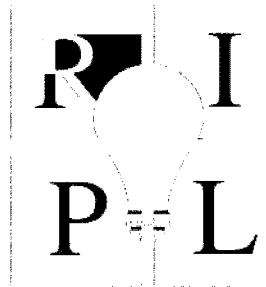


# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



SACKING *SUPER SACK*: USING EXISTING RULES TO PREVENT PATENTEEES  
FROM FLEEING AN IMPROVIDENT PATENT INFRINGEMENT LAWSUIT

VANGELIS ECONOMOU

## ABSTRACT

The Federal Circuit's *Super Sack* decision is striking: a patentee's covenant-not-to-sue for infringement divested the court of subject-matter jurisdiction in deciding the invalidity counterclaim. However, the intent and spirit of the Declaratory Judgment Act and of Federal Rule of Civil Procedure 41(a)(2) suggest that *Super Sack* may have missed the mark. An in-depth analysis of the Declaratory Judgment Act, Federal Rule of Civil Procedure 41(a)(2), and post-*Super Sack* patent cases reveals numerous policy reasons for the Federal Circuit to overturn *Super Sack*.

Copyright © 2008 The John Marshall Law School



*Cite as* Vangelis Economou, *Sacking Super Sack: Using Existing Rules to Prevent Patentees From Fleeing an Improvident Patent Infringement Lawsuit*, 8 J. MARSHALL REV. INTELL. PROP. L. 90 (2009).



# SACKING *SUPER SACK*: USING EXISTING RULES TO PREVENT PATENTEEES FROM FLEEING AN IMPROVIDENT PATENT INFRINGEMENT LAWSUIT

VANGELIS ECONOMOU\*

## INTRODUCTION

Successfully defending against a patent infringement claim is always a good thing, but when a plaintiff is able to avoid allegations of patent invalidity and inequitable conduct by withdrawing its initial claim of patent infringement, the defendant's victory could be considered a pyrrhic one. Allowing a plaintiff, after years of expensive trial preparation, to walk away from a lawsuit it no longer wishes to pursue leaves a defendant the victor of the infringement battle outflanked on the invalidity and unenforceability fronts. It is unsettling for a plaintiff to be able to avoid confronting the defendant's counterclaims merely because the plaintiff is unwilling to continue a patent infringement lawsuit due to the discovery of damning evidence. This problem is particularly acute when such evidence is the basis for the defendant's declaratory judgment counterclaims of invalidity or unenforceability.

A simple promise not to sue provides a district court judge the means to dismiss a pesky and long running patent infringement suit because the promise divests the court of jurisdiction. In most cases, a defendant would be happy to avoid a finding of infringement, even after financing a legal defense for several years, if for no other reason than liability is no longer at issue. It may be of no consequence to a defendant that a plaintiff can continue to assert its patents against others. There are, however, those rare occasions in which the evidence a plaintiff wishes to avoid becoming public impacts the rights of others, or when allowing a plaintiff to walk away scot-free does not seem equitable. The holding of one such case, *Super Sack Manufacturing Corp. v. Chase Packaging Corp.*,<sup>1</sup> could surprise patent litigators who have traditionally

---

\* Vangelis Economou has been Director of Patents at IPHorgan, Ltd., Buffalo Grove, Illinois since September 2006. His practice is mostly limited to all aspects of general IP related matters, including trade secret and unfair competition issues. He has a working knowledge in a great number of technical fields, both scientific and industrial. His experience in IP for well over 20 years began at the United States Patent and Trademark Office, where he was an Examiner in Optoelectronics. His later employment included patent attorney for a major aerospace corporation and in a patent law firm outside Washington, DC. Upon returning to Chicago in 1988, Van was employed by Kinzer, Plyer, Dorn and McEachran, the firm that had been Markey, Plyer and McEachran until the late Judge Markey took up his post as Chief Judge of the then Circuit Court of Patent Appeals. He obtained his Juris Doctor from The John Marshall Law School, where he presently serves on the adjunct faculty. Earlier, he earned his B.A. Degree in Physics at The University of Chicago, where he also completed the courses for a B.A. Degree in Chemistry.

The author acknowledges the invaluable contributions made to this article by Mr. Jason Tiedeman, a May 2009 graduate of The John Marshall Law School, Chicago, Illinois. His untiring efforts and research capabilities were instrumental in unearthing, compiling, and analyzing the cases discussed herein.

<sup>1</sup> 57 F.3d 1054 (Fed. Cir. 1995).

thought that filing invalidity or unenforceability declaratory judgment counterclaims in an infringement action would keep the plaintiff in the case.

In *Super Sack*, the district court determined that it was divested of subject-matter jurisdiction to adjudicate counterclaims of patent invalidity and non-infringement when the plaintiff promised, in a motion to dismiss, not to sue the defendant on the patents-in-suit.<sup>2</sup> The plaintiff's motion to dismiss was based on two alternate grounds:<sup>3</sup> Federal Rules of Civil Procedure ("FRCP") 12(b)(1)<sup>4</sup> and 41(a)(2).<sup>5</sup> The plaintiff's motion to dismiss was granted because it had "unconditionally promised not to sue [the defendant] in the future for infringement of the patents-in-suit with respect to any products currently manufactured or sold by [the defendant]."<sup>6</sup>

The plaintiff's motion to dismiss, which included its promise not to sue, was filed virtually on the eve of trial, after six years of intense litigation and extensive discovery.<sup>7</sup> When the motion to dismiss was filed, counterclaims of invalidity and non-infringement as well as a summary judgment motion were still before the court, as was defendant's motion for leave to amend its answer to include a claim of unenforceability of the patents-in-suit based on inequitable conduct.<sup>8</sup> Despite this, the district court granted the plaintiff's motion to dismiss, finding that the court was divested of subject-matter jurisdiction over the non-infringement counterclaim.<sup>9</sup> It also held moot the defendant's patent invalidity counterclaim, as well as the defendant's motion to amend its answer to add a count of unenforceability.<sup>10</sup> The order failed to state whether the basis of the dismissal was FRCP 12(b)(1) or 41(a)(2).<sup>11</sup>

---

<sup>2</sup> *Id.* at 1056–57.

<sup>3</sup> *Id.*

<sup>4</sup> FED. R. CIV. P. 12(b)(1) ("Every defense to a claim for relief in any pleading must be asserted in the responsive pleading if one is required. But a party may assert the following defenses by motion: (1) lack of subject-matter jurisdiction.").

<sup>5</sup> *Id.* 41(a)(2).

Except as provided in Rule 41(a)(1), an action may be dismissed at the plaintiff's request only by court order, on terms that the court considers proper. If a defendant has pleaded a counterclaim before being served with the plaintiff's motion to dismiss, the action may be dismissed over the defendant's objection only if the counterclaim can remain pending for independent adjudication. Unless the order states otherwise, a dismissal under this paragraph (2) is without prejudice.

*Id.*

<sup>6</sup> *Super Sack*, 57 F.3d at 1057.

<sup>7</sup> *Id.* at 1055–56.

<sup>8</sup> *Id.* at 1056.

<sup>9</sup> *Id.* at 1057 ("Plaintiff reports that it has unconditionally promised not to sue Defendant in the future on the patents-in-suit. Therefore, the Court finds that Plaintiff's Rule 12(b)(1) and Rule 41(a)(2) Motion to Dismiss to be [sic, is] proper and should be granted.").

<sup>10</sup> *Id.* ("In the opinion of this Court, Defendant's Motion to Amend its Pleadings in order to amend its pleadings to include the defense of inequitable conduct/unenforceability . . . fails to present sufficient evidence that a continuing case or controversy is present necessitating the continuance of this litigation.").

<sup>11</sup> *Id.* The order references both FED. R. CIV. P. 12(b)(1) and FED. R. CIV. P. 41(a)(2) but does not identify which of those two rules was the basis for the court's decision. *Id.* ("Therefore, the Court finds that Plaintiff's Rule 12(b)(1) and Rule 41(a)(2) Motion to Dismiss to be [sic, is] proper and should be granted.").

The defendant appealed to the United States Court of Appeals for the Federal Circuit (“Federal Circuit”), arguing that all of the issues in the case required adjudication by the district court<sup>12</sup> in view of the then-recent holding by the Supreme Court in *Cardinal Chemical Co. v. Morton International, Inc.*<sup>13</sup> The defendant argued that *Cardinal Chemical* stood for the proposition that the issues of patent invalidity and non-infringement were independent of each other.<sup>14</sup> Therefore, according to the defendant, the district court erred when it dismissed the entire case, including the defendant’s counterclaims, just because the plaintiff withdrew its infringement claim and promised not to sue the defendant in the future.<sup>15</sup> The Federal Circuit clarified that *Cardinal Chemical* did not stand for the proposition that the issues of patent invalidity and non-infringement are always independent, but rather, that a Federal Circuit affirmance of a finding of non-infringement is not a sufficient reason, by itself, for vacating a declaratory judgment of patent invalidity.<sup>16</sup> According to the Federal Circuit, because it did not review a finding of non-infringement, *Cardinal Chemical* did not apply and it could affirm the district court’s dismissal.<sup>17</sup> The Federal Circuit also noted that because the defendant was no longer in apprehension of a future claim of infringement on the patents-in-suit for products it had been making, the district court correctly dismissed the case – including all counterclaims.<sup>18</sup> The Federal Circuit reasoned that the promise not to sue was sufficient to remove any “case or controversy” under Article III<sup>19</sup> and thus divested the court of subject-matter jurisdiction.<sup>20</sup>

---

<sup>12</sup> *Id.* at 1060 (“Finally, [the defendant] attempts to cut our two-step justiciability analysis off at the pass by arguing that the Supreme Court’s decision in *Cardinal Chemical Co. v. Morton International, Inc.*, ‘clearly upheld the separate viability of an invalidity counterclaim.’” (citation omitted)).

<sup>13</sup> 508 U.S. 83 (1993).

<sup>14</sup> *Super Sack*, 57 F.3d at 1060 (“[The defendant] relies on the Court’s observation [in *Cardinal Chemical*] that ‘[a] party seeking a declaratory judgment of invalidity presents a claim independent of the patentee’s charge of infringement’ . . . .” (quoting *Cardinal Chem.*, 508 U.S. at 96)).

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

The question actually before the Supreme Court in *Cardinal [Chemical]* was ‘whether the affirmance by the Court of Appeals for the Federal Circuit of a finding that a patent has not been infringed is a sufficient reason,’ *by itself*, ‘for vacating a declaratory judgment holding the patent invalid.’ The Court answered in the negative . . . . In other words, according to *Cardinal [Chemical]*, a claim for a declaratory judgment of invalidity is independent of the patentee’s charge of infringement in the following—and only the following—way: an affirmed finding of non-infringement does not, without more, justify a reviewing court’s refusal to reach the trial court’s conclusion on invalidity.

*Id.* (citation omitted).

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

The instant case comes to us in a posture far removed from the one scrutinized in *Cardinal [Chemical]*: here, the trial court neither made a finding on infringement nor reached a conclusion on validity. *Cardinal [Chemical]*, addressed to the propriety of appellate jurisdiction over final judgments respecting infringement and validity, simply does not apply.

*Id.*

<sup>18</sup> *Id.* at 1059–60.

<sup>19</sup> U.S. CONST. art. III, § 2.

The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which

The Federal Circuit's affirming opinion found that dismissal was proper<sup>21</sup> even though FRCP 41(a)(2) clearly states:

Except as provided in Rule 41(a)(1), an action may be dismissed at the plaintiff's request only by court order, on terms that the court considers proper. If a defendant has pleaded a counterclaim before being served with the plaintiff's motion to dismiss, *the action may be dismissed over the defendant's objection only if the counterclaim can remain pending for independent adjudication*. Unless the order states otherwise, a dismissal under this paragraph (2) is without prejudice.<sup>22</sup>

The issue addressed in this article is whether divestiture of subject-matter jurisdiction over the original infringement claim, by promise not to sue, also removes the party's procedural right of independent adjudication of declaratory judgment counterclaims in accordance with FRCP 41(a)(2). The argument is made that the *Super Sack* precedent is in conflict with the spirit of Article III, the public policy behind the Declaratory Judgment Act ("DJA"),<sup>23</sup> and the plain meaning of FRCP 41(a)(2).

#### I. BACKGROUND OF THE DECLARATORY JUDGMENT ACT

It may seem odd today that prior to 1934, a party had no individual right to seek a declaratory judgment.<sup>24</sup> The courts did not routinely recognize that parties could seek judicial interpretations of their rights unless there was an active relief that

---

shall be made, under their Authority; –to all Cases affecting Ambassadors, other public Ministers and Consuls; –to all Cases of admiralty and maritime Jurisdiction; –to Controversies to which the United States shall be a Party; –to Controversies between two or more States; –between a State and Citizens of another State; –between Citizens of different States; –between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.

*Id.*, amended by U.S. CONST. amend. XI.

<sup>20</sup> *Super Sack*, 57 F.3d at 1060.

The residual possibility of a future infringement suit based on [the defendant's] future acts is simply too speculative a basis for jurisdiction over [it's] counterclaim for declaratory judgments of invalidity. The only proper course for the trial court was to dismiss the case for lack of jurisdiction, as it did.

*Id.*

<sup>21</sup> *Id.* at 1060 ("The only proper course for the trial court was to dismiss the case for lack of jurisdiction, as it did.")

<sup>22</sup> FED. R. CIV. P. 41(a)(2) (emphasis added).

<sup>23</sup> 28 U.S.C. §§ 2201–02 (2006).

<sup>24</sup> Donald L. Doernberg & Michael B. Mushlin, *The Trojan Horse: How the Declaratory Judgment Act Created a Cause of Action and Expanded Federal Jurisdiction While the Supreme Court Wasn't Looking*, 36 UCLA L. REV. 529, 561 (1989).

could be granted.<sup>25</sup> Few judges or lawmakers were even cognizant of the concept of declaratory judgments prior to 1919.<sup>26</sup>

It was through the efforts of Professors Borchard and Sunderland that the concept of declaratory actions were brought to U.S. legal consciousness.<sup>27</sup> With the support and impetus of the American Bar Association,<sup>28</sup> legislation codifying what is today the Declaratory Judgment Act was introduced before Congress for the first time in 1919.<sup>29</sup> This legislation was initially defeated, but was reintroduced every year thereafter until its eventual enactment in 1934.<sup>30</sup>

In the interceding 15 years between the first introduction of the Act in 1919 and its eventual adoption, a struggle before the United States Supreme Court took place in which the Court attempted to define the legality of declaratory judgments within the framework of the Constitution.<sup>31</sup> Several states enacted differing forms of declaratory judgment laws only to have them struck down in what is referred to as the “trilogy” of cases.<sup>32</sup> The Supreme Court determined in this trilogy that each of the state laws in question were unconstitutional for a lack of “case or controversy” under Article III, Section 2 of the United States Constitution.<sup>33</sup> The Court went so far as to state that a grant of declaratory judgment “is beyond the power conferred upon the federal judiciary.”<sup>34</sup> The trilogy of cases effectively acted as a “virtual judicial veto” of the pending Act.<sup>35</sup>

The Court, however, changed its stance a mere six years after the trilogy when it reversed course and upheld a state declaratory judgment law in the 1933 case of

<sup>25</sup> See *id.* at 562–64.

<sup>26</sup> See *id.* at 550 (“Although other jurisdictions had used declaratory judgments for some time, they were virtually unknown to American law until this century.” (footnote omitted)).

<sup>27</sup> See Edwin M. Borchard, *The Declaratory Judgment—A Needed Procedural Reform*, 28 YALE L.J. 1 (1918) [hereinafter Borchard, *Part I*] (analyzing the historical evolution and the purpose of the declaratory judgment); Edwin M. Borchard, *The Declaratory Judgment—A Needed Procedural Reform*, 28 YALE L.J. 105 (1918) [hereinafter Borchard, *Part II*]; Edson R. Sunderland, *A Modern Evolution in Remedial Rights, The Declaratory Judgment*, 16 MICH. L. REV. 69, 70 (1917).

<sup>28</sup> Doernberg & Mushlin, *supra* note 24, at 550 n.94 (“As early as 1919, the American Bar Association called the Declaratory Judgment Act “[t]he most important legislation of the year affecting the administration of justice.” (quoting Comm. on Noteworthy Changes in Statute Law, Am. Bar Ass’n, Report, *in* REPORT OF THE FORTY-SECOND ANNUAL MEETING OF THE AMERICAN BAR ASSOCIATION 277, 284 (1919)).

<sup>29</sup> S. 5304, 65th Cong. (1919), available at 57 CONG. REC. 1080 (1919); Doernberg & Mushlin, *supra* note 24, at 561.

<sup>30</sup> Doernberg & Mushlin, *supra* note 24, at 561.

<sup>31</sup> *Id.* at 568–69.

<sup>32</sup> *Id.* at 558–61; see *Willing v. Chi. Auditorium Ass’n*, 277 U.S. 274 (1928); *Liberty Warehouse Co. v. Burley Tobacco Growers’ Coop. Mktg. Ass’n*, 276 U.S. 71 (1928) [hereinafter *Liberty Warehouse II*]; *Liberty Warehouse Co. v. Grannis*, 273 U.S. 70 (1927) [hereinafter *Liberty Warehouse I*]. This “trilogy” of cases, *Willing*, *Liberty Warehouse I*, and *Liberty Warehouse II*, generally made clear that declaratory judgments did not comport with the Supreme Court’s constitutional interpretation of “case or controversy.” Doernberg & Mushlin, *supra* note 24, at 558–61.

<sup>33</sup> U.S. CONST. art. III, § 2.

<sup>34</sup> *Willing*, 277 U.S. at 289.

<sup>35</sup> Doernberg & Mushlin, *supra* note 24, at 560 (discussing the impact of *Willing*, *Liberty Warehouse I*, and *Liberty Warehouse II*).

*Nashville, Chattanooga & St. Louis Railway Co. v. Wallace*.<sup>36</sup> In its ruling, the Court noted that a declaration of rights in the guise of a declaratory judgment was merely a procedural tool and that such judgments did not run afoul of the Constitution as long as they "involv[ed] a real, not a hypothetical, controversy."<sup>37</sup> In finding the state declaratory judgment law to be constitutional,<sup>38</sup> the remaining restraint to declaratory judgments was removed and the Supreme Court decision influenced Congress' enactment of the DJA.<sup>39</sup>

With the judicial objection on constitutional grounds seemingly removed, Congress finally enacted the DJA in 1934.<sup>40</sup> The DJA was thereafter ruled constitutional in *Aetna Life Insurance Co. v. Haworth*,<sup>41</sup> which further enunciated that "case of actual controversy" in the DJA refers to the type of "cases" and "controversies" that are justiciable under Article III, Section 2.<sup>42</sup>

The Declaratory Judgment Act, as amended, states in pertinent part:

In a case of actual controversy within its jurisdiction, . . . any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such.<sup>43</sup>

Thus, the DJA allows courts of appropriate jurisdiction to declare the rights of parties as long as they meet the underlying "case or controversy" requirement of Article III.<sup>44</sup> In the area of patent law this issue rears its head most often in the form of infringement threats brought by a patent owner against competitors or, more insidiously, their customers.<sup>45</sup>

---

<sup>36</sup> 288 U.S. 249, 263 (1933) ("While the ordinary course of judicial procedure results in a judgment requiring an award of process or execution to carry it into effect, such relief is not an indispensable adjunct to the exercise of the judicial function." (citing *Fidelity Nat'l Bank & Trust Co. v. Swope*, 274 U.S. 123, 132 (1927))).

<sup>37</sup> *Id.* at 264.

<sup>38</sup> *Id.* at 263–65.

<sup>39</sup> *See* Doernberg and Mushlin, *supra* note 24, at 560–61 (noting that the trilogy of cases was not specifically directed at the declaratory judgments legislation pending before Congress). The Court's intent was to demarcate the bounds of the "case or controversy" language of Article III. *Id.* The legislation was actually an attempt to broaden federal subject matter jurisdiction rather than an attempt to broaden the meaning of "case or controversy." *Id.*

<sup>40</sup> Act of June 14, 1934, ch. 512, 48 Stat. 955 (codified as amended at 28 U.S.C. § 2201–02 (2006)).

<sup>41</sup> 300 U.S. 227 (1937).

<sup>42</sup> U.S. CONST. art. III, § 2; *Aetna Ins.*, 300 U.S. at 239–41.

<sup>43</sup> 28 U.S.C. § 2201(a).

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

<sup>45</sup> *See* *Spectronics Corp. v. H.B. Fuller Co.*, 940 F.2d 631, 632–633 (Fed. Cir. 1991).



### A. *No Sham Lawsuits*

The DJA is a procedural tool that allows a party to proactively seek a declaration of its and an opposing party's rights without having to wait for the opposing party to initiate a lawsuit.<sup>46</sup> This, "Damoclean threat"<sup>47</sup> that hovered over them arose when a suit was continually threatened but never instituted.<sup>48</sup> In patent matters, this threat has a palpable significance: a patent holder could attempt "extra-judicial patent enforcement with scare-the-customer-and-run tactics" that the DJA was intended to forestall.<sup>49</sup> The DJA was meant to remove uncertainty, insecurity and controversy on the part of a threatened party.<sup>50</sup> By bringing a declaratory judgment action, a patent owner could be brought to either assert his threat or to disavow it with prejudicial effect.

An example of the use of a patent to invoke the "Damoclean threat," one that is well known in fields where patents are used to keep the competition at bay, is instructive. A patent owner sends letters to alleged infringers or their customers threatening legal action for infringement of one of its patents. Despite the repeated threats, which understandably create some unease in the recipients, no suit is ever actually brought by the patent owner, and the question of whether the accused products infringe the patent, and indeed the patent's validity and enforceability, never reach adjudication. Accused infringers never have the opportunity to judicially determine whether their products indeed infringe. Rather, they are stuck in a patent rights limbo while their business withers under the specter of an infringement suit, or, alternatively, they continue to sell a product without knowing whether they are amassing untold patent infringement damages that will ultimately put the business at risk. This is not an unknown situation and, in fact, was outlined in one of the first law review articles regarding patents and declaratory judgments in 1936.<sup>51</sup> It is still with us today, and is a method often used in suppressing competition or in the much reviled patent troll game.<sup>52</sup>

An even more insidious abuse occurs when the patent owner utilizes the judicial system to support scare-and-run tactics against its competitors.<sup>53</sup> Here, a patent holder brings an incipient, and seemingly legitimate, lawsuit against one of its

---

<sup>46</sup> Doernberg & Mushlin, *supra* note 24, at 562 n.154.

<sup>47</sup> *Japan Gas Lighter Assn. v. Ronson Corp.*, 257 F. Supp. 219, 237 (D.N.J. 1966) ("The Declaratory Judgment Act was designed to relieve potential defendants from the Damoclean threat of impending litigation which a harassing adversary might brandish, while initiating suit at his leisure - or never.")

<sup>48</sup> *Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 734-35 (Fed. Cir. 1988).

<sup>49</sup> *Id.* at 735.

<sup>50</sup> EDWIN BORCHARD, *DECLARATORY JUDGMENTS* 21 (2nd ed. 1941) (describing a declaratory judgment as a "negative declaration" that removes the clouds surrounding a legal interest).

<sup>51</sup> Note, *Federal Jurisdiction Over Declaratory Judgment Proceedings in Patent Cases*, 45 *YALE L. J.* 1287 (1936); *see also* *Am. Well Works Co. v. Layne & Bowler Co.*, 241 U.S. 257 (1916) (discussing the same set of circumstances described, for which the only action available to the accused infringer was an action in libel); Doernberg & Mushlin, *supra* note 24, at 582 (discussing this scenario in light of the enactment of the Declaratory Judgment Act).

<sup>52</sup> Robert P. Taylor, *Patent Law in Flux: Echoes of the Supreme Court*, in 14TH ANNUAL INSTITUTE ON INTELLECTUAL PROPERTY LAW 2008, at 93, 114 n.27 (PLI Patents, Copyrights, Trademarks, & Literary Prop., Course Handbook Series No. 14967, 2008), available at WL, 947 PLI/Pat 93.

<sup>53</sup> *See* *Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 734-35 (Fed. Cir. 1988).

competitors with no intention of actually seeing the suit through to a final judgment.<sup>54</sup> In most instances, the patent owner chooses a competitor-defendant who is less able to sustain the intensive management of time and exorbitant costs required to defend a patent action.<sup>55</sup>

The suit is a heavy club used to pummel the defendant with the expectation that the accused infringer will quickly change its product at some retooling cost, enter into a burdensome licensing agreement, or settle the case in order to avoid protracted litigation.<sup>56</sup> Once one defendant has succumbed to this pressure, the patent owner often uses that surrender to scare additional potential defendants into settling their lawsuits.<sup>57</sup> But for the DJA, these tactics would be an extremely effective way to stifle competition.<sup>58</sup> However, the added advantage of granting the plaintiff-patent owner a way to quickly withdraw from a losing case by a submitting a mere covenant not to sue stacks the deck in favor of the patent owner. Also, this tactic may be viewed by some unscrupulous patent owners as a powerful gambit without any real adverse consequences.

When using the DJA in the foregoing scenarios, recourse may be had whereby the threat of a lawsuit, and possibly mounting damages, is removed and economic competition is promoted. The DJA is also effective when used in a counterclaim to an infringement action, when a patent has infirmities that can be used to attack its validity or enforceability, but only if certain forms are followed.<sup>59</sup> The right to maintain the declaratory judgment action after a plaintiff has conceded non-infringement was seemingly precluded by the *Super Sack* holding.<sup>60</sup> However, due to an unstated recognition by courts that the *Super Sack* holding resulted in pernicious and unintended effects, and to avoid its more controversial results, the rule in *Super Sack* has been eroded by subsequent cases.<sup>61</sup>

---

<sup>54</sup> Jean Carlos Lopez, *Weapon of Mass Coercion: How Ebay Inc. v. Mercexchange, L.L.C. Eliminated the Threat of Coercive Automatic Permanent Injunctive Relief and Restored Balance to the American Patent System*, 60 OKLA. L. REV. 605, 605 (2007) (noting that patent holders stifle competition by accusing others of infringement and threatening costly litigation). See also Scott D. Helsel, *Preventing Predatory Abuses in Litigation Between Business Competitors: Focusing on a Litigant's Reasons for Initiating the Litigation to Ensure a Balance Between the Constitutional Right to Petition and the Sherman Act's Guarantee of Fair Competition in Business*, 36 WM. & MARY L. REV. 1135, 1143 (1995) (discussing generally litigation, its cost, and its effect on competition).

<sup>55</sup> Cf. *Arrowhead*, 846 F.2d at 738 ("The law does not require enterprises to keep their heads in the sand while a patentee picks them off one by one and at its leisure.").

<sup>56</sup> See Lopez, *supra* note 54, at 605.

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

<sup>58</sup> Lisa A. Dolak, *Declaratory Judgment Jurisdiction in Patent Cases: Restoring The Balance Between The Patentee And The Accused Infringer*, 38 B.C. L. REV. 903, 903 (1997).

<sup>59</sup> See *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 96 (1993).

<sup>60</sup> *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1060 (Fed. Cir. 1995).

<sup>61</sup> See, e.g., *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340 (Fed. Cir. 2005).

*B. A Clearly Defined Issue for Court: Does the Holding in Super Sack Remain Valid?*

A court's ability to issue a declaratory judgment ruling while avoid issuing advisory opinions is clearly defined – a court must employ the “all the circumstances” test as developed by the Supreme Court eight years after the passage of the DJA in *Maryland Casualty Co. v. Pacific Coal & Oil Co.*<sup>62</sup> This test states that “[b]asically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”<sup>63</sup>

From this, Federal Circuit case law involving DJA actions in patent matters developed a two-part justiciability test to determine whether an “actual controversy” exists.<sup>64</sup> The Federal Circuit test requires that “[t]here must be both (1) an explicit threat or other action by the patentee, which creates a reasonable apprehension on the part of the declaratory plaintiff that it will face an infringement suit, and (2) present activity which could constitute infringement or concrete steps taken with the intent to conduct such activity.”<sup>65</sup> Part one of the test – which is commonly referred to as the “reasonable apprehension” test – was held to incorporate the Supreme Court’s “all the circumstances” test.<sup>66</sup> Part two of the test –referred to as the “concrete steps” test – was incorporated by the Federal Circuit as a check on the immediacy of the patent dispute at issue.<sup>67</sup>

## II. GENERAL DISCUSSION OF RULE 41(A)(2) AND REASONS FOR ITS IMPLEMENTATION

The Federal Rules of Civil Procedure were instituted as part of sweeping reforms authorized by Congress<sup>68</sup> through the Rules Enabling Act of 1934.<sup>69</sup> The Act authorized the Supreme Court to promulgate rules of federal procedure.<sup>70</sup> After

<sup>62</sup> 312 U.S. 270 (1941).

<sup>63</sup> *Id.* at 273.

<sup>64</sup> *See, e.g.*, *BP Chems. Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 978 (Fed. Cir. 1993).

<sup>65</sup> *Id.*; *see also* *Sierra Applied Scis., Inc. v. Advanced Energy Indus., Inc.*, 363 F.3d 1361, 1373 (Fed. Cir. 2004) (applying the two-part justiciability test to determine whether an actual controversy exists). This two-part test was recently overruled by the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

<sup>66</sup> *Apotex, Inc. v. Pfizer Inc.*, 385 F. Supp. 2d 187, 191–92 (S.D.N.Y. 2004), *aff'd*, 159 F. App'x. 1013 (Fed. Cir. 2005); *BP Chems. v. Union Carbide Corp.*, 4 F.3d 975, 978 (Fed. Cir. 1993).

<sup>67</sup> *BP Chems.*, 4 F.3d 975 at 978.

<sup>68</sup> Laurens Walker, *The End of the New Deal and the Federal Rules of Civil Procedure*, 82 IOWA L. REV. 1269, 1281 (1997). Both the passage of the Declaratory Judgment Act and the implementation of the Federal Rules of Civil Procedure can be directly traced to New Deal reforms instituted under President Franklin Roosevelt. *Id.*; *see also* William G. Ross, *When Did the “Switch In Time” Actually Occur?: Re-discovering the Supreme Court’s “Forgotten” Decisions of 1936–1937*, 37 ARIZ. ST. L.J. 1153 (2005) (providing historical context surrounding the Supreme Court’s 1937 decisions involving federal legislation).

<sup>69</sup> Act of June 19, 1934, ch. 651, 48 Stat. 1064 (codified as amended at 28 U.S.C. § 2072 (2006)).

<sup>70</sup> 28 U.S.C. § 2072; *see also* Lori A. Johnson, *Creating Rules of Procedure for Federal Courts: Administrative Prerogative or Legislative Policymaking?*, 24 JUST. SYS. J. 23 (2003) (providing an overview of the process surrounding revisions of federal judicial practice and procedure); Walker,

extensive consultation and deliberation, the reforms were instituted in 1938 with the adoption of the FRCPs.<sup>71</sup>

Calls for procedural reforms resulting in the FRCPs were most forcefully put forth by the American Bar Association and were an attempt to bring the federal courts under a unified set of rules.<sup>72</sup> Prior to these reforms, federal courts generally followed the practices and procedures of the forum state in which they sat pursuant to the Practice Conformity Act of 1872.<sup>73</sup> Federal courts thus frequently followed disjointed procedural rules based on common law or state statute.<sup>74</sup>

Many variations abounded with regard to voluntary dismissal. Under common law form pleading, a plaintiff could dismiss his case and refile it without leave of court at any point in the proceeding before final judgment.<sup>75</sup> This was considered necessary to permit a plaintiff to meet the form requirements for the court to grant relief. Some courts allowed voluntary dismissal of a suit, without the court's permission, anytime prior to final judgment,<sup>76</sup> while others limited the ability of a plaintiff to dismiss the case until an answer<sup>77</sup> or summary judgment<sup>78</sup> had been filed, and still others allowed voluntary dismissal anytime prior to final judgment, as long as the opposing party would not be prejudiced.<sup>79</sup> In defining the FRCP regarding voluntary dismissal, the Court had a very interesting array of procedural choices on which to base the new federal rules.

The Supreme Court took the middle ground with the introduction of FRCP 41,<sup>80</sup> allowing various forms of voluntary dismissal depending on the stage of the case.<sup>81</sup> FRCP 41(a)(1)(A)(i) allows a plaintiff to dismiss a case at any time prior to the defendant's answer without permission of court.<sup>82</sup> FRCP 41(a)(1)(A)(ii) allows for a

---

*supra* note 68, at 1281–82 (discussing changes to the Federal Rules of Civil Procedure since inception in 1934).

<sup>71</sup> Johnson, *supra* note 70, at 241; *see also* FED. R. CIV. P. 1 (“These rules govern the procedure in all civil actions and proceedings in the United States district courts, except as stated in Rule 81. They should be construed and administered to secure the just, speedy, and inexpensive determination of every action and proceeding.”).

<sup>72</sup> Stephen N. Subrin, *How Equity Conquered Common Law: The Federal Rules of Civil Procedure in Historical Perspective*, 135 U. PA. L. REV. 909, 943–56 (1987) (reviewing the circumstances surrounding the ABA’s role in the formation of the Rules Enabling Act of 1934 and the subsequent drafting of the Federal Rules of Civil Procedure).

<sup>73</sup> Act of June 1, 1872, ch. 255, § 5, 17 Stat. 196, 197; *see* Walker, *supra* note 68, at 1276–77.

<sup>74</sup> Michael E. Solimine & Amy E. Lippert, *Deregulating Voluntary Dismissals*, 36 U. MICH. J.L. REFORM 367, 372 (2003) (noting the advantage to the plaintiff of being able to abandon suit if the matter was not going well).

<sup>75</sup> *Id.* at 371–72.

<sup>76</sup> Solimine, *supra* note 74, at 372.

<sup>77</sup> *Id.*

<sup>78</sup> *Id.* at 376.

<sup>79</sup> *Id.* at 379; *see also* 9 CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 2363, at 253 (2nd ed. 1994) (illustrating the differences between suits in equity whereby “the plaintiff had a qualified right to dismiss at any time before an interlocutory or final decree was entered unless the defendant could suffer some prejudice beyond the threat of another suit”).

<sup>80</sup> FED. R. CIV. P. 41.

<sup>81</sup> *Id.*; Solimine, *supra* note 74, at 379.

<sup>82</sup> FED. R. CIV. P. 41(a)(1)(A)(i) (“Subject to Rules 23(e), 23.1(c), 23.2, and 66 and any applicable federal statute, the plaintiff may dismiss an action without a court order by filing . . . a notice of

dismissal upon stipulation by the parties at any point in the trial<sup>83</sup> to promote the settlement of litigation by the parties who, by negotiating fairly, can be counted on to reach a more just result between them than a court can impose.<sup>84</sup> As stated in FRCP 41(a)(1)(B), either of the subsections of FRCP 41(a)(1)(A) allow dismissals to be “without prejudice” unless the dismissal order states otherwise.<sup>85</sup> Under the present rules, FRCP 41(a)(2) allows for dismissal upon leave of court at any juncture in the proceeding, unless the defending party has filed counterclaims that remain pending.<sup>86</sup>

Of particular interest in relation to counterclaims is FRCP 41(a)(2)’s language, from which two important restrictions can be gleaned. First, any proposed dismissal is at the discretion of the court.<sup>87</sup> Second, the text of FRCP 41(a)(2) states that “the action may be dismissed over the defendant’s objection *only if the counterclaim can remain pending for independent adjudication.*”<sup>88</sup>

### III. CASE REVIEW

The following review of cases impacted by *Super Sack* examines the tension that exists between FRCP 41(a)(2) and the DJA in the face of a valid counterclaim pending before the court—one that is capable of independent adjudication after a plaintiff has done all in his power to withdraw all claims so as to divest the court of jurisdiction. This review focuses specifically on the holding in *Super Sack* because it is the Federal Circuit’s first and strongest holding on this issue, and one that any subsequent decision was required to follow or distinguish.

With the text and history of FRCP 41(a)(2) and the DJA in mind, this case review first examines the relevant Supreme Court and Federal Circuit case law as it existed prior to the *Super Sack* decision. The discussion looks to the circumstances under which a case may be ready for adjudication under Article III and whether an appellate court is obligated to review all issues in a patent case when both validity and infringement claims are presented. The discussion focuses on the first prong of

---

dismissal before the opposing party serves either an answer or a motion for summary judgment . . .”).

<sup>83</sup> *Id.* 41(a)(1)(A)(ii) (“Subject to Rules 23(e), 23.1(c), 23.2, and 66 and any applicable federal statute, the plaintiff may dismiss an action without a court order by filing . . . a stipulation of dismissal signed by all parties who have appeared.”).

<sup>84</sup> Solimine, *supra* note 74, at 372–73.

<sup>85</sup> FED. R. CIV. P. 41(a)(1)(B) (“Unless the notice or stipulation states otherwise, the dismissal is without prejudice. But if the plaintiff previously dismissed any federal- or state-court action based on or including the same claim, a notice of dismissal operates as an adjudication on the merits.”).

<sup>86</sup> FED. R. CIV. P. 41(a)(2).

Except as provided in Rule 41(a)(1), an action may be dismissed at the plaintiff’s request only by court order, on terms that the court considers proper. If a defendant has pleaded a counterclaim before being served with the plaintiff’s motion to dismiss, the action may be dismissed over the defendant’s objection only if the counterclaim can remain pending for independent adjudication. Unless the order states otherwise, a dismissal under this paragraph (2) is without prejudice.

*Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *Id.* (emphasis added).

the Federal Circuit's two-part justiciability test<sup>89</sup> (now overruled in *MedImmune*) in which a party must be under a "reasonable apprehension" of suit for the Court to retain subject-matter jurisdiction. A detailed discussion of the relevant facts of *Super Sack* is then presented to highlight the public policy issues underlying the need for complete adjudication.

Finally, decisions citing *Super Sack*, favorably or unfavorably (including the Supreme Court decision in *Medimmune*), are evaluated to examine whether the precedent set forth in *Super Sack* remains viable precedent or whether the holding in *Super Sack* needs to be explicitly overturned as no longer reflecting the current status of the law. In this discussion, *MedImmune* is viewed as a bookend to *Super Sack* because in it, the Supreme Court redefined, and some would say lowered, the justiciability requirement. A discussion of the effect of *MedImmune* on recent Federal Circuit decisions citing *Super Sack* is then presented as a tool to probe whether Federal Circuit's case law regarding declaratory judgments has been affected.

#### A. *Justiciability of Declaratory Judgments Prior to Super Sack v. Chase*

Case law regarding declaratory judgment jurisdiction as it existed prior to the decision of *Super Sack* was in a period of change.<sup>90</sup> The Federal Circuit had decided several cases in the years prior to *Super Sack* but, for the most part, the decisions were fact intensive and were made based on a number of criteria that the courts identified as being material to the issues.<sup>91</sup> At issue was the Court's jurisdiction over cases that had been decided or settled on one of the two major issues in patent litigation, that is, infringement and patent validity/unenforceability, and whether courts are obligated to rule on the other issues to establish a complete record for review.<sup>92</sup> The most significant of these pre-*Super Sack* cases are discussed below.

Declaratory judgment cases regarding patents tend to share one of two fact patterns: (1) either a plaintiff sues for patent infringement ("Infringement First case") to which the defendant counterclaims for a declaratory judgment of non-infringement, invalidity, and/or unenforceability<sup>93</sup> or, (2) the plaintiff seeks a declaratory judgment ("DJA First case") of non-infringement, invalidity, and/or

---

<sup>89</sup> See *BP Chems. Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 978 (Fed. Cir. 1993).

<sup>90</sup> Lisa A. Dolak, *Power or Prudence: Toward a Better Standard for Evaluating Patent Litigants' Access to the Declaratory Judgment Remedy*, 41 U.S.F. L. REV. 407, 414–15 (2007) (describing the evolution of "reasonable apprehension of liability" from a fear to an "explicit threat" to an "express charge").

<sup>91</sup> See, e.g., *Vieau v. Japax, Inc.*, 823 F.2d 1510 (Fed. Cir. 1987); *Fonar Corp. v. Johnson & Johnson*, 821 F.2d 627 (Fed. Cir. 1987).

<sup>92</sup> See *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 98 (1993) (considering the Federal Circuit's use of the principle of mootness).

<sup>93</sup> See, e.g., *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340 (Fed. Cir. 2005); *Intellectual Prop. Dev., Inc. v. TCI Cablevision of Calif., Inc.*, 248 F.3d 1333 (Fed. Cir. 2001); *Inline Connection Corp. v. Atlantech Online, Inc.*, 85 F. App'x. 767 (Fed. Cir. 2004).

unenforceability, after which the patent holder counterclaims for patent infringement.<sup>94</sup>

As relating to the present review of these two types of cases, the main difference is that in an Infringement First case, the defendant need not initially worry that the case will be dismissed due to lack of subject-matter jurisdiction because the reasonable apprehension of a suit does not exist; the patent holder's present lawsuit necessarily establishes subject-matter jurisdiction at the inception of the case without further need to satisfy the requirements of the DJA, so declaratory judgment jurisdiction is not at issue. These Infringement First cases are discussed herein as later acts in which the plaintiff-patent owner may remove the jurisdiction of the court, for example, by providing a covenant not to sue, after a declaratory judgment claim of non-infringement or invalidity has been pleaded. On the other hand, in a DJA First case, often the first issue the court will take up is whether the facts leading up to the filing of the action has established sufficient grounds to retain subject-matter jurisdiction.

### *1. Arrowhead and the Reasonable Apprehension Test*

One of the most cited DJA First cases decided by the Federal Circuit, *Arrowhead Industrial Water, Inc., v. Ecolochem, Inc.*,<sup>95</sup> sought to define whether the acts of a DJA defendant were sufficient to place an accused infringer under apprehension of suit thereby satisfying the DJA's justiciability requirement. Prior to the commencement of the DJA action, several acts by the defendant were viewed by the DJA plaintiff as placing it under a sufficient threat of infringement from which to bring the DJA action.<sup>96</sup>

The district court granted defendant's motion to dismiss the suit for lack of jurisdiction for want of an actual controversy.<sup>97</sup> The court held that "[plaintiff] has not even alleged its process is identical to [defendant's] process and it certainly has not shown the process is the same. In the absence of such evidence, the court cannot conclude an apprehension of a patent infringement action is imminent."<sup>98</sup>

The Federal Circuit, on appeal, was unpersuaded by the district court's reasoning.<sup>99</sup> It began its analysis by stating the reasoning behind the DJA and its

---

<sup>94</sup> See, e.g., *BP Chems. Ltd. v. Union Carbide Corp.*, 4 F.3d 975 (Fed. Cir. 1993); *Caraco Pharm. Labs., Ltd. v. Forest Labs., Inc.*, 527 F.3d 1278 (Fed. Cir. 2008); *Fina Research, S.A. v. Baroid Ltd.*, 141 F.3d 1479 (Fed. Cir. 1998).

<sup>95</sup> 846 F.2d 731 (Fed. Cir. 1988).

<sup>96</sup> *Id.* at 737. The defendant (1) sent letters to two of the plaintiff's customers stating that the plaintiff was not licensed to use the defendant's products and, as such, the customers could be held as direct infringers, (2) sent a letter from defendant's counsel stating that it "has reason to believe that [plaintiff] is contemplating or has initiated the practice of the patented process" and that defendant "has in the past not hesitated to protect its patent rights whenever appropriate," and (3) named the DJA plaintiff as an infringer in a suit between the defendant and a third party. *Id.*

<sup>97</sup> *Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.*, 5 U.S.P.Q.2d (BNA) 1895, 1898 (N.D. Ill. 1987), *rev'd* 846 F.2d 731 (Fed. Cir. 1988); see *Arrowhead*, 846 F.2d at 734.

<sup>98</sup> *Arrowhead*, 5 U.S.P.Q.2d (BNA) at 1898; see *Arrowhead*, 846 F.2d at 733-34.

<sup>99</sup> *Arrowhead*, 846 F.2d at 735.

implications to patent law.<sup>100</sup> The language of the introduction bears repeating in its entirety as it is often quoted in Federal Circuit decisions to this day:

This appeal presents a type of the sad and saddening scenario that led to enactment of the Declaratory Judgment Act (Act), 28 U.S.C. § 2201. In the patent version of that scenario, a patent owner engages in a *danse macabre*, brandishing a Damoclean threat with a sheathed sword. Guerrilla-like, the patent owner attempts extra-judicial patent enforcement with scare-the-customer-and-run tactics that infect the competitive environment of the business community with uncertainty and insecurity. Before the Act, competitors victimized by that tactic were rendered helpless and immobile so long as the patent owner refused to grasp the nettle and sue. After the Act, those competitors were no longer restricted to an *in terrorem* choice between the incurrence of a growing potential liability for patent infringement and abandonment of their enterprises; they could clear the air by suing for a judgment that would settle the conflict of interests. The sole requirement for jurisdiction under the Act is that the conflict be real and immediate, i.e., that there be a true, actual “controversy” required by the Act.<sup>101</sup>

Taking the relevant conduct of both the plaintiff and the defendant into account, the Federal Circuit found that the plaintiff was indeed under a reasonable apprehension of an infringement suit.<sup>102</sup> The defendant had both the willingness (as evidenced by the letters) and the capacity (as evidenced by its suit of the third party) to engage in litigation to protect its patent rights.<sup>103</sup> No businessperson, the Federal Circuit noted, would fail to be under a reasonable apprehension of an infringement suit when faced with this array of facts before him.<sup>104</sup>

Additionally, the court disagreed with the district court’s reasoning on several counts.<sup>105</sup> First, it noted that a requirement that the letter specifically charge infringement would eviscerate the requirement that the court look to “all the circumstances” to determine reasonable apprehension.<sup>106</sup> If one is directly charged with infringement (an Infringement First action) there is no apprehension of suit; there is a suit. Second, the evidence presented in the third party suit indicates that the defendant made a reasoned and considered evaluation of the facts when it listed the plaintiff as an infringer.<sup>107</sup> Further, the Federal Circuit found incongruous the district court’s requirement that the plaintiff prove its product is the same as the defendant’s in order for the Court to retain jurisdiction, as this would require that the plaintiff admit infringement prior to proving non-infringement.<sup>108</sup>

---

<sup>100</sup> *Id.* at 736.

<sup>101</sup> *Id.* at 734–35 (citations omitted).

<sup>102</sup> *Id.* at 738.

<sup>103</sup> *Id.* at 736.

<sup>104</sup> *Id.* at 737.

<sup>105</sup> *Id.* at 738.

<sup>106</sup> *Id.* at 737.

<sup>107</sup> *Id.* at 738.

<sup>108</sup> *Id.*



## 2. Spectronics and Continuing Jurisdiction

In *Spectronics Corp. v. H.B. Fuller Co.*,<sup>109</sup> the Federal Circuit set out the groundwork for determining the extent to which jurisdiction must be maintained during a trial. In *Spectronics*, a DJA First action, the DJA defendant and patent holder issued a letter to those in its industry announcing the issuance of its patent and extolling the development of its “patent family” of products.<sup>110</sup> After the DJA action commenced, the DJA defendant filed several motions to dismiss for lack of an actual controversy, the last motion incorporating a “Statement of Non-Liability.”<sup>111</sup> Upon this motion, the district court dismissed the case for lack of subject-matter jurisdiction.<sup>112</sup>

On appeal to the Federal Circuit, the DJA plaintiff argued that the district court’s dismissal was improper because subject-matter jurisdiction is established at the time of pleading based only on the facts existing at the time of the pleading.<sup>113</sup> This was unpersuasive; while it is true that jurisdiction cannot be established where none originally existed, it also must be maintained throughout all stages of a case.<sup>114</sup> The power to hear a case under Article III, and by implication whether the DJA was proper, requires that a case or controversy exist at all stages of a case.<sup>115</sup> Thus the district court was correct in taking into account post-filing events in determining that it was divested of a “case or controversy” when the DJA defendant issued its statement of non-liability.<sup>116</sup> The viability and content of any future patent based on the potentially reissued claims was found to be too speculative to establish a sufficient case or controversy for a court to retain jurisdiction.<sup>117</sup>

## 3. Cardinal Chemical and the Mootness Doctrine

In *Cardinal Chemical Co. v. Morton International, Inc.*,<sup>118</sup> the Supreme Court reviewed the Federal Circuit’s mootness jurisprudence to determine whether an affirmance by the Federal Circuit of non-infringement is a sufficient reason for vacating a DJA holding of patent invalidity. The question put forth in *Cardinal Chemical* arose from two related cases in which the Federal Circuit invoked its so

---

<sup>109</sup> 940 F.2d 631 (Fed. Cir. 1991).

<sup>110</sup> *Id.* at 632.

<sup>111</sup> *Id.* at 633. In the “Statement of Non-Liability,” the DJA defendant indicated that it recently filed a reissue application with the United States Patent & Trademark Office canceling the claims on which the suit was originally brought. *Id.*

<sup>112</sup> *Id.*

<sup>113</sup> *Id.* at 634.

<sup>114</sup> *Id.* at 635; see also *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1060 (Fed. Cir. 1995) (upholding divestiture of subject matter jurisdiction once a covenant not to sue rendered present acts of infringement irrelevant).

<sup>115</sup> *Spectronics*, 940 F.2d at 635; see also *Preiser v. Newkirk*, 422 U.S. 395, 401 (1975) (noting that Article III of the Constitution requires that a real and substantial controversy exists for the exercise of judicial power to be).

<sup>116</sup> *Spectronics*, 940 F.2d at 636.

<sup>117</sup> *Id.* at 638.

<sup>118</sup> 508 U.S. 83 (1993).

called “mootness doctrine.”<sup>119</sup> In each of the cases, the plaintiff sued the defendant for infringement to which the defendant counterclaimed for non-infringement and invalidity.<sup>120</sup> A judgment of non-infringement and invalidity was found in each of these cases.<sup>121</sup> On appeal, the Federal Circuit affirmed the finding of non-infringement after which it vacated the district court’s finding of invalidity as being moot: “[s]ince we have affirmed the district court’s holding that the patents at issue have not been infringed, we need not address the question of validity. Accordingly, we vacate the holding of invalidity.”<sup>122</sup> Thus, even though the district court entered a judgment of invalidity for the patent-in-suit, the Federal Circuit never expressly overruled the finding and the patent was later reasserted against a different defendant.<sup>123</sup>

The Supreme Court granted certiorari to determine whether the Federal Circuit’s matter of course practice of vacating judgments of invalidity after a non-infringement finding comported with the requirements of full and complete adjudication.<sup>124</sup> The Federal Circuit, the Supreme Court noted, felt confined to the mootness doctrine by two prior Supreme Court cases,<sup>125</sup> *Electrical Fittings Corp. v. Thomas & Betts Co.*<sup>126</sup> and *Altwater v. Freeman*.<sup>127</sup> Applying the perceived holdings of those cases, the Federal Circuit decided several cases in which it determined that a finding of non-infringement negated the “case or controversy” requirement of the DJA and, thus, eliminated the need to decide issues of invalidity or unenforceability when the court was convinced that the “case or controversy” was resolved.<sup>128</sup>

The Supreme Court held that the Federal Circuit retains sufficient subject-matter jurisdiction to consider invalidity even in the face of a finding of non-infringement.<sup>129</sup> That jurisdiction, however, is discretionary.<sup>130</sup> There are two independent bases for this jurisdiction. First, the Federal Circuit is not the court of

<sup>119</sup> *Id.* at 89–90; see *Vieau v. Japax, Inc.*, 823 F.2d 1510, 1517 (Fed. Cir. 1987); see *Fonar Corp. v. Johnson & Johnson*, 821 F.2d 627, 634 (Fed. Cir. 1987).

<sup>120</sup> *Cardinal Chem.*, 508 U.S. at 89–90; see *Vieau*, 823 F.2d at 1513; see *Fonar Corp.*, 821 F.2d at 630.

<sup>121</sup> *Cardinal Chem.*, 508 U.S. at 89–90; see *Vieau*, 823 F.2d at 1513; see *Fonar Corp.*, 821 F.2d at 630.

<sup>122</sup> *Morton Int’l, Inc. v. Cardinal Chem. Co.*, 959 F.2d 948, 952 (Fed. Cir. 1992); see *Cardinal Chem.*, 508 U.S. at 87.

<sup>123</sup> *Cardinal Chem.*, 508 U.S. at 88; see *Cardinal Chem.*, 959 F.2d at 952.

<sup>124</sup> *Cardinal Chem.*, 508 U.S. at 85.

<sup>125</sup> *Id.* at 92.

<sup>126</sup> 307 U.S. 241 (1939).

<sup>127</sup> 319 U.S. 359 (1943) (holding a patent valid if it is not infringed is to decide a hypothetical case as opposed to the situation where the counterclaim is directed to additional patent claims not involved in the complaint at issue, in which case the invalidity claim is not moot).

<sup>128</sup> *Cardinal Chem.*, 508 U.S. at 91–92.

<sup>129</sup> *Id.* at 96. This oft quoted and typically misapplied language states that:

It is equally clear that the Federal Circuit, even after affirming the finding of non-infringement, had *jurisdiction* to consider Morton’s appeal from the declaratory judgment of invalidity. A party seeking a declaratory judgment of invalidity presents a claim independent of the patentee’s charge of infringement. If the District Court has jurisdiction (established independently from its jurisdiction over the patentee’s charge of infringement) to consider that claim, so does (barring any intervening events) the Federal Circuit.

*Id.*

<sup>130</sup> *Id.*

last resort and therefore procedural processes and appellate status must be complete for a ruling to be reviewed by an appellate tribunal.<sup>131</sup> Second, jurisdiction established at the time of filing is presumed to be retained and will only be revoked if subsequent events are brought forward by the party opposing jurisdiction.<sup>132</sup>

Applying the jurisdictional amalgam to the facts of *Cardinal Chemical*, the Court found that “[e]ven if it may be good practice to decide no more than is necessary to determine an appeal, it is clear that the Federal Circuit had jurisdiction to review the declaratory judgment of invalidity.”<sup>133</sup> Jurisdiction is thus a discretionary matter confined to the facts of each case and a *per se* rule which fails to take into account the individual facts of a given case is not sufficient to satisfy the case or controversy requirement of Article III or Supreme Court precedent. The Supreme Court holding was subsequently understood by the Federal Circuit to mean that “a finding of non-infringement does not moot invalidity or unenforceability defenses when they are raised in a counterclaim.”<sup>134</sup>

#### 4. BP Chemicals and the Clarification of Reasonable Apprehension

In *BP Chemicals Ltd. v. Union Carbide Corp.*,<sup>135</sup> the Federal Circuit was called upon to distinguish the difference between actions that create a reasonable apprehension of suit and actions that are merely the competitive use of patented technology as a marketing tool.<sup>136</sup> Here, the plaintiff in a DJA First case brought suit for non-infringement of the defendant’s patent.<sup>137</sup> The DJA plaintiff attempted to establish jurisdiction sufficient to satisfy the DJA by arguing that the DJA defendant, in marketing its product, continually referenced its patented technology to prospective purchasers.<sup>138</sup> Additionally, the DJA plaintiff argued that in order to effectively sell its product, its customers required that it indemnify them against potential infringement suits by the DJA defendant.<sup>139</sup> No evidence was presented that the DJA defendant threatened to sue the DJA plaintiff or its customers for patent infringement.<sup>140</sup>

After an evidentiary hearing on the question of jurisdiction, the district court dismissed the DJA suit.<sup>141</sup> It found that the DJA plaintiff was not under a reasonable apprehension of suit sufficient to imbue jurisdiction upon the court.<sup>142</sup> On appeal, the Federal Circuit affirmed.<sup>143</sup> It noted that the purpose of the DJA was “to enable a person who is reasonably at legal risk because of an unresolved dispute to

---

<sup>131</sup> *Id.* at 97.

<sup>132</sup> *Id.* at 98.

<sup>133</sup> *Id.*

<sup>134</sup> *Fin Control Sys. Pty, Ltd. v. OAM, Inc.*, 265 F.3d 1311, 1321 (Fed. Cir. 2001).

<sup>135</sup> 4 F.3d 975 (Fed. Cir. 1993).

<sup>136</sup> *Id.* at 980.

<sup>137</sup> *Id.* at 976.

<sup>138</sup> *Id.* at 979.

<sup>139</sup> *Id.* at 981.

<sup>140</sup> *Id.* at 980.

<sup>141</sup> *BP Chems. v. Union Carbide Corp.*, 757 F. Supp. 303, 310 (S.D.N.Y. 1991), *aff’d*, 4 F.3d 975 (Fed. Cir. 1993).

<sup>142</sup> *Id.*

<sup>143</sup> *BP Chems.*, 4 F.3d at 981.

obtain judicial resolution of that dispute without having to await the commencement of legal action by the other side.”<sup>144</sup>

With this in mind, the Federal Circuit demurred to the district court’s evaluation of witnesses presented by both sides.<sup>145</sup> The Federal Circuit ruled that the district court did not err in finding that the DJA defendant’s claims of patented technology were an effective marketing strategy.<sup>146</sup> Direct threats of infringement are not required to satisfy the jurisdictional requirements of the DJA, and indirect threats creating a reasonable apprehension of suit will satisfy the same requirements.<sup>147</sup> The Federal Circuit found that the DJA defendant’s actions did not rise to that level.<sup>148</sup> Additionally, the argument that the lack of a clear promise by the DJA defendant in a covenant not to sue once litigation commenced, acts as a *de facto* cause of a reasonable apprehension of suit also failed to persuade the court.<sup>149</sup> In conclusion, the Federal Circuit noted that the line of demarcation between the creation of a reasonable apprehension of suit and the inhibition of unauthorized use of patented subject matter is a fine one, but it was not breached in this case.<sup>150</sup>

### B. Super Sack v. Chase

Against the backdrop of these case holdings, *Super Sack* was decided first by the district court,<sup>151</sup> and then by the Federal Circuit.<sup>152</sup>

Over a period of several years, Super Sack filed patent infringement actions against Chase and a multitude of defendants<sup>153</sup> along the way also filing an

---

<sup>144</sup> *Id.* at 977.

<sup>145</sup> *Id.* at 978–80.

<sup>146</sup> *Id.* at 981.

<sup>147</sup> *Id.* at 979.

<sup>148</sup> *Id.* at 980.

<sup>149</sup> *Id.*

<sup>150</sup> *Id.*

<sup>151</sup> *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, No. 3:88-CV-1963-P, 1995 WL 813691 (N.D. Tex. Oct. 17, 1995).

<sup>152</sup> *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054 (Fed. Cir. 1995).

<sup>153</sup> Corrected Brief for Appellant-Defendant Chase Packaging Corp. ix–xii, *Super Sack*, 57 F.3d 1054 (Fed. Cir. 1995) (No. 95-1001) [hereinafter Chase Brief], available at 1994 WL 16015218; see, e.g., *Super Sack Mfg. Corp. v. Transac Inc.*, No. 4:92-CV-00120-PNB (E.D. Tex. dismissed Nov. 17, 1994); *Super Sack Mfg. Corp. v. Bulk-Lift Int’l, Inc.*, No. 4:92-CV-00077-PNB (E.D. Tex. dismissed Aug. 11, 1994); *Super Sack Mfg. Corp. v. Stone Container Corp.*, No. 3:92-CV-00769-D (N.D. Tex. dismissed Mar. 30, 1994); *Super Sack Mfg. Corp. v. Atlas Bag Inc.*, No. 4:92-CV-01753 (S.D. Tex. dismissed Dec. 27, 1993); *Super Sack Mfg. Corp. v. Langston Cos.*, No. 4:92-CV-00275-A (N.D. Tex. dismissed July 30, 1993), appeal dismissed per stipulation, 16 F.3d 419 (Fed. Cir. 1993); *Super Sack Mfg. Corp. v. Augusta Bag Co.*, No. CV 190-187, 1992 U.S. Dist. LEXIS 19998 (S.D. Ga. October 21, 1992); *Super Sack Mfg. Corp. v. U.S. Sack Corp.*, No. 4:92-CV-01754 (S.D. Tex. Aug. 4, 1992) (consolidating case with case number 4:92-CV-01753); *Super Sack Mfg. Corp. v. FlexCon & Sys. Inc.*, No. 3:92-CV-01135-R (N.D. Tex. filed June 4, 1992); *Super Sack Mfg. Corp. v. Bulk-Pack, Inc.*, No. 4:90-CV-00171-PNB, 1992 U.S. Dist. LEXIS 22500 (E.D. Tex. April 6, 1992); *Super Sack Mfg. v. Bancroft Bag, Inc.*, No. 4:91-CV-00077-PNB (E.D. Tex. Aug. 2, 1991) (consolidating case with case number 4:90-CV-00171-PNB); *Super Sack Mfg. Corp. v. Cajun Bag & Supply Co.*, No. 6:90-CV-01288-TS-RSP (W.D. La. dismissed Apr. 16, 1991).

International Trade Commission (“ITC”) action against several respondents,<sup>154</sup> accusing essentially all of Super Sack’s competitors in the bulk bag industry of infringement of their patents. The *Super Sack v. Chase* suit, brought in 1988, asserted infringement of two U.S. patents.<sup>155</sup> The same patents were also asserted against the other defendants in both the infringement actions and the ITC action.<sup>156</sup>

Of the remaining infringement actions, only three are reported as having been adjudicated in addition to *Super Sack v. Chase*.<sup>157</sup> The first to be adjudicated was *Super Sack Manufacturing Corp. v. Bulk-Pack, Inc.*,<sup>158</sup> which went to trial and resulted in a finding in favor of Super Sack for both infringement and validity of both patents in suit.<sup>159</sup> This case was not appealed and Super Sack then avidly pursued its other cases against the remaining defendants. Next, *Super Sack Manufacturing Corp. v. Augusta Bag Co.*,<sup>160</sup> went to trial, but turned out differently, ending with a finding of non-infringement.<sup>161</sup> Finally, *Super Sack Manufacturing Corp. v. Langston Cos.*,<sup>162</sup> is reported as a table decision by the Federal Circuit, dismissing the district court’s findings of non-infringement.<sup>163</sup> All of the other infringement actions were either settled or dismissed following the filing of the motion to add an inequitable conduct count in *Super Sack v. Chase*.<sup>164</sup> The ITC action against five respondents was apparently settled without opinion of the ITC against all respondents, but the assumed settlement agreement prohibited the respondents from disclosing its terms.<sup>165</sup>

In *Super Sack v. Chase*, after Super Sack sued Chase for infringement of Super Sack’s patents, Chase counterclaimed for declaratory judgment of non-infringement

---

<sup>154</sup> See *In re Certain Bulk Bags and Process for Making Same*, Inv. No. 337-TA-338 (June 1992), available at 1992 ITC LEXIS 332.

<sup>155</sup> *Super Sack*, 57 F.3d at 1055; U.S. Patent No. 4,194,652 (filed Oct. 30, 1978) (issued Mar. 25, 1980); U.S. Patent No. 4,143,796 (filed July 7, 1977) (issued Mar. 13, 1979).

<sup>156</sup> See *id.* at 1056.

<sup>157</sup> See Chase Brief, *supra* note 153, at x–xi.

<sup>158</sup> No. 4:90-CV-00171-PNB, 1992 U.S. Dist. LEXIS 22500 (E.D. Tex. April 6, 1992)

<sup>159</sup> *Id.*; see Chase Brief, *supra* note 153, at x (noting that the parties entered into a settlement agreement after trial).

<sup>160</sup> No. CV 190-187, 1992 U.S. Dist. LEXIS 19998 (S.D. Ga. October 21, 1992).

<sup>161</sup> *Id.* at \*35; see Chase Brief, *supra* note 153, at ix.

<sup>162</sup> 16 F.3d 419 (Fed. Cir. 1993).

<sup>163</sup> *Id.*; see Chase Brief, *supra* note 153, at ix–x.

<sup>164</sup> *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1055 (Fed. Cir. 1995).

<sup>165</sup> See *In re Certain Bulk Bags and Process for Making Same*, Inv. No. 337-TA-338 (Feb. 1993), available at 1993 ITC LEXIS 102 (providing the notice of commission determination terminating investigation in its entirety); *In re Certain Bulk Bags and Process for Making Same*, Inv. No. 337-TA-338 (Jan. 1993), available at 1993 ITC LEXIS 69 (providing the notice of initial determination terminating respondent on the basis of settlement agreement); *In re Certain Bulk Bags and Process for Making Same*, Inv. No. 337-TA-338 (Jan. 1993), available at 1993 ITC LEXIS 68 (providing “[t]here has been a mutually agreeable settlement, the terms of which require confidentiality”); *In re Certain Bulk Bags and Process for Making Same*, Inv. No. 337-TA-338 (Dec. 1992), available at 1992 ITC LEXIS 769 (providing the notice of initial determination terminating respondent on the basis of settlement agreement); *In re Certain Bulk Bags and Process for Making Same*, Inv. No. 337-TA-338 (Dec. 1992), available at 1992 ITC LEXIS 737 (providing the notice of initial determination terminating respondent on the basis of settlement agreement).

and invalidity.<sup>166</sup> After discovery, Chase filed its first summary judgment motion for non-infringement, which was denied.<sup>167</sup>

After a long period of inactivity, Chase renewed its motion for summary judgment for non-infringement, invalidity, and added a new issue of unenforceability not alleged in its answer or in its first summary judgment motion.<sup>168</sup> This second summary judgment motion was the first time the unenforceability issue had been raised and recited a claim of inequitable conduct during prosecution of the patent applications that matured into the patents in suit.<sup>169</sup> This renewed motion for summary judgment was never ruled upon by the district court.<sup>170</sup>

After another period of inactivity, the court directed the parties to confer regarding Super Sack's indications that it no longer wished to continue its infringement claims against Chase,<sup>171</sup> but whether this resulted from Chase's assertions of inequitable conduct is unclear. The implication was that Super Sack would remove its claim of infringement if Chase agreed to retract its claim of inequitable conduct.<sup>172</sup> Chase did not agree to this and filed a motion to amend its answer and add counterclaims to include a count of unenforceability due to inequitable conduct.<sup>173</sup>

Super Sack thereafter filed a "Motion to Dismiss for Lack of Jurisdiction or, In the Alternative, Plaintiff's Motion to Dismiss by Order of this Court," citing both FRCP 12(b)(1) and FRCP 41(a)(2).<sup>174</sup> In this motion, Super Sack's counsel stated that "Super Sack will unconditionally agree not to sue Chase for infringement as to any claim of the patents-in-suit based upon the products currently manufactured and sold by Chase."<sup>175</sup> Of note, the statement of non-infringement did not absolve Chase from any liability for future acts of infringement on any future products Chase may develop if the motion was granted.<sup>176</sup>

The district court granted Super Sack's motion to dismiss and dismissed the case with prejudice.<sup>177</sup> The court never stated upon which grounds it granted the motion under FRCP 12(b)(1) or FRCP 41(a)(2); rather, it simply granted the motion to dismiss for lack of jurisdiction.<sup>178</sup> On appeal, the Federal Circuit affirmed the dismissal for lack of subject matter jurisdiction, holding:

Because Chase can have no reasonable apprehension that it will face an infringement suit on the '796 and '652 patents with respect to past and present products, it fails to satisfy the first part of our two-part test of justiciability.

---

<sup>166</sup> *Super Sack*, 57 F.3d at 1055.

<sup>167</sup> *Id.*

<sup>168</sup> *Id.* at 1056.

<sup>169</sup> *Id.*

<sup>170</sup> *Id.*

<sup>171</sup> *Id.*

<sup>172</sup> *Id.*

<sup>173</sup> *Id.*

<sup>174</sup> *Id.*

<sup>175</sup> *Id.*

<sup>176</sup> *Id.* at 1057.

<sup>177</sup> *Id.* at 1055.

<sup>178</sup> *Id.* at 1061.

... Chase has, of course, never contended that it has already taken meaningful preparatory steps toward an infringing activity by planning to make a new product that may later be said to infringe. . . . The residual possibility of a future infringement suit based on Chase's future acts is simply too speculative a basis for jurisdiction over Chase's counterclaim for declaratory judgments of invalidity. The only proper course for the trial court was to dismiss the case for lack of jurisdiction, as it did.<sup>179</sup>

The Federal Circuit did not address the issue of whether the district court properly or improperly granted the mandate of FRCP 41(a)(2) in the face of the remaining motions and counterclaims that were capable of independent adjudication.<sup>180</sup> The Federal Circuit noted in a mere footnote that it “review[s] judgments, not opinions” and as such, it “need not close [its] eyes to the record where, as in this case, there is a way clearly open to affirm’ the trial court’s action.”<sup>181</sup>

Chase cited *Cardinal Chemical*<sup>182</sup> for the proposition that “a party seeking a declaratory judgment of invalidity presents a claim independent of the patentee’s charge of infringement.”<sup>183</sup> The *Super Sack* court found that, in accordance with the Supreme Court’s *Cardinal Chemical* decision, the district court had no discretion over whether to decide to retain jurisdiction to consider invalidity even in the face of a patent owner essentially admitting non-infringement.<sup>184</sup>

Super Sack’s counsel’s oral promise not to sue was apparently enough, however, to satisfy the Federal Circuit that there no longer remained a “reasonable apprehension” of suit.<sup>185</sup> Neither the district court nor the Federal Circuit ever noted that Super Sack had also filed lawsuits against virtually every competitor in the industry. Of these actions, two had already gone to trial, and the industry was in turmoil because one of the actions was concluded with a finding of patent validity and infringement.<sup>186</sup> The ITC actions against five respondents were settled (no ITC final ruling ever issued) before the district court dismissed the *Super Sack* case, and the remaining pending court cases were all settled following the disclosure of inequitable conduct in the *Super Sack* district court action.<sup>187</sup>

---

<sup>179</sup> *Id.* at 1059–60.

<sup>180</sup> *Id.* at 1057.

<sup>181</sup> *Id.* at 1057 n.2.

<sup>182</sup> *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83 (1993).

<sup>183</sup> *Super Sack*, 57 F.3d at 1060 (quoting *Cardinal Chem.*, 508 U.S. at 96).

<sup>184</sup> *Id.* (“[T]he trial court did not err in concluding that post-filing events rendered moot the controversy in this case.”).

<sup>185</sup> *Id.* at 1059.

<sup>186</sup> *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, No. 3:88-CV-1963-P, 1995 WL 813691 (N.D. Texas Oct. 17, 1995).

<sup>187</sup> *Cf.* Chase Brief, *supra* note 153, at ix–xii (noting all other defendants had settled prior to the appeal by Chase).

*C. Cases Following Super Sack, Pre-MedImmune*

Each of the cases discussed in this section is presented chronologically starting from the *Super Sack* decision of 1995 and extending to the Supreme Court's 2007 decision in *MedImmune, Inc. v. Genentech, Inc.*<sup>188</sup>

In *Mobile Oil Corp. v. Advanced Environmental Recycling Technologies, Inc.*,<sup>189</sup> a DJA First case, the Federal Circuit looked to whether the failure of a declaratory judgment defendant to counterclaim for infringement divests the court of subject-matter jurisdiction. The court found that a DJA defendant's refusal to counterclaim for infringement removes any apprehension of suit from the DJA plaintiff because infringement in such a case is a mandatory counterclaim.<sup>190</sup> The court lacked subject-matter jurisdiction to rule on the remaining DJA claims of unenforceability and invalidity because the DJA defendant-patent owner issued a *de facto* admission of non-infringement.<sup>191</sup> The Federal Circuit held that absence of a reasonable apprehension of suit for infringement divested the district court of subject-matter jurisdiction.<sup>192</sup> Thus, the court was forced to overrule the jury findings of unenforceability and invalidity of the patents at issue because subject-matter jurisdiction enabling justiciability under Article III must be maintained throughout at all stages of a legal action, including appeals.<sup>193</sup>

In a reversal of roles from those in *Mobile Oil*, the Federal Circuit, in *Lamb-Weston, Inc. v. McCain Foods, Ltd.*,<sup>194</sup> looked to whether a finding of non-infringement due to invalidity renders moot counterclaims of unenforceability. The Federal Circuit, citing the Supreme Court's opinion in *Cardinal Chemical*, found it did.<sup>195</sup> The finding of invalidity, the Court said, mooted the need for a ruling on the claim of unenforceability; because the patents were invalid and no future party could be accused of patent infringement, the court need not rule on the unenforceability issue, as it was redundant.<sup>196</sup> This ruling mirrored the Federal Circuit's "mootness doctrine," whereby the court will decline to hear claims of unenforceability and invalidity in the face of a holding of non-infringement.<sup>197</sup>

---

<sup>188</sup> 127 S. Ct. 764 (2007).

<sup>189</sup> No. 95-1333, 1996 WL 325081 (Fed. Cir. June 13 1996) (appearing as a table decision at 92 F.3d 1203).

<sup>190</sup> *Id.* at \*3.

<sup>191</sup> *Id.*

<sup>192</sup> *Id.*

<sup>193</sup> *Id.*

<sup>194</sup> 78 F.3d 540 (Fed. Cir. 1996) (per curiam).

<sup>195</sup> *Id.* at 545-46.

<sup>196</sup> *Id.* at 546.

<sup>197</sup> *Id.* The reasoning used in *Lamb-Weston* is interesting. The court noted that it declined to address the issue of unenforceability because the patent in question was found to be invalid, thus sparing any future parties threats of infringement. *Id.* at 546. Using the same rationale, an infringement suit in which the infringement issue was not reached should be allowed to reach the issue of unenforceability in order to fully litigate the matter before the court and spare future third parties the threat of litigation for infringement based on patents that may be unenforceable. This was also the case in *Super Sack*, where claims of unenforceability and invalidity were still before the court. Though the defendant in *Super Sack* was no longer in apprehension of an infringement suit, the counterclaim of invalidity and a motion to add unenforceability to the counterclaim were before the Court and were ripe for adjudication. Future parties would thus be spared threats of infringement if *Super Sack*'s patents were indeed found to be invalid or unenforceable. These issues



In a DJA First case, the court in *In re Yamaha Motor Co.*,<sup>198</sup> addressed whether a promise not to sue for past and future infringement would vacate liability for contributory infringement on the part of the DJA plaintiff's customers. Similar to *Super Sack*, the DJA defendant issued a promise not to sue for past or future acts of purported infringement.<sup>199</sup> The DJA plaintiff, in an attempt to convince the court to retain jurisdiction over the patent invalidity claim, asserted the possibility of further patent suits against its customers.<sup>200</sup> The district court found that the first part of the justiciability test was satisfied because the DJA plaintiff's customers were still liable for contributory infringement.<sup>201</sup> On a writ of mandamus, the Federal Circuit found that any apprehension of suit was discharged with regard to the DJA plaintiff by the promise not to sue.<sup>202</sup> It was also determined that the reasonable apprehension test could not be extended to the DJA plaintiff's customers because they were not parties to the suit.<sup>203</sup>

*Fina Research, S.A. v. Baroid Ltd.*,<sup>204</sup> a DJA First case, looked to whether a promise not to sue divested a DJA plaintiff of indirect infringement liability. The district court held that even though Fina received two letters – one accusing it of direct infringement and the other of indirect or contributory infringement – the plaintiff was no longer under reasonable apprehension of suit because the patent owner's counsel later disavowed both letters in a third letter stating that its client (Baroid) “has not and does not make any claim of infringement against [Fina].”<sup>205</sup> Specifically distinguishing the case from *Super Sack*, the Federal Circuit reversed.<sup>206</sup> The first two letters resulted in a reasonable apprehension sufficient to satisfy the justiciability test, while the third letter did not unequivocally provide the necessary covenant not to sue for all past and present products, as had been made in both the *Super Sack* and *Spectronics* cases.<sup>207</sup>

Another case, *Amana Refrigeration, Inc. v. Quadlux, Inc.*,<sup>208</sup> a DJA First case, looked to whether a covenant not to sue was sufficient to remove any reasonable apprehension of suit for products that were in development at the time the covenant was issued. The district court found that it did.<sup>209</sup> The Federal Circuit affirmed the holding, noting that subject-matter jurisdiction for products that are not in current production is too speculative even in the face of assertions of possible infringement.<sup>210</sup> As for current products, the issuance of a covenant not to sue forever estops the

---

were properly before the court and, but for plaintiff's lack of action, would have been fully adjudicated.

<sup>198</sup> No. Misc. 518, 1997 U.S. App. LEXIS 26595 (Fed. Cir. 1997) (appearing as a table decision at 124 F.3d 228).

<sup>199</sup> *Id.* at \*6.

<sup>200</sup> *Id.* at \*7.

<sup>201</sup> *Id.*

<sup>202</sup> *Id.*

<sup>203</sup> *Id.*

<sup>204</sup> 141 F.3d 1479 (Fed. Cir. 1998).

<sup>205</sup> *Id.* at 1483.

<sup>206</sup> *Id.* at 1484.

<sup>207</sup> *Id.* at 1483–84.

<sup>208</sup> 172 F.3d 852 (Fed. Cir. 1999).

<sup>209</sup> *Id.* at 855.

<sup>210</sup> *Id.* at 856.

issuing party from asserting infringement liability over those products that the covenant covers.<sup>211</sup>

*Intellectual Property Development, Inc. v. TCI Cablevision of California, Inc.*,<sup>212</sup> an Infringement First case, looked to whether voluntary dismissal via a “Statement of Non-Liability” fully divested a defendant of all infringement liability concerns – most notably indemnity and direct liability of potential transferees. The district court held it did and the Federal Circuit agreed in an opinion extending the effect of a covenant not to sue to a “Statement of Non-Liability.”<sup>213</sup> The Federal Circuit found also that the Statement could remove any “reasonable apprehension” of an infringement suit brought by the patent owner, but one issue left open was whether such a suit could be brought by the patent owner’s subsidiaries and successors in interest.<sup>214</sup> The Federal Circuit affirmed the district court’s dismissal of the patent infringement action with prejudice, and the declaratory judgment counterclaims without prejudice, pending the counterclaimant’s ability to properly plead that the court had subject matter jurisdiction.<sup>215</sup> The court found, as a distinguishing feature, that a reasonable apprehension existed with the possibility of a patent infringement lawsuit brought by the patent owner’s putative exclusive licensee.<sup>216</sup> While that particular allegation was not pleaded in the counterclaim, the rights conferred by the license were not clear and the court allowed for the possibility of the defendant being able to plead that the Statement did not remove the risk of a lawsuit by the licensee.<sup>217</sup> However, the “Statement of Non-liability” was considered sufficient to remove any reasonable apprehension of a suit from the parties as they currently stood.<sup>218</sup>

In an Infringement First case, *Inline Connection Corp. v. Atlantech Online, Inc.*,<sup>219</sup> the Federal Circuit decided whether a district court retained sufficient subject matter jurisdiction to issue a permanent injunction after a covenant not to sue had been submitted by the patent owner. The Federal Circuit, in a non-precedential opinion, found the district court’s retention of subject-matter jurisdiction and issuance of a permanent injunction to be an abuse of discretion.<sup>220</sup> Vacating the district court’s injunction, the Federal Circuit followed the *Super Sack* precedent in finding that the district court was divested of subject-matter jurisdiction as soon as the covenant was submitted and, therefore, the district court lacked jurisdiction to issue an injunction thereafter.<sup>221</sup> Answering a mirror image of the question left open in *Intellectual Property Development*, the Federal Circuit ruled that the covenant not to sue was personal in nature, and therefore applicable against the defendant only.<sup>222</sup>

---

<sup>211</sup> *Id.*

<sup>212</sup> 248 F.3d 1333 (Fed. Cir. 2001).

<sup>213</sup> *Id.* at 1341.

<sup>214</sup> *Id.* at 1341–42.

<sup>215</sup> *Id.* at 1342.

<sup>216</sup> *Id.* at 1341–42.

<sup>217</sup> *Id.*

<sup>218</sup> *Id.* at 1341.

<sup>219</sup> 85 F. App’x 767 (Fed. Cir. 2004).

<sup>220</sup> *Id.* at 769.

<sup>221</sup> *Id.*

<sup>222</sup> *Id.*

A lawsuit that could be brought against the asserted patent infringer's successors in interest was deemed too speculative to rule on by the Federal Circuit.<sup>223</sup>

*Sierra Applied Sciences, Inc. v. Advanced Energy Industries, Inc.*,<sup>224</sup> is a DJA First case in which the issue on appeal was whether a promise not to sue, specifically limited to current in-house testing, was sufficient to remove the DJA plaintiffs' reasonable apprehension of suit for past in-house use as well as for future products. The district court held that the patent owner's covenant not to sue for any current in-house testing of purportedly infringing products was sufficient to remove this apprehension and divested the court of subject-matter jurisdiction.<sup>225</sup> The Federal Circuit found that though the promise was deficient to divest the court of subject-matter jurisdiction, because it removed the apprehension from a portion of the purported infringing activity for current in-house testing, it did not remove apprehension from past testing activities nor from products which were previously sold or could be sold in the near future.<sup>226</sup> Of note, the Federal Circuit stated that the reasonable apprehension test is an ephemeral one; though it may exist at a certain point, the passage of time may diminish it so as to remove apprehension from a potential infringer.<sup>227</sup>

The Federal Circuit took the opportunity to elaborate on the immediacy and reality requirements<sup>228</sup> required by the Supreme Court's decision in *Maryland Casualty Co. v. Pacific Coal & Oil Co.*<sup>229</sup> In evaluating "all the circumstances" surrounding the case, the court looked to the language which required that an Article III dispute be of "sufficient immediacy and reality to warrant the issuance of a declaratory judgment."<sup>230</sup> Immediacy is a temporal requirement which mandates that there be a nexus between purported infringing activity and instigation of a suit.<sup>231</sup> In a DJA action, this requires that there be a reasonable apprehension of imminent (*i.e.* immediate) threat.<sup>232</sup> "The greater the length of this interim period

<sup>223</sup> *Id.*

Inline's characterization of the dismissal as "personal" and "non-transferable" did not affect, limit, or condition the promise not to sue as to Atlantech, which was the only party before the district court charged with infringement. Future disputes relating to Atlantech's successors in interest and others in privity with Atlantech are just that—future disputes. They must be left to future cases and are not ripe for consideration in this case.

*Id.*

<sup>224</sup> 363 F.3d 1361 (Fed. Cir. 2004).

<sup>225</sup> *Sierra Applied Scis., Inc. v. Advanced Energy Indus., Inc.*, 258 F.Supp.2d 1148, 1154 (D. Colo. 2003, *aff'd* 363 F.3d 1361 (Fed.Cir. 2004). *See Sierra*, 363 F.3d at 1372.

<sup>226</sup> *Sierra*, 363 F.3d at 1375.

<sup>227</sup> *Id.* at 1374.

<sup>228</sup> *Id.* at 1379 ("The greater the variability of the subject of a declaratory-judgment suit, particularly as to its potentially infringing features, the greater the chance that the court's judgment will be purely advisory, detached from the eventual, actual content of that subject—in short, detached from eventual reality."); *see also* *Telectronics Pacing Sys., Inc. v. Ventritex, Inc.*, 982 F.2d 1520, 1526–27 (Fed. Cir. 1992) (noting that the reality requirement looks to whether the design of the purported infringing product is sufficiently fixed; unlike the "concrete steps" inquiry, which looks to steps taken after finalization of a design, the issue is whether the infringing aspects of the product would actually make it a finished product).

<sup>229</sup> 312 U.S. 270 (1941).

<sup>230</sup> *Sierra Applied Scis.*, 363 F.3d at 1372 (quoting *Md. Cas. Co.*, 312 U.S. at 273).

<sup>231</sup> *Id.* at 1378–79.

<sup>232</sup> *Id.*

[between a threat of suit and a DJA action], the more likely the case lacks the requisite immediacy.”<sup>233</sup> A four year interim between initial threats by Advanced Energy and legal action by Sierra would have been insufficient but for intervening actions by Advanced Energy.<sup>234</sup> The Federal Circuit found that “Sierra could no longer have reasonably apprehended an infringement suit aimed at its disclosed manufacturing and sales of [its product].”<sup>235</sup>

### 1. *The License Cases*

*Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*,<sup>236</sup> an Infringement First case, considered whether subject-matter jurisdiction exists in the presence of a license agreement that was in effect and not breached by the licensee. Neither the district court nor the parties addressed the question of subject-matter jurisdiction during trial, which resulted in a jury verdict in favor of Metabolite.<sup>237</sup> The Federal Circuit, however, addressed the subject-matter jurisdiction issue *sue sponte*, because the issue of jurisdiction exists at all stages of a case.<sup>238</sup> The Federal Circuit held that a current license that has not been breached serves as a *de facto* covenant not to sue.<sup>239</sup> With a license in place, the licensor cannot sue for infringement and the licensee cannot challenge the validity of the patent; DJA jurisdiction for both is lacking.<sup>240</sup>

*Gen-Probe Inc. v. Vysis, Inc.*,<sup>241</sup> a DJA First case, involved the question of whether a license paid “under protest” was sufficient to establish subject-matter jurisdiction. At trial, the district court rejected Vysis’s motion to dismiss the case for lack of subject-matter jurisdiction.<sup>242</sup> The jury thereafter found that the patent in question was invalid and not infringed.<sup>243</sup> On appeal, the Federal Circuit revisited the issue of subject-matter jurisdiction, and relying on the holdings in *Super Sack* and *Fina Research*, the Court found that a license agreement effectively removed any apprehension of suit.<sup>244</sup> The Federal Circuit reasoned that without a material breach of the license agreement, Gen-Probe would have no reason to believe that it would be sued for infringement; apprehension would only lie if either party were in material breach and an infringement suit was imminent.<sup>245</sup> Payment of royalties “under protest” was deemed insufficient to establish subject-matter jurisdiction.<sup>246</sup>

---

<sup>233</sup> *Id.* at 1379.

<sup>234</sup> *Id.* at 1374.

<sup>235</sup> *Id.*

<sup>236</sup> 370 F.3d 1354 (Fed. Cir. 2004).

<sup>237</sup> *Id.* at 1369.

<sup>238</sup> *Id.*

<sup>239</sup> *Id.*

<sup>240</sup> *Id.* *Contra* *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764, 776 (2007) (reversing the finding that a non-breached license agreement serves as a *de facto* covenant not to sue).

<sup>241</sup> 359 F.3d 1376 (Fed. Cir. 2004).

<sup>242</sup> *Gen-Probe Inc. v. Vysis, Inc.*, No. 99-CV-2668 H(AJB), 2002 WL 34413199, at \*7 (S.D. Cal. Aug. 5, 2002). *See Gen-Probe*, 359 F.3d at 1379.

<sup>243</sup> *Id.* at \*8.

<sup>244</sup> *Gen-Probe*, 359 F.3d at 1381.

<sup>245</sup> *Id.*

<sup>246</sup> *Id.* at 1381–82.

*MedImmune, Inc. v. Centocor, Inc.*<sup>247</sup> is a DJA First case in which the Federal Circuit looked to whether the presence of a non-breached license agreement vitiated subject-matter jurisdiction in a DJA action asserting invalidity and unenforceability. The district court, following the *Gen-Probe* holding, held that a non-breaching licensee did not raise an actual controversy sufficient to establish subject-matter jurisdiction.<sup>248</sup> MedImmune argued that the *Gen-Probe* holding was contrary to Supreme Court precedent established in *Cardinal Chemical* and, thus, *Gen-Probe* was incorrectly decided.<sup>249</sup> The Federal Circuit disagreed.<sup>250</sup> *Cardinal Chemical*, it held, did not reach the issue asserted by MedImmune—namely that *Cardinal Chemical* altered the way in which the trial court should evaluate subject-matter jurisdiction.<sup>251</sup> *Cardinal Chemical* merely dealt with the Federal Circuit’s use of the “mootness doctrine” by which it declines to evaluate claims of invalidity if a finding of non-infringement is upheld by the Federal Circuit.<sup>252</sup>

## 2. The Reasonable Apprehension Cases

A DJA First case, *Plumtree Software, Inc. v. Datamize, LLC*,<sup>253</sup> looked to whether the actions of the DJA defendant were sufficient to place the DJA plaintiff under a reasonable apprehension of suit. The patent at issue was a continuation application that emanated from a parent patent that was the subject of another infringement suit between the two parties.<sup>254</sup> At the instigation of the parent patent suit, Datamize sent a letter to Plumtree asserting that it believed that Plumtree infringed its soon-to-be-issued continuation application.<sup>255</sup> In an infringement suit for a related patent to which Plumtree was not a defendant, Datamize also responded to an interrogatory stating that it believed Plumtree was infringing on its continuation patent.<sup>256</sup>

Plumtree eventually brought a DJA action in a different court asserting invalidity of the later issued continuation patents, prompting Datamize to file a motion for dismissal arguing that subject-matter jurisdiction did not exist because too much time had elapsed between the patent owners’ allegation of infringement and the DJA lawsuit filing.<sup>257</sup> The district court held that a proper “case or

---

<sup>247</sup> 406 F.3d 1376 (Fed. Cir. 2005).

<sup>248</sup> Centocor, Inc. v. MedImmune, Inc., No. C-02-03252 CRB, 2002 WL 31465299, at \*4 (N.D. Cal. Oct. 22, 2002). See *MedImmune*, 406 F.3d at 1378–79.

<sup>249</sup> *MedImmune*, 406 F.3d at 1380.

<sup>250</sup> *Id.*

<sup>251</sup> *Id.*

<sup>252</sup> See *Cardinal Chem.*, 508 U.S. at 98. But see *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1060 (Fed. Cir. 1995) (declining to extend this same argument stating that the *Cardinal Chem.* holding did not apply district court decisions appealed to the Federal Circuit where there was no finding on either validity or infringement in the district court).

<sup>253</sup> 473 F.3d 1152 (Fed. Cir. 2006).

<sup>254</sup> *Plumtree Software, Inc. v. Datamize, LLC*, No. C-04-2777 VRW, 2005 WL 2206495, at \*1 (N.D. Cal. Sept. 12, 2005); see *Plumtree*, 473 F.3d at 1156.

<sup>255</sup> *Plumtree*, 2005 WL 2206495, at \*3.

<sup>256</sup> *Id.*

<sup>257</sup> *Id.* at \*4.

controversy” existed and thus denied the motion.<sup>258</sup> On appeal, Datamize argued that the passage of two years between the implementation of the prior patent infringement suit and the present declaratory judgment action was too long to constitute a continuing reasonable apprehension.<sup>259</sup> The Federal Circuit held that Datamize’s continued actions did put Plumtree under a reasonable apprehension of suit.<sup>260</sup> It also noted that without a covenant not to sue, there are very narrow circumstances from which a reasonable apprehension of suit may be dissipated.<sup>261</sup> A holding otherwise, the Federal Circuit noted, would result in “scare-and-run tactics that the Declaratory Judgment Act was intended to forestall.”<sup>262</sup>

#### *D. Factually Distinguishing Super Sack, Pre-MedImmune*

From the foregoing, a pattern is evident in the case law after the *Super Sack* decision. The cases tend to be classified into those which, for the most part, limit the *Super Sack* holding to facts very similar thereto, or follow *Super Sack*, or those that distinguish the *Super Sack* based on the factual background. The distinguishing arguments were based on: (1) lack of a reasonable apprehension, (2) existence of a non-breached license, or (3) mootness.

*Super Sack* and its progeny stood as the law for many years, albeit with numerous corrections as each new fact situation required adjustment of the discretionary standard. Many of these cases cited *Super Sack* only to distinguish the facts on one point or another, thereby avoiding application of the *Super Sack* holding. As is true with many of the Federal Circuit’s legal interpretations specifically applied to patent cases, the tide was turning. In developing the two-part justiciability test in *Super Sack*, the Federal Circuit interpreted application of patent law as being different from other areas of the law, particularly on procedural grounds.<sup>263</sup> The Supreme Court in recent years has, possibly by design, rendered several opinions that tilt toward reining in the Federal Circuit’s reliance on patent-specific applications of Supreme Court precedent.<sup>264</sup> Though patent law has some specific legal aspects that the Federal Circuit must necessarily take into account, patent cases are no different than any other area of law and must be in conformity with general precepts of the law in areas where it is appropriate. One of these areas is

---

<sup>258</sup> *Id.* at \*7.

<sup>259</sup> *Plumtree*, 473 F.3d at 1159–60.

<sup>260</sup> *Id.* at 1160.

<sup>261</sup> *Id.* at 1159.

<sup>262</sup> *Id.* (quoting *Fina Research, S.A. v. Baroid Ltd.*, 141 F.3d 1479, 1484 (Fed. Cir.1998)).

<sup>263</sup> *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1058 (citing *BP Chems., Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 978 (Fed. Cir. 1993)).

<sup>264</sup> *See Quanta Computer, Inc. v. LG Elecs., Inc.*, 128 S. Ct. 2109 (2008) (overturning the Federal Circuit’s holding that method patents are not subject to patent exhaustion); *KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (2007) (holding that the Federal Circuit’s narrow interpretation of obviousness, as enunciated in the “teaching, suggestion, or motivation” test, deviates from Supreme Court precedent); *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764 (2007) (holding that the Federal Circuit’s requirement that parties breach a contract in order to retain subject-matter jurisdiction to file suit for a declaratory judgment improperly applied Supreme Court precedent); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (chastising the Federal Circuit for reading limitations with regard to permanent injunctions into the Patent Act where none existed).

certainly the interpretation of the DJA and the standards by which subject-matter jurisdiction is established.

*Fort James Corp. v. Solo Cup Co.*,<sup>265</sup> is a case that shares a similar factual background to *Super Sack* and will thus be discussed in greater detail. Procedurally, *Fort James* is an Infringement First case in which Fort James sued Solo Cup for patent infringement.<sup>266</sup> Solo Cup thereafter counterclaimed for invalidity, non-infringement, and unenforceability.<sup>267</sup> The case was bifurcated by the district court, and a jury found the patent valid and not infringed upon.<sup>268</sup> A later bench trial was set to determine unenforceability due to inequitable conduct.<sup>269</sup> Before the trial, when Solo Cup was ready to produce evidence of unenforceability and inequitable conduct, Fort James issued a unilateral covenant not to sue along with a promise not to appeal the jury's non-infringement verdict.<sup>270</sup> The district court, citing *Super Sack*, dismissed the remaining counterclaims for lack of subject-matter jurisdiction noting that "in light of the Post-Verdict Covenant there was no actual controversy between the parties capable of resolution by a hearing on the unenforceability [of the patent] . . . ."<sup>271</sup>

The Federal Circuit reversed, holding that "a counterclaim questioning the validity or unenforceability of a patent raises issues beyond the initial claim of infringement that are not disposed of by a decision of non-infringement."<sup>272</sup> The court distinguished *Super Sack's* covenant not to sue from *Fort James's* jury finding of non-infringement by emphasizing the presence of a jury finding in *Fort James* over the admission of the counterclaim defendant that infringement was not an issue as in *Super Sack*.<sup>273</sup> The Federal Circuit held that even after the finding of non-infringement and a subsequent post-verdict covenant not to sue, the district court should have retained jurisdiction over the counterclaim issues of invalidity and unenforceability.<sup>274</sup> According to precedent established in *Fin Control Systems*,<sup>275</sup> the district court "was obligated to consider and rule on defendant's counterclaims of invalidity and unenforceability prior to entering [final] judgment."<sup>276</sup> The court announced its holding even though a case or controversy no longer existed, if the logic of *Super Sack* is followed, with regard to the patent's effect on Solo Cup.<sup>277</sup>

The *Fort James* holding enunciates the slippery nature of the Federal Circuit's interpretation of its own *Super Sack* ruling regarding divestiture of subject-matter jurisdiction due to an absence of a case or controversy. A change in the facts, although not in the result of proceedings, in the lower court has an effect in the weighing of discretionary factors in making the decision of whether the court continues to have any jurisdiction in respect to the unenforceability counterclaim.

---

<sup>265</sup> 412 F.3d 1340 (Fed. Cir. 2005).

<sup>266</sup> *Id.* at 1342.

<sup>267</sup> *Id.* at 1343.

<sup>268</sup> *Id.* at 1344.

<sup>269</sup> *Id.* at 1345.

<sup>270</sup> *Id.*

<sup>271</sup> *Id.* at 1348.

<sup>272</sup> *Id.*

<sup>273</sup> *Id.*

<sup>274</sup> *Id.*

<sup>275</sup> *Fin Control Sys. Pty, Ltd. v. OAM, Inc.*, 265 F.3d 1311 (Fed. Cir. 2001).

<sup>276</sup> *Fort James*, 412 F.3d at 1349.

<sup>277</sup> *See id.* at 1348.

*Fort James* held that even after a jury finding of non-infringement, and despite a finding of validity, the district court must retain jurisdiction to evaluate the counterclaim for unenforceability due to inequitable conduct.<sup>278</sup> The only factual differences present in *Fort James* that distinguish the facts from *Super Sack* appear to be the initial jury finding, followed by the covenant not to sue and promise to not appeal the non-infringement verdict, and perhaps that unenforceability had been plead and was at issue in the case before the jury trial.<sup>279</sup> It is an interesting distinction; a pre-verdict covenant not to sue divests the court of subject-matter jurisdiction, while a post-verdict covenant not to sue does not.<sup>280</sup> This holding fails to provide clear rules of jurisdiction to the district court whether to retain jurisdiction over counterclaims for unenforceability; the Federal Circuit's seemingly inconsistent precedents appear to leave the trial courts asea.

Separate from whether the infringement claims are disposed of via a covenant not to sue or a jury verdict of non-infringement, the *Super Sack* holding, taken at face value, is clearly dependent on the issue of whether there is a "reasonable apprehension" of further litigation on the part of the defendant.<sup>281</sup> Here *Fort James* clearly showed its stripes – it promised not to sue, promised not to appeal the non-infringement verdict, and tried to meet all the other requirements of *Super Sack* that permitted a plaintiff to walk away – all in an attempt to withdraw from the court any grounds to disturb the presumption of validity or render the patent unenforceable.<sup>282</sup> While the plot is slightly different, the motivation of the patent owner appears to be taken from the *Super Sack* story line. When faced with a certainly unfavorable result, and the issue of unenforceability due to inequitable conduct reared up as a possible basis for a court finding of exceptional case, counsel for the patent owner reached for its escape hatch, as allowed by the *Super Sack* holding, and the district court did what it was obliged to do and dismissed the counterclaim.<sup>283</sup> The Federal Circuit failed to uphold this attempted extension of *Super Sack*. However, and perhaps in a late realization of the appearance of injustice present in allowing a patent owner to escape a finding of unenforceability, the Federal Circuit produced a different result, thereby confusing the sea charts even further.

The distinguishing feature in the *Fort James* opinion—that the covenant not to sue was issued after the verdict of non-infringement was reached—may have been expected to invoke the Court's own mootness doctrine (assuming the non-infringement jury finding was upheld). As it is commonly interpreted, the mootness doctrine allows the Federal Circuit to render moot any outstanding claims of

---

<sup>278</sup> *Id.* at 1349.

<sup>279</sup> Compare *id.* at 1351 (reversing the district court's dismissal of the unenforceability counterclaim reached after the post-verdict covenant), with *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1060 (Fed. Cir. 1995) (upholding the dismissal of the case after the covenant not to sue was reached and before the trial had begun).

<sup>280</sup> Compare *Super Sack*, 57 F.3d at 1056 (noting that the covenant not to sue divested the court of subject matter jurisdiction), with *Fort James*, 412 F.3d at 1348–49 (noting that a counterclaim for unenforceability raises issues beyond the initial infringement claim that must still be decided).

<sup>281</sup> See *Super Sack*, 57 F.3d at 1059.

<sup>282</sup> *Fort James*, 412 F.3d at 1345.

<sup>283</sup> See *id.* at 1349.



invalidity or unenforceability, at its discretion, upon a finding of non-infringement.<sup>284</sup> Thus, because the jury's finding of non-infringement was not brought up on appeal, the remaining claims of invalidity and unenforceability could have been properly disposed of as providing an advisory ruling for parties that had no further stake in the outcome of a the case. The question was one of "case or controversy" and whether there remained any reasonable apprehension for a lawsuit. After the jury verdict of non-infringement, there remained no controversy with regard to Fort James's claims against Solo Cup because a reasonable apprehension of further litigation was lacking.<sup>285</sup> Solo Cup was no longer under any apprehension of suit and, in fact, after the covenant not to sue, was not even in apprehension of an appeal.<sup>286</sup>

*Highway Equipment Co. v. FECCO, Ltd.*<sup>287</sup> is an Infringement First case in which the issue of whether a covenant not to sue divested the district court of subject-matter jurisdiction to find the case exceptional under 35 U.S.C. § 285<sup>288</sup> and to award attorney's fees. The district court dismissed the infringement claim with prejudice, but held that it retained jurisdiction to rule on the § 285 issue.<sup>289</sup> On appeal, Highway Equipment argued that the dismissal of the infringement action did not change the legal relationship of the parties and, as such, the court did not have jurisdiction to rule on the § 285 issue.<sup>290</sup> The Federal Circuit held that based on the wording of § 285, the statute constituted its own basis of jurisdiction.<sup>291</sup> It also held that the district court's dismissal with prejudice constituted a legal change in the relationship of the parties sufficient for the court to entertain § 285 exceptionality motions.<sup>292</sup> If a DJA plaintiff is seeking for the court to retain jurisdiction, a motion

---

<sup>284</sup> See *Phonometrics, Inc. v. N. Telecom Inc.*, 133 F.3d 1459, 1468 (Fed. Cir. 1998) ("We have previously held that a district court has discretion to dismiss a counterclaim alleging that a patent is invalid as moot where it finds no infringement.").

<sup>285</sup> *Fort James*, 412 F.3d at 1348.

<sup>286</sup> See *id.*; see also *Caraco Pharm. Labs., Ltd. v. Forest Labs., Inc.*, 527 F.3d 1278 (Fed. Cir. 2008), *petition for cert. filed*, (Nov. 6, 2008) (No.08-624); *MedImmune, Inc. v. Centocor, Inc.*, 409 F.3d 1376 (Fed. Cir. 2005).

<sup>287</sup> 469 F.3d 1027 (Fed. Cir. 2006).

<sup>288</sup> 35 U.S.C. § 285 (2006) ("The court in exceptional cases may award reasonable attorney fees to the prevailing party.").

<sup>289</sup> *Highway Equip. Co. v. FECCO, Ltd.*, No. C03-0076, 2005 WL 936469, at \*5 (N.D. Iowa Apr. 22, 2005). See *Highway Equip. Co.*, 469 F.3d at 1031.

<sup>290</sup> *Highway Equip. Co.*, 469 F.3d at 1032.

<sup>291</sup> *Id.* at 1032-33.

<sup>292</sup> *Id.* at 1035. The *Highway Equipment Co.* court distinguished *Super Sack* in that the court found that the exceptional case provision of § 285 constitutes its own independent basis of jurisdiction and thus a covenant not to sue does not remove jurisdiction over that matter. *Id.* In other words, the court retained jurisdiction not over issues relating to the patent, but jurisdiction over the parties to render a fair and complete judgment. *Id.* at 1027. While following the court's logic in *Super Sack*, unenforceability and invalidity do not provide independent bases of jurisdiction for purposes of retaining the counterclaim, the issue is one of fairness and public policy. *Id.* If a purported infringer brought a DJA action attacking a patent solely on invalidity or unenforceability, without including a claim for non-infringement, would the district court have jurisdiction to hear the case? Under *Super Sack*, it is doubtful, but following *MedImmune*, discussed below, the issue is less clearly decided. *Id.*; see also *MedImmune, Inc. v. Centocor, Inc.*, 549 U.S. 118.(2007) (holding that the Federal Circuit erred in affirming the dismissal of a declaratory judgment action based on lack of subject matter jurisdiction when a view of all the circumstances showed that a justiciable controversy existed).

for finding an exceptional case may be one avenue of achieving some measure of justice. However, the standard of proof for such a finding is high.

*E. Other Federal Circuit “Case or Controversy” Cases, Pre-MedImmune*

In a DJA First case, *Samsung Electronics Co. v. Rambus, Inc.*,<sup>293</sup> the Federal Circuit looked to the question of whether a party can vitiate subject-matter jurisdiction over 35 U.S.C. § 285<sup>294</sup> exceptionality claims, and by implication, counterclaims of unenforceability, by offering to pay the opposing party’s attorney’s fees. In *Samsung*, Rambus initially filed suit for infringement to which Samsung counterclaimed for invalidity, unenforceability and non-infringement.<sup>295</sup> In order to avoid collateral estoppel issues not relevant to this discussion, Rambus filed a covenant not to sue on its claims of infringement.<sup>296</sup> Samsung thereafter moved to have the case declared exceptional under § 285, which would allow the district court to retain subject-matter jurisdiction over its unenforceability counterclaims pursuant to the holding in *Highway Equipment*.<sup>297</sup> Rambus, however, made a written offer to pay Samsung’s entire requested amount and issued a formal offer of judgment<sup>298</sup> under FRCP 68(a).<sup>299</sup> Samsung refused this offer and the district court thereafter entered an order denying attorney’s fees but also issued a finding adverse to Rambus with respect to spoliation of evidence due to unclean hands.<sup>300</sup> The Federal Circuit found fault with the district court’s determinations on two grounds.<sup>301</sup> First, the court noted that exceptionality under § 285 does not involve two independent determinations because exceptionality and the imposition of attorney’s fees are intertwined and the court cannot make a determination of exceptionality as its own separate sanction.<sup>302</sup> Second, in a curious twist on the mootness doctrine, the Federal Circuit was divested of subject-matter jurisdiction to issue a determination of exceptionality as soon as the DJA defendant made its offer of attorney’s fees.<sup>303</sup> An offer of attorney’s fees, in their entire amount, gives the DJA plaintiff exactly what it is seeking, and thus, there no longer remains an Article III “case or controversy” on

---

<sup>293</sup> 523 F.3d 1374 (Fed. Cir. 2008).

<sup>294</sup> 35 U.S.C. § 285 (2006).

<sup>295</sup> *Samsung Elecs. Co. v. Rambus, Inc.*, 440 F.Supp.2d 512, 514 (E.D.Va. 2006); see *Samsung*, 523 F.3d at 1376.

<sup>296</sup> *Samung*, 440 F.Supp.2d at 516.

<sup>297</sup> *Id.* at 518–19.

<sup>298</sup> *Id.* at 518.

<sup>299</sup> FED. R. CIV. P. 68(a).

More than 10 days before the trial begins, a party defending against a claim may serve on an opposing party an offer to allow judgment on specified terms, with the costs then accrued. If, within 10 days after being served, the opposing party serves written notice accepting the offer, either party may then file the offer and notice of acceptance, plus proof of service. The clerk must then enter judgment.

*Id.*

<sup>300</sup> *Samsung Elecs. Co. v. Rambus, Inc.*, 523 F.3d 1374, 1377 (Fed. Cir. 2008).

<sup>301</sup> *Id.* at 1377–78.

<sup>302</sup> *Id.* at 1379.

<sup>303</sup> *Id.* at 1380.

which a court may rely for retaining jurisdiction.<sup>304</sup>

*Fin Control Sys. Pty. Ltd. v. OAM, Inc.*,<sup>305</sup> an Infringement First case, raised the issue of whether a district court must entertain arguments addressing counterclaims of invalidity and unenforceability once a determination of non-infringement has been made. The district court granted summary judgment of non-infringement after a claim construction hearing and, in its holding, stated that because the patent was found not to be infringed, “defendant shall have judgment against plaintiff with respect to plaintiff’s complaint and with respect to defendant’s counterclaim.”<sup>306</sup> On appeal, Fin Control argued that in its ruling the district court *sue sponte* held that the patent in question was invalid and unenforceable without allowing Fin Control to present evidence and argument in opposition.<sup>307</sup> The Federal Circuit agreed that the district court’s finding for the plaintiff was improper without giving Fin Control an opportunity to properly present its contrary position on the issues of patent validity and unenforceability.<sup>308</sup> The Federal Circuit noted that because invalidity and unenforceability were raised in the counterclaim, “the court was obliged to rule on these matters as a prerequisite to entering judgment in the case.”<sup>309</sup>

By finding that the district court is obliged to rule on the invalidity and unenforceability portions of the counterclaim, the Federal Circuit appears to be adhering to the road mapped out by the Supreme Court in *Cardinal Chemical*, apparently holding that the district court is in the same position relative to the Federal Circuit when the case is appealed thereto as is the Federal Circuit in a Supreme Court appeal.<sup>310</sup> To avoid piecemeal appeals, all issues before the district court need to be resolved before judgment can be entered.<sup>311</sup> Here the district court found non-infringement and summarily held for the defendant on all its counterclaims.<sup>312</sup> This included finding the patent invalid and unenforceable, against which the plaintiff patent owner was not granted an opportunity to present any

---

<sup>304</sup> *Id.* *Samsung* was also interesting for statements made by the district court judge regarding the decision to retain jurisdiction and the relation of exceptionality to bad faith litigation. After noting that the first goal of § 285 sanctions was to compensate the prevailing party for its monetary outlay, the court noted, “[s]econd, and of equal, if not greater, importance, the sanction serves to deter parties from bringing or prosecuting bad faith litigation. The sanction thus protects litigants, the courts, and the judicial process from abuse.” *Samsung Elecs. Co., Ltd. v. Rambus, Inc.*, 439 F. Supp. 2d 524, 531 (E.D. Va. 2006) (citations omitted). As is evident from the opinion, the district court found it insufficient that the defendant received all it was asking for. One major difference with the subsequent Federal Circuit opinion and reasoning is that the extent of a plaintiff’s perfidy is not brought out into the light where it can be seen for what it is. The logic behind this reasoning is similar to that behind the logic in the original *Super Sack* decision, where it was considered sufficient for the defendant to avoid paying damages on a dubious infringement claim. *Compare id.* (addressing the bad faith issue within the case), *with Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1060 (Fed. Cir. 1995) (failing to look into the bad faith issue). Following a long fought litigation, a defendant may find greater satisfaction in receiving confirmation of bad faith on the part of the patent owner than in receiving only a monetary award.

<sup>305</sup> 265 F.3d 1311 (Fed. Cir. 2001).

<sup>306</sup> *Id.* at 1317.

<sup>307</sup> *Id.*

<sup>308</sup> *Id.* at 1321.

<sup>309</sup> *Id.* (explaining that the issue here is not that the court must issue a finding for or against the counterclaims, but that it must not adopt a such a position without proper consideration).

<sup>310</sup> *See id.*

<sup>311</sup> FED. R. CIV. P. 54(b).

<sup>312</sup> *Id.*

argument.<sup>313</sup> Allowing this would logically estop the plaintiff from asserting its patent rights against anyone else because the district court entered a ruling of invalidity and unenforceability that was final as to that patent (unless the case was appealed, as it was).<sup>314</sup> It is probable that had the district court entered judgment of non-infringement and dismissed the invalidity and unenforceability counterclaims as moot, Fin Control presumably would not have appealed, as the presumption of patent validity would have been untouched.<sup>315</sup>

*General Electric Co. v. Nintendo Co., Ltd.*,<sup>316</sup> an Infringement First case, discussed the issue of whether a determination of invalidity due to anticipation, as determined by the district court, must be reviewed by the Federal Circuit. The court found that the Federal Circuit's "mootness doctrine" was inapplicable under this fact situation because the appellant was appealing the finding of invalidity, not the absence of a finding of invalidity.<sup>317</sup> As the court said, "our affirmance of a district court's judgment of non-infringement does not, by itself, moot the declaratory judgment claim of invalidity."<sup>318</sup> Failure to address the determination of invalidity would "deprive the 'patentee [itself] of the appellate review that is a component of the one full and fair opportunity to have the validity issue adjudicated correctly."<sup>319</sup>

#### F. *MedImmune and the New Justiciability Test*

The Supreme Court's opinion in *MedImmune, Inc. v. Genentech, Inc.*<sup>320</sup> redefined in two major ways patent law precedent when a declaratory judgment action was sought. First, the Court held that a licensee need not breach its contract before bringing a declaratory judgment action for non-infringement.<sup>321</sup> Second, the Court rejected the "reasonable apprehension" portion of the Federal Circuit's two-part justiciability test<sup>322</sup> that was first formulated in the 1984 case of *Jervis B. Webb Co. v. Southern Systems, Inc.*<sup>323</sup> and had been controlling precedent.

---

<sup>313</sup> *Id.* at 1321–22.

<sup>314</sup> *Id.* at 1322.

<sup>315</sup> *See id.* at 1321.

<sup>316</sup> 179 F.3d 1350 (Fed. Cir. 1999).

<sup>317</sup> *Id.* at 1353.

<sup>318</sup> *Id.* at 1356; *see also* *Paragon Podiatry Lab., Inc. v. KLM Labs., Inc.*, 984 F.2d 1182, 1188 n.6 (Fed. Cir. 1993) (noting that the same issue is not mooted by the Federal Circuit's decision holding a patent invalid in view of defendant's motion for attorney fees); *Buildex Inc. v. Kason Indus., Inc.*, 849 F.2d 1461, 1466 (Fed. Cir. 1988) (noting that the same issue is not moot and remanding for a redetermination of inequitable conduct and for consideration of defendant's request for attorney fees).

<sup>319</sup> *Gen. Elec. Co.*, 179 F.3d at 1356 (quoting *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 102 (1993)).

<sup>320</sup> 127 S. Ct. 764 (2007).

<sup>321</sup> *Id.* at 777.

<sup>322</sup> *Id.* at 772–74.

<sup>323</sup> 742 F.2d 1388, 1399 (Fed. Cir. 1984). *Jervis B. Webb* is believed to be the first case in which the Federal Circuit two-part justiciability test was enunciated. *Id.* The "reasonable apprehension" requirement of the test was derived from *C.R. Bard, Inc. v. Schwartz*, 716 F.2d 874, 879 (Fed. Cir. 1983), while the "concrete steps" requirement was derived from *Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc.*, 439 F.2d 871, 875 (1st Cir. 1971). *Id.*

*MedImmune* was a DJA First case in which the Court addressed whether a licensee is required to breach its license agreement, exposing itself to treble damages for willful infringement, in order to properly bring a DJA action for non-infringement, invalidity, and/or unenforceability.<sup>324</sup> The license in question stated that the “licensed products” are any which “infringe one or more of the claims of either or both of the covered patents, which have neither expired *nor been held invalid by a court or other body of competent jurisdiction* from which no appeal has been taken.”<sup>325</sup> The district court held, and the Federal Circuit affirmed, that subject-matter jurisdiction over the DJA action did not exist pursuant to the Federal Circuit’s two-part justiciability test.<sup>326</sup>

After disposing of various arguments related to the terminology of the license agreement, the Supreme Court began its analysis by noting the standard set forth in *Maryland Casualty Co. v. Pacific Coal & Oil Co.*<sup>327</sup> This case states that a DJA dispute must be:

‘definite and concrete, touching the legal relations of the parties having adverse legal interests’; and that it be ‘real and substantial’ and ‘admi[t] of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts.’<sup>328</sup>

The question thereafter posited was whether acts by the plaintiff that eliminate the imminent threat of harm by generally not doing what it claimed it had a right to do created sufficient grounds for jurisdiction based on the DJA.<sup>329</sup> A licensee, said the Court, need not expose itself to a breach of contract action in order to attain subject-matter jurisdiction sufficient to satisfy the DJA.<sup>330</sup>

After this discussion, the Court further explained that this determination, in effect, overrules the Federal Circuit’s “reasonable apprehension” portion of the two-part justiciability test.<sup>331</sup> In addition to the above, the Court noted two other instances in which the reasonable apprehension test was in conflict with Supreme Court precedent. First, the Court discussed *Maryland Casualty* and *Aetna Life*, which both held that an insurer may bring a DJA action against a victimizer without having to wait for the insured-victim to first bring suit against the victimizer.<sup>332</sup> Here, the insurer is under no apprehension of suit because the insured-victim is the entity that is harmed.<sup>333</sup> The cases thus allow for a declaration of rights where no

---

<sup>324</sup> *MedImmune*, 127 S. Ct. at 767.

<sup>325</sup> *Id.* at 768 (emphasis added).

<sup>326</sup> *MedImmune, Inc. v. Genentech, Inc.*, No. 03-2567, 2004 U.S. Dist. LEXIS 28680, \*17 (C.D. Cal. Apr. 23, 2004), *aff’d*, 427 F.3d 958 (Fed. Cir. 2005), *rev’d*, 127 S. Ct. 764 (2007); *MedImmune, Inc. v. Genentech, Inc.*, 427 F.3d 958, 961 (Fed. Cir. 2005), *rev’d*, 127 S. Ct. 764 (2007).

<sup>327</sup> 312 U.S. 270 (1941).

<sup>328</sup> *MedImmune*, 127 S. Ct. at 771 (alteration in original) (quoting *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240–41 (1937)).

<sup>329</sup> *Id.* at 772.

<sup>330</sup> *Id.*

<sup>331</sup> *Id.* at 774 n.11.

<sup>332</sup> *Id.* at 771–74.

<sup>333</sup> *Id.* at 772.

subject-matter jurisdiction would normally lie.<sup>334</sup> Second, the Court held that the “reasonable apprehension” test goes against the teaching of *Cardinal Chemical*, “which held that appellate affirmance of a judgment of non-infringement, eliminating any apprehension of suit, does not moot a declaratory judgment counterclaim of patent invalidity.”<sup>335</sup> The Supreme Court’s rejection of the “reasonable apprehension” test has been interpreted to lower the threshold by which subject-matter jurisdiction may vest in a DJA plaintiff.<sup>336</sup> The new test is colloquially referred to as the “all the circumstances” test and enunciates that a court must look to all the circumstances surrounding the issue before it, not merely on whether the declaratory judgment plaintiff is under reasonable apprehension of suit.<sup>337</sup>

### G. Post-MedImmune Cases of Note

While *MedImmune* effectively redefined the justiciability test to determine subject matter jurisdiction in DJA actions, the Federal Circuit has not embraced the precedent whole-heartedly. Whether findings of non-infringement – either through a covenant not to sue or by a failure to file a non-infringement counterclaim – divest the court of subject-matter jurisdiction over invalidity and unenforceability claims appears to be an undecided issue. The relevant cases following *MedImmune* expose the Federal Circuit’s divergent theories on this point and lay the foundation for the Federal Circuit to put the issue to rest once and for all.

*Caraco Pharmaceutical Laboratories, Ltd. v. Forest Laboratories, Inc.*,<sup>338</sup> is a DJA First case in which the issue of subject-matter jurisdiction arose based on the intricacies of the Hatch-Waxman Act,<sup>339</sup> which regulates the means by which a generic pharmaceutical may be brought to market. Specifically, the Hatch-Waxman Act calls for a party seeking to produce a generic version of an approved, patented drug to file an abbreviated new drug application (“ANDA”).<sup>340</sup> Once approved by the Food & Drug Administration (“FDA”), the first filer of an ANDA holds exclusive rights to market a new generic drug for 180 days after expiration of the original drug’s exclusivity grant.<sup>341</sup> The 180-day period is triggered by either a commercial

---

<sup>334</sup> *Id.* at 774 n.11.

<sup>335</sup> *Id.* (citing *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 96 (1993)).

<sup>336</sup> *Id.* (replacing the “reasonable-apprehension” test with the “all the circumstances” test). See also Jennifer R. Saionz, Note, *Declaratory Judgment Actions in Patent Cases: The Federal Circuit’s Response to MedImmune v. Genentech*, 23 BERKELEY TECH. L.J. 161, 191–92 (2008) (stating that a patent holder essentially gains jurisdiction under the DJA by simply obtaining the patent).

<sup>337</sup> *MedImmune*, 127 S. Ct. at 771.

<sup>338</sup> 527 F.3d 1278, 1288 (Fed. Cir. 2008).

<sup>339</sup> Drug Price Competition and Patent Term Restoration Act of 1984, Pub. L. No. 98-417, secs. 101–05, 98 Stat. 1585, 1585–97 (codified as amended at 21 U.S.C. §§ 355, 360 (2006)).

<sup>340</sup> 21 U.S.C. § 355(a)–(b); see also *Caraco Pharm. Labs.*, 527 F.3d at 1282 (stating that filing an ANDA allows a generic drug manufacturer to bypass the usual FDA testing requirements if it can show that the generic in question is the bioequivalent of the approved drug).

<sup>341</sup> See *id.* § 355(j)(5)(B)(iv); see also *Caraco Pharm. Labs.*, 527 F.3d at 1283 (“The Hatch-Waxman Act provides that the 180-day period of exclusivity begins either on the date that the first Paragraph IV ANDA filer begins marketing its generic drug, or on the date of the final court decision finding the relevant Orange-Book-listed patents invalid or not infringed, whichever comes first.”)

sale or by a judgment of non-infringement on the part of the ANDA holder.<sup>342</sup> Non-ANDA holders may not produce generics, even if they are not infringing because the FDA certification process, in accordance with the Hatch-Waxman Act, will not allow the secondary generic manufacturer to produce the generic without the previous certification and the 180-day window running.<sup>343</sup> The district court dismissed the DJA action for lack of an Article III case or controversy relying on the Federal Circuit's reasonable apprehension test.<sup>344</sup> The Federal Circuit reversed applying *MedImmune's* newly-enunciated "all the circumstances" test.<sup>345</sup> Noting that Caraco itself was barred by FDA rules from manufacturing the generic drug without the ANDA holder triggering the 180-day exclusivity, the court found that a case or controversy did exist.<sup>346</sup> It was immaterial that Forest issued a covenant not to sue because there remained a substantial controversy between the parties sufficient to satisfy Article III and allow the court to retain jurisdiction.<sup>347</sup>

*Adenta GmbH v. OrthoArm, Inc.*<sup>348</sup> took up the issue of whether, *inter alia*, the lack of a counterclaim for infringement in a DJA First case resulted in a loss of subject-matter jurisdiction over the patent at issue. This issue was brought up by the Federal Circuit, *sue sponte*, in its determination of whether the district court correctly retained subject-matter jurisdiction.<sup>349</sup> The court relied on its decision in *Capo, Inc. v. Dioptics Medical Products, Inc.*<sup>350</sup> to dispel this issue, holding that a failure of a DJA defendant to counterclaim for infringement does not remove subject-matter jurisdiction because there remains an adequate case or controversy pursuant to the Supreme Court's *MedImmune* decision.<sup>351</sup> This holding<sup>352</sup> overruled the Federal Circuit's decision in *Mobile Oil*.<sup>353</sup>

---

<sup>342</sup> *Caraco Pharm. Labs.*, 527 F.3d at 1284 ("[T]he applicable statutory provisions provide for two methods of triggering the first Paragraph IV ANDA filer's 180-day exclusivity period: (1) a commercial-marketing trigger pursuant to 21 U.S.C. § 355(j)(5)(B)(iv)(I) (2000) and (2) a court-judgment trigger pursuant to 21 U.S.C. § 355(j)(5)(B)(iv)(II) (2000).").

<sup>343</sup> *Id.* at 1283 ("Until the first Paragraph IV ANDA filer's exclusivity period expires, the FDA may not approve a later-filed Paragraph IV ANDA based on the same ANDA.").

<sup>344</sup> *Id.* at 1289–91.

<sup>345</sup> *Id.* at 1291 ("In applying the all-the-circumstances test to Caraco's declaratory judgment action, we are guided by the Supreme Court's three-part framework for determining whether an action presents a justiciable Article III controversy. . . . For the following reasons, we hold that Caraco's declaratory judgment action satisfies these requirements and presents a justiciable Article III controversy.").

<sup>346</sup> *Id.* at 1297.

<sup>347</sup> *Id.* This immateriality of a covenant not to sue is limited to the facts of the case, namely the limitations brought about by the regulations of the Food and Drug Administration and the statutory provisions of the Hatch-Waxman Act. *Id.* It should not be read broadly to stand for the proposition that a covenant not to sue is always immaterial. *Id.*

<sup>348</sup> 501 F.3d 1364 (Fed. Cir. 2007).

<sup>349</sup> *Id.* at 1370.

<sup>350</sup> 387 F.3d 1352 (Fed. Cir. 2004).

<sup>351</sup> *Adenta*, 501 F.3d at 1370; see *Capo, Inc.*, 387 F.3d at 1356 (holding that "in an action for declaration of non-infringement, a counterclaim for patent infringement is compulsory and if not made is deemed waived. [The defendant] cannot avoid a declaratory action by refusing to file the counterclaim"). Interestingly, this too would seem to overrule the holding of *Mobile Oil* in which failure to counterclaim for infringement was seen as removing subject-matter jurisdiction. See *Mobile Oil Corp. v. Advanced Env'tl. Recycling Techs, Inc.*, 92 F.3d 1203 (Fed. Cir. 1996).

<sup>352</sup> *Id.* The *Adenta* decision removes one of the ways in which the Federal Circuit previously determined that subject-matter jurisdiction could be withdrawn from the court by an act of a

*Benitec Australia, Ltd. v. Nucleonics, Inc.*,<sup>354</sup> an Infringement First case, looked to whether the statutory lack of an infringement claim along with a covenant not to sue was sufficient to divest the court of subject-matter jurisdiction. After the Supreme Court's *Merck KGaA v. Integra Lifesciences I, Ltd.*<sup>355</sup> opinion interpreting 35 U.S.C. § 271(e)(1)<sup>356</sup>, Benitec decided it lacked the statutory basis by which it could claim infringement.<sup>357</sup> Benitec thereafter issued a covenant and promise not to sue for infringement.<sup>358</sup> The district court dismissed both the infringement claim and the counter claims for invalidity and unenforceability pursuant to Benitec's FRCP 41(a)(2) motion.<sup>359</sup> It held that the counterclaims no longer permitted the Court to retain jurisdiction under the DJA.<sup>360</sup> The Federal Circuit agreed, holding that neither the immediacy nor reality requirement for justiciability was met because of the uncertainty surrounding Benitec's FDA application and the temporally distant nature of any possible infringement.<sup>361</sup>

Of note, the *Benitec* court made specific mention of *Super Sack* and its relation to the *MedImmune* decision:

Although neither *Super Sack* nor *Amana* has been expressly overruled, both applied the disapproved "reasonable apprehension of imminent suit" test. Therefore, although the holdings in both cases are *not necessarily dependent on the "reasonable apprehension of imminent suit" requirement*, we nevertheless base our analysis of whether jurisdiction currently exists

---

defendant in a DJA action – by declining to counterclaim for infringement. *Id.* It is but a short step to extend this concept to DJA defendants who attempt to avoid subject-matter jurisdiction by issuing a covenant not to sue. *Id.* Here and in *Mobil Oil*, the DJA defendant is admitting that there is no infringement or that it is declining to pursue infringement. *Id.* If jurisdiction is retained for a DJA defendant failing to counterclaim for patent infringement, it is reasonable to assert that it should also be retained for a DJA defendant issuing a covenant not to sue. *Id.*

<sup>353</sup> *Mobile Oil Corp. v. Advanced Env'tl. Recycling Techs., Inc.*, 92 F.3d 1203 (Fed. Cir. 1996). *Mobile Oil* held that lack of an infringement counterclaim removed any "reasonable apprehension" of suit because, if not brought as a mandatory counterclaim, the DJA defendant was thereafter forever estopped from alleging infringement. *Id.*

<sup>354</sup> 495 F.3d 1340 (Fed. Cir. 2007), *cert. denied*, 128 S. Ct. 1331 (2008).

<sup>355</sup> 545 U.S. 193 (2005) (holding that the patent laws provide a wide berth for the use of patented drugs in activities related to the federal regulatory process, including preclinical studies and testing a drug's efficacy).

<sup>356</sup> 35 U.S.C. § 271(e)(1) (2006).

It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention (other than a new animal drug or veterinary biological product (as those terms are used in the Federal Food, Drug, and Cosmetic Act and the Act of March 4, 1913) which is primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques) solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.

*Id.*

<sup>357</sup> *Benitec*, 495 F.3d at 1343.

<sup>358</sup> *Id.*

<sup>359</sup> *Id.*

<sup>360</sup> *Id.*

<sup>361</sup> *Id.*



over Nucleonics's declaratory judgment counterclaims strictly on the framework of *MedImmune*.<sup>362</sup>

Thus, the Federal Circuit *dicta* apparently states that *Super Sack* may have been decided the same way despite the Supreme Court's redefinition of the justiciability standard for DJA actions.<sup>363</sup>

*Walter Kidde Portable Equipment, Inc. v. Universal Security Instruments, Inc.*<sup>364</sup> is an Infringement First case in which the question of whether a plaintiff's dismissal under FRCP 41(a)(2) may be granted without the defendant's approval and while several of defendant's motions remain before the court. Walter Kidde, in an attempt to cure a standing deficiency, moved for a dismissal of its original action pursuant to FRCP 41(a)(2) and re-filed its infringement claim the very same day.<sup>365</sup> The district court granted the dismissal without prejudice over the objections of USI and while several of USI's motions remained before the court.<sup>366</sup> The motions included counterclaims of invalidity, non-infringement, and unenforceability as well as Sherman Act claims, unfair competition, and state and common law.<sup>367</sup> USI appealed, basing its argument on the grounds that FRCP 41(a)(2) provides that as long as the defendant has a counterclaim pending which is capable of independent adjudication, its counterclaims may not be dismissed.<sup>368</sup>

The Federal Circuit began its analysis by noting that it would apply the law of the United States Court of Appeals for the Fourth Circuit with regard to the pendency of claims and interpretation of non-patent procedural rules.<sup>369</sup> It also noted it is within the district court's discretion to grant a plaintiff's motion for voluntary dismissal without prejudice as long as there was no impairment of the defendant's legal right.<sup>370</sup> Applying these rules, the Federal Circuit held that the district court abused its discretion in dismissing the invalidity, non-infringement, and unenforceability counterclaims, though the error was harmless.<sup>371</sup> The court was able to hold that the error was harmless because USI's legal rights were not impaired; they were able to assert the same claims in the case that was filed the same day the original case was dismissed.<sup>372</sup>

When the Federal Circuit examined the counterclaims based on antitrust and unfair competition, they found both were dismissed in error, and the errors were not harmless.<sup>373</sup> The dismissal of the antitrust and unfair competition claims were found

---

<sup>362</sup> *Id.* at 1346 (emphasis added).

<sup>363</sup> *See id.* The author also takes some issue with the statement because *Super Sack* clearly was decided on the issue of whether there was a reasonable apprehension of future infringement. *See Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054 (Fed. Cir. 1995).

<sup>364</sup> 479 F.3d 1330 (Fed. Cir. 2007), *reh'g denied*, 2007 U.S. App. LEXIS 11684 (Fed. Cir. May 3, 2007).

<sup>365</sup> *Id.* at 1334.

<sup>366</sup> *Id.* at 1332.

<sup>367</sup> *Id.* at 1333.

<sup>368</sup> *Id.* at 1336.

<sup>369</sup> *Id.* at 1335–36 (noting the abuse of discretion standard utilized in *Davis v. USX Corp.*, 819 F.2d 1270 (4th Cir. 1987)).

<sup>370</sup> *Id.* at 1336.

<sup>371</sup> *Id.* at 1339–41.

<sup>372</sup> *Id.* at 1340.

<sup>373</sup> *Id.* at 1339–40.

to be in error because the counterclaims were filed prior to the motion to dismiss, the district court retained subject-matter jurisdiction over the claims, and USI made a timely objection.<sup>374</sup> The court did not discuss the ramifications these standards had on its decision to find the counterclaims of invalidity, non-infringement, and unenforceability not in error.<sup>375</sup> It is clear that the court would have to retain subject-matter jurisdiction over the claims, but since the plaintiff never offered a covenant not to sue, subject-matter jurisdiction seemingly attached.<sup>376</sup>

#### IV. CONCLUSION

##### *A. Public Policy Considerations*

Soon after the *Super Sack* decision was entered, the reasons for making declaratory judgments available to parties and the historical foundation of the enactment of the DJA were discussed at length in a student note.<sup>377</sup> *Super Sack's* decision, it was noted, was rooted in public policy and was an attempt to remove the specter of an infringement suit from an accused infringer – the so-called “Damoclean threat with a sheathed sword” which was ever-present prior to the decision.<sup>378</sup> The note concluded that, while the rule in *Super Sack* was valid for the majority of patent infringement cases where the litigation was brought in good faith, future litigation would be impacted in those rare cases where a patent owner abuses the rights granted under its patent and uses the patent to intimidate competitors with the threat of litigation.<sup>379</sup> The above review of the cases citing *Super Sack* provides ample evidence that the district courts and, on occasion, the Federal Circuit relied on all kinds of distinguishing factual issues to avoid applying the stark holding of *Super Sack*.

The rare scenario involving the abuse of the rights granted by a patent might occur where a patent owner, lacking good faith, is guilty of lodging serial patent infringement lawsuits against putative infringers, only withdrawing those actions by submitting to the court a covenant not to sue on present products and obtaining

---

<sup>374</sup> *Id.* at 1340.

<sup>375</sup> *Id.* at 1342.

<sup>376</sup> Compare *id.* at 1343 (holding that any error the district court made regarding subject-matter jurisdiction would invariably bring the case full circle and lead to consolidation with the subsequent action), with *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054 (Fed. Cir. 1995) (ruling that when the district court dismissed the case with prejudice, including validity counterclaims, the patentee could no longer bring a suit for a declaratory judgment of invalidity or unenforceability unless it once again threatened to produce allegedly infringing products not within the covenant not to sue). The defendant in *Super Sack* maintained all the requisites for a finding error in the dismissal of the case except for subject-matter jurisdiction. *Super Sack*, 57 F.3d at 1057. The *Walter Kidde* holding, when combined with the reconstituted DJA standard of *MedImmune*, casts serious doubt as to whether *Super Sack* remains valid law.

<sup>377</sup> Michael G. Munsell, Note, *The Declaratory Judgment Act's Actual Controversy Requirement: Should A Patent Owner's Promise Not to Sue Deprive the Court of Jurisdiction?* *Super Sack Manufacturing Corp. v. Chase Packaging Corp.*, 62 MO. L. REV. 573 (1997) (analyzing *Super Sack's* effect on patent owners in future litigation).

<sup>378</sup> *Id.* at 588 (quoting *Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 734–35 (Fed. Cir. 1988)).

<sup>379</sup> *Id.* at 589.

dismissal under FRCP 12(b) for lack of an Article III case or controversy.<sup>380</sup> Courts are charged with dispensing justice, and to utilize their discretion in doing so. It is reasonable to evaluate the cases of possible abuse of patent rights so as to temper the right of patent owners to dismiss their case with prejudice while avoiding abuse or overreaching by patent owners of their rights under the patent laws. The argument is made herein that the courts have sufficient tools to dispense justice to a patent owner who is conducting itself in a way that raises the issue of abuse of patent rights and extension of patent rights beyond those that are reasonably available under law.

### B. *The Way Forward*

In the view of the author, *Super Sack* was incorrectly decided on its facts and was, more importantly, contrary to the public policy for which the DJA was instituted through the long legal and legislative battles almost 100 years ago. The *Super Sack* holding puts the imputed infringer in a position where it must defend against an improvidently brought patent infringement action. It stands to reason that public policy should not allow a patent owner to walk away from its own case *after* the accused infringer uncovers evidence of invalidity, unenforceability, or both. When a party is accused of infringing a patent it believes to be invalid or unenforceable, its options are limited. It may either accede to the patent owner's demands and lose business or it can engage in protracted litigation, only to have the patent owner pull the rug from under them at the last moment.

It is unclear whether the Supreme Court's decision in *MedImmune* will undo the perceived lack of justice. Even though the *MedImmune* Court redefined the legal standard by which subject-matter jurisdiction is determined – the “all the circumstances test” – the Federal Circuit noted that *Super Sack* may have turned out the same way.<sup>381</sup>

The solution to the ephemeral jurisdictional issues raised by a declaratory judgment defendant is for the district court to examine closely the issues in a case and properly apply the “all the circumstances” standard enunciated by the Supreme Court in *MedImmune*.<sup>382</sup> That process may require the court to retain jurisdiction of a case because of pending issues, including counterclaims, even though the direct issues of infringement, validity, or unenforceability may no longer be before the court. Some circumstances justifying a court to retain jurisdiction are claims that the patent owner knowingly asserted an invalid or unenforceable patent, raising the scepter of an exceptional case, as was found in *Highway Equipment*.<sup>383</sup> Alternatively, if the facts of the case allow, an accused infringer might allege a violation of Section two of the Sherman Antitrust Act, which unquestionably raises an independent basis for court's jurisdiction in a counterclaim adjudication.<sup>384</sup>

---

<sup>380</sup> See, e.g., *Samsung Elecs. Co. v. Rambus, Inc.*, 398 F. Supp. 2d 470 (E.D. Va. 2005).

<sup>381</sup> *Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1346 (Fed. Cir. 2007), *cert. denied*, 128 S. Ct. 2055 (2008).

<sup>382</sup> *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

<sup>383</sup> See *Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027 (Fed. Cir. 2006).

<sup>384</sup> See generally *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 176–77 (1965) (creating the “*Walker Process* claim,” which is a defense to an infringement suit where the defendant raises an antitrust issue related to fraud during the patent's procurement in order to

Further, a DJA plaintiff might be able to argue that the court should retain jurisdiction because the DJA plaintiff may have difficulty creating new products, if action has been taken to introduce such products, without knowing whether a competitor's patent is invalid or unenforceable. Other factual circumstances that can be asserted are, for example, that the covenant not to sue fails to completely absolve the accused infringer of liability. A successful argument of this type would allow the court to follow the holdings in *Arrowhead*, *Walter Kidde*, and *Fin Control* to name but a few, which distinguish the *Super Sack* holding.<sup>385</sup>

The *Super Sack* ruling, if it is allowed to stand, gives the putative patent owner an unfair advantage that should have been obviated by the enactment of the DJA and the promulgation of FRCP 41(a)(2).<sup>386</sup> That is, whereas the DJA was enacted to avoid the "Damoclean sword" of threatened infringement lawsuits, *Super Sack* provides the opportunity for a patent owner to not only file a lawsuit, but also to stifle competition while the lawsuit is pending. And this while allowing the putative patent owner to emerge from litigation virtually unscathed once the lawsuit becomes either legally untenable or begins to enter the realm of an exceptional case under 35 U.S.C. § 285.<sup>387</sup>

The problem of a patent owner withdrawing from an infringement case it no longer wishes to pursue due to the accused infringer's evidence of invalidity or unenforceability is not a theoretical issue; it is a reality. The dismissal of cases based on jurisdictional grounds have been cited above. A defendant could, in good conscience, fight the infringement action for years, at great expense, and the plaintiff could file lawsuits against an entire industry, suing all of its competitors. Thereafter, when the going gets tough, the plaintiff is easily let off of the hook by a mere statement in a motion which "covenants not to sue" based on the present product(s) in suit. Moreover, because the issues of patent infringement and validity, not to mention unenforceability, are never finally adjudicated, the patent owner remains free to file yet another lawsuit against the next defendant. With each lawsuit, such a patent owner hopes to either find defendants who will settle rather than fight, or win a court decision in its favor, should the court reach a decision with respect to any of the issues in the case.

This article advocates that courts should retain subject-matter jurisdiction over claims or counterclaims asserting unenforceability in cases brought pursuant to the DJA, especially in view of the holding in *Fin Control*.<sup>388</sup> At present, patent law does not recognize invalidity or unenforceability as stand-alone causes of action.<sup>389</sup> With invalidity, this is less of a problem because an accused infringer, even after a lawsuit

---

prevent the plaintiff from enforcing the patent). *Id.*; see also *Clipper Exxpress v. Rocky Mountain Motor Tariff Bureau, Inc.* 690 F.2d 1240, 1251 (9th Cir. 1982) (discussing the defendant's claim under the "Noerr-Pennington doctrine," which renders bona fide efforts to obtain or influence legislative, executive, judicial or administrative actions immune from antitrust liability).

<sup>385</sup> *Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731 (Fed. Cir. 1988); *Walter Kidde Portable Equip., Inc. v. Universal Sec. Instruments, Inc.*, 479 F.3d 1330 (Fed. Cir. 2007); *Fin Control Sys. Pty, Ltd. v. OAM, Inc.*, 265 F.3d 1311 (Fed. Cir. 2001).

<sup>386</sup> See *Super Sack Mfg. Corp. v. Chase Packaging Corp.* 57 F.3d 1054, 1058–59 (Fed. Cir. 1995).

<sup>387</sup> 35 U.S.C. § 285 (2006) ("The court in exceptional cases may award reasonable attorney fees to the prevailing party.").

<sup>388</sup> *Fin Control Sys. Pty, Ltd. v. OAM, Inc.*, 265 F.3d 1311 (Fed. Cir. 2001).

<sup>389</sup> See *In re Tamoxifen Citrate Antitrust Litig.*, 466 F.3d 187, 200 (2d Cir. 2005).

has been dismissed on subject-matter jurisdiction grounds, may present its evidence to the United States Patent & Trademark Office in a re-examination proceeding.<sup>390</sup> This is not the case with unenforceability claims. In the face of damning evidence in an infringement first case, a patent holder may escape adjudication via issuing a covenant not to sue. There is no mechanism by which claims of unenforceability may be adjudicated in these circumstances. Furthermore, an otherwise defective patent may continue to be enforced against the public.<sup>391</sup> Additionally, it is stated public policy that invalid or unenforceable patents be removed from the public record to avoid impeding valid competition.<sup>392</sup> Using the tools provided by the DJA, and the reasons for which it was enacted, the court can find the avenue to deter bad faith litigation by removing the incentive for a patent owner to bring suspect infringement lawsuits.

As a stronger message, however, and as a means to bring the law into broader conformance in these situations, the Federal Circuit can do better by generally and explicitly overturning *Super Sack*. The tools to do so resides in the FRCPs, specifically FRCP 41(a)(2), which is specifically phrased to provide a defendant the right to have counterclaims heard.<sup>393</sup> Two mechanisms by which jurisdiction can be retained presently exist. First, FRCP 41(a)(2) permits the dismissal of the case in its entirety, but under “terms and conditions” that may be imposed by the Court, in its discretion, after weighing all the circumstances.<sup>394</sup> These “terms and conditions” could include levying attorney’s fees and costs against the putative plaintiff who prosecutes costly lawsuits, only to have them vanish on a mere promise. This would return the infringement defendant to a position that it was in before the lawsuit was filed. Second, FRCP 41(a)(2) only allows an action to be dismissed if there are no counterclaims pending before the trial court.<sup>395</sup> Courts have the discretionary power to fully entertain the motions before them prior to dismissing a case for lack of subject-matter jurisdiction.<sup>396</sup> In a long fought lawsuit, even if the issues of patent validity or unenforceability are “mooted” by the patent owner’s covenant not to sue,

---

<sup>390</sup> See *Linear Tech. Corp. v. Micrel, Inc.*, 524 F. Supp. 2d 1147, 1153–54 (N.D. Cal. 2005). See generally 35 U.S.C. §§ 301–07 (2006) (describing the request for re-examination process).

<sup>391</sup> See Vicki M. Franks, *The Legal Landscape of Subject-Matter Jurisdiction, Individual Patent Claims, and Stipulations or Covenants Not to Sue: Do We Need to Stop and Ask for Directions?*, 12 J. TECH. L. & POL’Y 149 (2007) (addressing the role of subject-matter jurisdiction in patent litigation).

<sup>392</sup> See *Lear, Inc. v. Adkins*, 395 U.S. 653, 664 (1969) (noting the need to keep the market free of worthless patents).

<sup>393</sup> See FED. R. CIV. P. 41(a)(2).

Except as provided in Rule 41(a)(1), an action may be dismissed at the plaintiff’s request only by court order, on terms that the court considers proper. If a defendant has pleaded a counterclaim before being served with the plaintiff’s motion to dismiss, the action may be dismissed over the defendant’s objection only if the counterclaim can remain pending for independent adjudication. Unless the order states otherwise, a dismissal under this paragraph (2) is without prejudice.

*Id.*

<sup>394</sup> *Id.*; see also *Lunn v. United Aircraft Corp.*, 26 F.R.D. 12, 18 (D. Del. 1960) (noting that the court must address the equities involving both the defendant and *the plaintiff* in granting a voluntary dismissal).

<sup>395</sup> See *Adney v. Miss. Lime Co.*, 241 F.2d 43, 45 (7th Cir. 1957).

<sup>396</sup> See FED. R. CIV. P. 41(a)(2).

the court still retains jurisdiction as between the parties to that lawsuit for the purpose of dispensing justice.<sup>397</sup>

What better way for the Federal Circuit to give teeth to the court's tools of procedure than to allow the district court to bring the defendant in an infringement suit back to a position reasonably resembling the one it was in before an infringement action was hastily brought and later withdrawn when the prospects for victory dimmed. A bad faith patent owner would certainly have second thoughts before bringing such a lawsuit if it knew that it would not get off lightly. Finally, as a public policy statement, following FRCP 42(a)(2) should reduce the number of meritless patent cases brought as a cudgel to suppress competition, and would do more to reduce the district court's patent docket than blindly following the *Super Sack* holding. Allowing *Super Sack* to accumulate progeny, without overruling it or severely limiting its application, may permit a court to easily dispose of one hard patent case, but, like cutting off a hydra's head, the unintended result is that at least two more are brought.

---

<sup>397</sup> See *Samsung Elecs. Co. v. Rambus Inc.*, 440 F. Supp. 2d 495 (E.D. Va. 2006).