel is an equitable doctrine.<sup>166</sup> First, the doctrine should include an element of scienter. Second, the party asserting the doctrine must come to court with clean hands.

Incorporating a scienter element into marking estoppel is not novel.<sup>167</sup> Even the Federal Circuit has recognized that marking estoppel may include a scienter requirement.<sup>168</sup> Those courts that have explicitly insisted on a showing of scienter have incorporated the "intent to deceive" scienter requirement from the mismarking

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<sup>162</sup> *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969)

<sup>163</sup> *Id.* at 671.

<sup>164</sup> *MedImmune*, 127 S. Ct. at 777.

<sup>165</sup> *See* 35 U.S.C. § 282 (2006).

<sup>166</sup> *See* *High Frequency Prods., Inc. v. Wynn's Climate Sys., Inc. (High Frequency II)*, No. 95-1468, 1996 U.S. App. LEXIS 9957, at \*2-3 (Fed. Cir. Apr. 30, 1996) (referring to "the equitable doctrine of patent marking estoppel").

<sup>167</sup> *Boyd v. Schildkraut Giftware Corp.*, 936 F.2d 76, 79 (2d Cir. 1991) (explicitly incorporating "the scienter requirement of the mismarking offense" into marking estoppel); *Eastman Kodak Co. v. E.I. DuPont de Nemours & Co.*, 298 F. Supp. 718, 733 (E.D. Tenn. 1969) (refusing to apply the doctrine of marking estoppel when the "mismarking was mistakenly and innocently made"); *Dwight & Lloyd Sintering Co. v. Am. Ore Reclamation Co.*, 44 F. Supp. 401, 402 (S.D.N.Y. 1941) (implicitly recognizing the scienter requirement by only applying marking estoppel "in view of all the circumstances").

<sup>168</sup> *Slip Track Sys. v. Metal Lite, Inc.*, 113 F. App'x 930, 934 (Fed. Cir. 2004) (citing *Boyd* with approval and refusing to apply marking estoppel because there was no evidence of deliberate mismarking).

statute.<sup>169</sup> Thus, scienter may be shown by either (1) unintentional mismarking for a prolonged period or (2) deliberate mismarking for even a short period.<sup>170</sup>

Including a scienter element with the doctrine of marking estoppel is in harmony with the doctrine's potentially preclusive effect on denials of patent infringement. One of the reasons that the doctrine should prevent patent infringement denials is that the marker, having benefited from the marking, should not be able to take a contrary position in court. If a licensee marked a product as covered by a patent for a prolonged period, even pursuant to a license, the marker received the benefit of the marking. The scienter requirement would be met under the first prong and the licensee would be estopped from denying infringement of the patent. A deliberate mismarker would, under the second prong, automatically meet the scienter requirement, regardless of intent.

The doctrine of marking estoppel should also be subject to the doctrine of unclean hands. The party asserting the doctrine of marking estoppel is seeking equity. As such, that party must "do equity"<sup>171</sup> and come into court with "clean hands."<sup>172</sup> Misconduct by the asserting party should prevent application of the doctrine against the marker.<sup>173</sup> A determination of misconduct and its effect is discretionary for the trial judge.<sup>174</sup>

Because the doctrine of marking estoppel does not affect a patent validity challenge, the doctrine of unclean hands also does not apply to such a challenge. Some might argue that a licensee who has unclean hands should be barred from challenging the validity of a licensed patent. The fact that marking estoppel does not preclude a patent validity challenge benefits such a licensee because the licensee can challenge the validity of a patent notwithstanding the licensee's inequitable behavior. However, *Lear* makes clear that the "important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain" is paramount to any interests between the parties.<sup>175</sup> Thus, the public interest requires what might otherwise seem to be an unfair result—allowing the licensee with unclean hands to challenge the validity of a patent even after marking its

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<sup>169</sup> *Boyd*, 936 F.2d at 79 (explicitly incorporating "the scienter requirement of the mismarking offense" into marking estoppel); 35 U.S.C. § 292(a) (requiring proof of "intent of counterfeiting or imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made, offered for sale, sold, or imported into the United States by or with the consent of the patentee").

<sup>170</sup> *Boyd*, 936 F.2d at 79 ("Of course, deliberate mismarking of even a limited nature or inadvertent mismarking over a prolonged period would justify an estoppel.").

<sup>171</sup> *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1038 (Fed. Cir. 1992) (referring to the maxim, "[h]e who seeks equity must do equity" with respect to avoiding the application of a laches defense).

<sup>172</sup> *Id.*; *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 814 (1945).

<sup>173</sup> *Precision Instrument*, 324 U.S. at 814 (noting that the doors to a court of equity are closed to "one tainted with inequitableness or bad faith relative to the matter in which he seeks relief, however improper may have been the behavior of the [other party]").

<sup>174</sup> *See* *ABF Freight Sys. v. NLRB*, 510 U.S. 317, 329–30 (1994) (Scalia, J. concurring); *Precision Instrument*, 324 U.S. at 815 (observing that the doctrine of unclean hands "gives wide range to the equity court's use of discretion in refusing to aid the unclean litigant"); *Keystone Driller v. Gen. Excavator Co.*, 290 U.S. 240, 245–46 (1933) (noting that enforcement of the doctrine of unclean hands is "not bound by formula or restrained by any limitation that tends to trammel free and just exercise of discretion").

<sup>175</sup> *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969).

products with the patent number. Indeed, the United States Supreme Court has instructed that the doctrine of unclean hands must be suspended “where a private suit serves important public purposes.”<sup>176</sup>

In the context of a marking licensee’s denial of patent infringement, however, the situation is very different. The public interest is not involved in a denial of infringement. The issue is whether the marking party’s product infringes the intellectual property of another. Therefore, there is no reason to suspend the doctrine of unclean hands.<sup>177</sup> A licensor who wishes to successfully invoke the doctrine of marking estoppel to preclude a marking licensee’s denial of patent infringement must have clean hands. If the licensor comes to court with unclean hands and seeks the aid of the equitable doctrine of marking estoppel, the court will likely refuse to apply marking estoppel. It would be inequitable for a licensor to benefit from marking estoppel’s preclusive effect on patent infringement denials if the licensor itself had behaved improperly.

Ultimately, these equitable principles—requiring scienter and clean hands—will help courts apply the doctrine of marking estoppel in the fairest way possible. By using their discretion, courts can avoid unjust results when applying the doctrine of marking estoppel. This is especially important because marking estoppel’s preclusive effect on patent infringement denials effectively eliminates one common defense utilized by accused patent infringers.

#### CONCLUSION

The viability of the doctrine of marking estoppel has been questioned.<sup>178</sup> In light of the Supreme Court’s apparent enthusiasm for patent validity challenges, many more actions involving patent marking in one way or another should arise. Given the high likelihood that a license requires marking, marking estoppel will soon be a common claim in the courts and a major concern for parties.

Notwithstanding intimations to the contrary, the doctrine of marking estoppel is alive and well. The doctrine of marking estoppel may only be applied to preclude patent infringement denials when the marker has exhibited some degree of scienter and the asserting party has not engaged in some other type of misconduct. There are strong policy reasons for not applying the doctrine to prevent patent validity

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<sup>176</sup> *McKennon v. Nashville Banner Publ. Co.*, 513 U.S. 352, 360 (1995) (quoting *Perma Life Mufflers, Inc. v. Int’l Parts Corp.*, 392 U.S. 134, 138 (1968)).

<sup>177</sup> See *McKennon*, 513 U.S. at 360.

<sup>178</sup> *Slip Track Sys. v. Metal Lite, Inc.*, 113 F. App’x 930, 934 (Fed. Cir. 2004); *High Frequency Prods., Inc. v. Wynn’s Climate Sys., Inc. (High Frequency II)*, No. 95-1468, 1996 U.S. App. LEXIS 9957, at \*4 (Fed. Cir. Apr. 30, 1996); *Smithkline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878, 890 (Fed. Cir. 1988); HARMON, *supra* note 61, § 12.4(d) (“The court has not squarely passed on the validity of the so-called marking estoppel doctrine . . . .”); BLACK’S LAW DICTIONARY 591 (8th ed. 2004) (commenting that marking estoppel “has been questioned in recent years”).

challenges. This result is in accord with learned treatise authors,<sup>179</sup> legal references,<sup>180</sup> and most importantly, the Supreme Court's current jurisprudence.<sup>181</sup>

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<sup>179</sup> See, e.g., HARMON, *supra* note 61, § 12.4(d) (defining the "marking estoppel doctrine under which a party, usually a licensee, who marks its product with the patent number is estopped to deny that the product is covered by the patent").

<sup>180</sup> BLACK'S LAW DICTIONARY 591 (8th ed. 2004) (defining marking estoppel as an "[e]stoppel that prevents a party from asserting that a product is not covered by a patent if that party has marked the product with a patent number").

<sup>181</sup> See *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764, 777 (2006) (eliminating any requirement to terminate a license prior to filing a declaratory judgment action of patent invalidity); *Lear, Inc. v. Adkins*, 395 U.S. 653, 671 (1969) (setting aside the doctrine of licensee estoppel).