

# THE DECLINE (AND FALL?) OF THE PATENT MISUSE DOCTRINE IN THE FEDERAL CIRCUIT

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In its decision establishing the patent misuse doctrine in 1942, the U.S. Supreme Court did not require a finding of either an antitrust violation or an anticompetitive effect. The Federal Circuit in its recent decisions, however, has almost uniformly required proof of an anticompetitive effect before the doctrine can be invoked. This article suggests that those recent decisions cannot be squared with the patent misuse doctrine established by the Supreme Court.

## I. THE PATENT MISUSE DOCTRINE WAS ESTABLISHED BY THE SUPREME COURT

Patent misuse comes in two species—use of a patent to violate the antitrust laws<sup>1</sup> and so-called extension of the monopoly-type misuse.<sup>2</sup> Both types render the patent unenforceable until purge.<sup>3</sup>

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<sup>1</sup> See, e.g., *Hartford-Empire Co. v. United States*, 323 U.S. 386, 415, 419 (1945) (“[S]o long as the patent owner is using his patent in violation of the antitrust laws, he cannot restrain infringement of it by others.”). Obviously, before an antitrust-type misuse can be found, the degree of anticompetitive effect or unreasonable restraint of trade required to support the antitrust violation will also have to be found.

<sup>2</sup> Use of the term “the monopoly of the patent” is frowned on by the Federal Circuit, *Schenck v. Norton Corp.*, 713 F.2d 782, 786 n.3 (Fed. Cir. 1983). A patent provides only the right to exclude others from practicing its claims. See *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 34–35 (1923). “Extension of the monopoly” terminology will, however, be used herein for convenience.

<sup>3</sup> As to purge, see Robert J. Hoerner, *Patent Misuse*, 53 ANTITRUST L.J. 641, 646–47 and nn.44 & 45 (1985); see generally ABA SECTION OF ANTITRUST LAW, INTELLECTUAL PROPERTY COMMITTEE, MONOGRAPH: INTELLECTUAL PROPERTY MISUSE: LICENSING AND LITIGATION (2000).

Unlike an antitrust-type patent misuse, extension of the monopoly misuse<sup>4</sup> did *not* require a finding of either an anticompetitive effect or an unreasonable restraint of trade—at least until the recent Federal Circuit cases which are discussed herein.

The “misuse of the patent” doctrine was originated by name in *Morton Salt Co. v. G.S. Suppiger Co.*<sup>5</sup> There, Morton Salt had a patent on a machine for depositing unpatented salt tablets into canned food. It sued Suppiger, a *direct infringer* of its machine patent, for infringement. Licensees, which did not include Suppiger, were required to use the patent owner’s salt tablets. The Supreme Court held the patent unenforceable until the “improper practice has been abandoned and the consequences of the misuse of the patent have been dissipated”<sup>6</sup> and approved the district court’s dismissal of the complaint. Chief Justice Stone wrote for a unanimous Court:<sup>7</sup>

[T]he public policy which includes inventions within the granted monopoly excludes from it all that is not embraced in the invention. It equally forbids the use of the patent to secure an exclusive right or limited monopoly not granted by the Patent Office and which it is contrary to public policy to grant.

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It is unnecessary to decide whether respondent has violated the Clayton Act, for we conclude that in any event the maintenance of the present suit to restrain petitioner’s manufacture or sale of the alleged infringing machines is contrary to public policy . . . .

There was no consideration of the proper description of the relevant market, Morton Salt’s share of it, the amount of salt tablets engrossed, or the effect of the restriction, so *Morton Salt* was not, could not have been, and was declared not to be an antitrust-type misuse case. The seminal case, *Morton Salt*, rests on the proposition that it violates public policy—Constitutional patent policy under Article I, § 8, clause 8—to seek to expand the scope of the claims beyond what the U.S. Patent and Trademark Office granted or beyond the statutory framework within which the grant must be exercised. As the District Court for the Western District of North Carolina put it: “As in *Berlenbach*, the patentee has here rendered his patent unenforceable by attempting to extend his

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<sup>4</sup> For examples of extension of the monopoly misuse, see Robert J. Hoerner, *Patent Misuse: Portents for the 1990s*, 59 ANTITRUST L.J. 687, 704–11 (1991).

<sup>5</sup> 314 U.S. 488 (1942).

<sup>6</sup> *Id.* at 493.

<sup>7</sup> *Id.* at 492, 494. Justice Roberts, however, did not participate.

patent coverage beyond its permissible scope. Like Aesop's dog,<sup>8</sup> he seeks to take in too much, and must lose what he already had."<sup>9</sup>

## II. LOWER COURTS FOLLOW *MORTON SALT*

Consequently, cases in the 1960s and 1970s which focused on the need, or not, for showing an anticompetitive effect to establish extension of the monopoly-type patent misuse, held that no such proof was required. The Supreme Court, itself, established that *Morton Salt* was no aberration:

The requirement that a licensee under a patent use an unpatented material or device with the patent might violate the antitrust laws but for the attempted protection of the patent. The condemnation of the practice, however, does not depend on such a showing. Though control of the unpatented article or device falls short of a prohibited restraint of trade or monopoly, it will not be sanctioned.<sup>10</sup>

The Ninth Circuit agreed:

In view of the history and policy of the defense of patent misuse we find no merit in appellant's contentions that the proof of substantial lessening of competition is a prerequisite to finding patent misuse.<sup>11</sup>

As did the Southern District of New York:

Such a tying arrangement [requiring licensees 'to purchase unpatented materials from the licensor'] is a *per se* misuse requiring no proof of substantial lessening of competition.<sup>12</sup>

And the Northern District of California, in two different cases:

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<sup>8</sup> Aesop, *The Dog and His Reflection*, in *THE AESOP FOR CHILDREN* 96 (1993):

A Dog, to whom the butcher had thrown a bone, was hurrying home with his prize as fast as he could go. As he crossed a narrow footbridge, he happened to look down and saw himself reflected in the quiet waters as if in a mirror. But the greedy Dog thought he saw a real Dog carrying a bone much bigger than his own.

If he had stopped to think he would have known better. But instead of thinking, he dropped his bone and sprang at the Dog in the river, only to find himself swimming for dear life to reach the shore. At last he managed to scramble out, and as he stood sadly thinking about the good bone he had lost, he realized what a stupid Dog he had been. *It is very foolish to be greedy.* (Emphasis by Aesop.)

<sup>9</sup> *Dubuit v. Harwell Enters., Inc.*, 336 F. Supp. 1184, 1187 (W.D.N.C. 1971).

<sup>10</sup> *Transparent-Wrap Mach. Corp. v. Stokes & Smith Co.*, 329 U.S. 637, 641 (1947); *see also Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 140 (1969).

<sup>11</sup> *Berlenbach v. Anderson & Thompson Ski Co.*, 329 F.2d 782, 784 (9th Cir. 1964).

<sup>12</sup> *Key Pharms., Inc. v. Lowey*, 373 F. Supp. 1190, 1193 (S.D.N.Y. 1974) (citing *Berlenbach*).

Although an antitrust violation involving a patent comes clearly within the patent misuse doctrine, a showing of such a violation and actual lessening of competition is not required.<sup>13</sup>

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In order to establish misuse of a patent a substantial lessening of competition or other damages need not be shown.<sup>14</sup>

As well as the District of Colorado, affirmed by the Tenth Circuit:

A showing of an actual monopoly or a tendency to create such in a line of commerce is not necessary.<sup>15</sup>

And also the Western District of North Carolina, in the *Dubuit* case already cited.<sup>16</sup>

### III. THE FEDERAL CIRCUIT DEPARTS FROM THE *MORTON SALT* DOCTRINE

The Federal Circuit first addressed an "anticompetitive effect" requirement for finding misuse in *Windsurfing Int'l, Inc. v. AMF, Inc.* in 1986.<sup>17</sup> There the district court had found that Windsurfing's patent license requirement—that licensees recognize the validity of its "Windsurfer" trademark and refrain from using it—constituted misuse. The Federal Circuit, speaking through then-Chief Judge Markey, could find no precedent for such a misuse holding<sup>18</sup> and reversed, saying:

The doctrine of patent misuse is an affirmative defense to a suit for patent infringement, see *Bio-Rad Laboratories, Inc. v. Nicolet Instrument Corp.*, 739 F.2d 604, 617, . . . (Fed. Cir.), cert. denied, 469 U.S. 1038, . . . (1984), and requires that the alleged infringer show that the patentee has impermissibly broadened the "physical or temporal scope" of the patent grant with anticompetitive effect. *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 343, . . . (1971).<sup>19</sup>

The citation of *Blonder-Tongue* after the words "with anticompetitive effect" could be regarded as being misleading, for only "physical or temporal scope" appeared in *Blonder-Tongue*. The phrase "with anticom-

<sup>13</sup> *Jack Winter, Inc. v. Koratron Co.*, 375 F. Supp. 1, 71 (N.D. Cal. 1974).

<sup>14</sup> *Sonobond Corp. v. Uthe Tech., Inc.*, 314 F. Supp. 878, 880 (N.D. Cal. 1970) (citing *Morton Salt* and *Berlenbach*).

<sup>15</sup> *Columbus Auto. Corp. v. Oldberg Mfg. Co.*, 264 F. Supp. 779, 783 (D. Colo. 1967), aff'd, 387 F.2d 643 (10th Cir. 1968).

<sup>16</sup> *Dubuit*, 336 F. Supp. 1184, 1187.

<sup>17</sup> 782 F.2d 995 (Fed. Cir. 1986).

<sup>18</sup> Then-Chief Judge Markey did not cite or discuss *Jack Winter, Inc. v. Koratron Co.*, 375 F. Supp. 1, 71-72 (N.D. Cal. 1974), where Judge Renfrew held: "the Court finds that Koratron has misused its patent in that it violated §1 of the Sherman Act . . . by tying the rights under [the] '432 [patent] to the use of Koratron's trademark" (citing *Morton Salt*).

<sup>19</sup> 782 F.2d at 1001-02 (emphasis added.).

petitive effect" was an addition to the quotation by then-Chief Judge Markey, and did *not* appear in *Blonder-Tongue*.

What *Blonder-Tongue* actually said was: "One obvious manifestation of this principle [that patent 'monopolies are kept within their legitimate scope'] has been the series of decisions in which the Court has condemned attempts to broaden the physical or temporal scope of the patent monopoly."<sup>20</sup> *Blonder-Tongue* went on to cite and quote from the first *Mercoïd* case,<sup>21</sup> where Justice Douglas penned his well-known lines: "The patent is a privilege. But it is a privilege conditioned by a public purpose. It results from invention and is limited to the invention which it defines." The *Blonder-Tongue* Court also cited *Morton Salt*, as well as *Mercoïd*, so it could hardly have been espousing a retreat from the *Morton Salt* doctrine.

Chief Judge Markey continued in *Windsurfing* as follows:

To sustain a misuse defense involving a licensing arrangement not held to have been *per se* anticompetitive by the Supreme Court,<sup>9</sup> a factual determination must reveal that the overall effect of the license tends to restrain competition unlawfully in an appropriately defined relevant market.

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<sup>9</sup> Recent economic analysis questions the rationale behind holding any licensing practice *per se* anticompetitive. See, e.g., *USM Corp. v. SPS Technologies, Inc.*, 694 F.2d 505, 510-14 . . . [per Posner, J.] (7th Cir. 1982), cert. denied, 462 U.S. 1107, . . . (1983); Competition Policy and the Patent Misuse Doctrine, Remarks by Roger B. Andewelt, Chief, Intellectual Property Section, Antitrust Division, Department of Justice, Before the Bar Association for the District of Columbia, Patent, Trademark & Copyright Section, 25 Pat. Trademark & Copyright J. (BNA) No. 604 at 41, 44-45 (Nov. 11, 1982); cf. *Continental TV, Inc. v. GTE Sylvania, Inc.*, 433 U.S. 36, . . . (1977) (changing the *per se* prohibition on vertical restrictions to a rule of reason approach).<sup>22</sup>

#### IV. THE FEDERAL CIRCUIT RETREATS FROM WINDSURFING

In *Senza-Gel Corp. v. Seiffhart*, however, then-Chief Judge Markey apparently thought better of his *Windsurfing* language quoted above, for he stated in footnote 5 of his opinion:

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<sup>20</sup> 402 U.S. at 343.

<sup>21</sup> *Mercoïd v. Mid-Continent Inv. Co.*, 320 U.S. 661, 666 (1944).

<sup>22</sup> *Windsurfing*, 782 F.2d at 1001-02. Other commentators, some writing after *Windsurfing* was decided, have also supported the rationale of Chief Judge Markey's footnote 9. Charles F. Rule, Remarks Before the Legal Conference sponsored by The World Trade Ass'n and the Cincinnati Patent Law Ass'n, The Antitrust Implications of International Licensing: After the Nine No-Nos 5 (Oct. 21, 1986); *Patent Licensing Reform Act of 1988: Hearing Before*

Commentators and courts have questioned the rationale appearing in Supreme Court opinions dealing with misuse in view of recent economic theory and Supreme Court decisions in non-misuse contexts. See *Windsurfing International v. AMF, Inc.*, 782 F.2d 995, 1001-02 n. 9 . . . (Fed. Cir. 1986), cert. denied, 477 U.S. 905 (1986). We are bound, however, to adhere to existing Supreme Court guidance in the area until otherwise directed by Congress or by the Supreme Court.<sup>23</sup>

*Senza-Gel* involved the question whether it constituted misuse for Senza-Gel to require that licensees of its process patent use its "macerator"<sup>24</sup> in practicing its patented process. (The case was decided before subsection (5) of 35 U.S.C. § 271(d) was passed.) The court below had found misuse but certified the following questions to the Federal Circuit:

1. Is the proper mode for analysis of a claim of patent abuse [*sic*, misuse] in a tying context the three step analysis undertaken by this court, namely:

*First:* Determine whether there are two things tied, i.e., whether there are separable or inseparable items; if so

*Second:* Determine whether the "thing" which is assertedly tied to the patented item is a staple or non-staple item in commerce; if staple

*Third:* Determine whether in fact they are tied.<sup>25</sup>

The Federal Circuit answered certified question 1 in the affirmative although it contained no "anticompetitive effect" requirement.<sup>26</sup>

Moreover, in connection with the antitrust branch of the case, the court noted that the district court had not examined the questions of "sufficient economic power in the tying product" or "a 'not insubstantial' amount of commerce in the tied product market,"<sup>27</sup> so there was not and could not have been a finding below of anticompetitive effect, at least in an antitrust sense. *Senza-Gel* appears to be the only patent misuse finding to date which has been affirmed by the Federal Circuit.

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*the Subcommittee on Courts, Civil Liberties, and the Administration of Justice of the Committee of the Judiciary, House of Representatives on H.R. 4086 and S. 1200 (Title II) Patent Misuse Legislation*, 100th Cong., 2d Sess. 8-9 (1988) (Statement of Charles F. Rule, Deputy Assistant Attorney General, Antitrust Division, U.S. Department of Justice); Donald F. Turner, *Basic Principles of Formulating Antitrust and Misuse Constraints on the Exploitation of Intellectual Property Rights*, 53 ANTITRUST L.J. 485, 487 (1984). See also *infra* text accompanying notes 67-69.

<sup>23</sup> 803 F.2d 661, 665 n.5 (Fed. Cir. 1986) (emphasis added.).

<sup>24</sup> The macerator was patented, but *Senza-Gel* did not assert that patent against Seiffhart, so the district court treated it as an unpatented staple.

<sup>25</sup> 803 F.2d at 664 (brackets by the court).

<sup>26</sup> It also said that it was "not here explicating all of the analytical parameters that may be applicable to patent misuse questions in future cases . . ." *Id.* at 665. In addition, it recited some six issues it was not resolving because they had not been timely raised below. *Id.* at 668.

<sup>27</sup> *Id.* at 669.

## V. THE FEDERAL CIRCUIT FURTHER NARROWS THE MISUSE DOCTRINE IN THE FIRST SALE/EXHAUSTION AREA

It has long been the law that the first authorized sale of a patented article exhausts the patent monopoly, which cannot thereafter be asserted against a resale of the patented article or be used to support a post-sale restraint.<sup>28</sup> The Federal Circuit fully accepts this doctrine.<sup>29</sup> The theory underlying the doctrine appears to be that the patent owner is entitled to one reward—fees upon licensing or profits on sale—and cannot recover a second reward based on the original buyer's resale of the patented article or violation of a post-sale restriction, and that a single reward is adequate to encourage persons to attempt to make inventions and to file patent applications on them when made. In accordance with the doctrine, at least three circuits, the Second, Third, and Fifth, in cases dating to the 1950s, '60s, and '70s (*Baldwin-Lima-Hamilton*, *Hensley*, and *Ansul*), held that various attempted post-sale restraints fell within the patent misuse doctrine.<sup>30</sup>

The Federal Circuit, despite footnote 5 in *Senza-Gel*,<sup>31</sup> has nevertheless applied its "anticompetitive effect" requirement in two 1990s cases alleg-

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<sup>28</sup> E.g., *Adams v. Burke*, 84 U.S. (17 Wall.) 453, 455–56 (1873); *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539 (1852).

<sup>29</sup> *Hewlett-Packard Co. v. Repeat-O-Type Stencil Mfg. Corp.*, 123 F.3d 1445, 1452 (Fed. Cir. 1997); *Intel Corp. v. ULSI Sys. Tech. Inc.*, 995 F.2d 1566, 1568 (Fed. Cir. 1993); *Cyrix Corp. v. Intel Corp.*, 846 F. Supp. 522, 539 (E.D. Tex.), *aff'd mem.*, 42 F.3d 1411 (Fed. Cir. 1994).

<sup>30</sup> The Second, Third, and Fifth Circuits have all held that post-sale restrictions are a patent misuse. *Ansul Co. v. Uniroyal, Inc.*, 448 F.2d 872, 879–80 (2d Cir. 1971); *Baldwin-Lima-Hamilton Corp. v. Tatnall Measuring Sys. Co.*, 169 F. Supp. 1 (E.D. Pa.), *aff'd per curiam*, 268 F.2d 395 (3d Cir. 1959); *Hensley Equip. Co. v. Esco Corp.*, 383 F.2d 252, 262–64 (5th Cir. 1967), *amended*, 386 F.2d 442 (5th Cir. 1967). *Ansul* and *Hensley* were decided, however, when *Schwinn* was controlling precedent, *United States v. Arnold, Schwinn & Co.*, 388 U.S. 365 (1967), and were based at least in part on the theory that, since the post-sale restrictions were involved, these restraints on alienation were a per se antitrust violation which constitutes an antitrust-type patent misuse. After 1977, when *Schwinn* was overruled in *Continental T.V., Inc. v. GTE Sylvania Inc.*, 433 U.S. 36 (1977), the per se analysis of *Schwinn* was no longer possible.

On the other hand, those court of appeals decisions could have been rested on the rationale of *Boston Store v. American Graphophone Co.*, 246 U.S. 8, 23 (1918), where former law as set out below was followed: "[A] patentee could not use and exhaust the right to sell as to which a monopoly was given him by the patent law and yet by conditions and stipulations continue that law in effect so as to make it govern things which by his voluntary act were beyond its scope." In such a case the patent misuse doctrine would continue to apply to resale restraints following the demise of *Schwinn*. The Fifth Circuit in *Hensley*, for example, said: "Patent monopoly is 'exhausted' by the first authorized sale of the patented item, and the patent law does not protect attempts by the patentee or his licensees to control use of the product after such sale." 383 F.2d at 263 (citing *United States v. Univis Lens*, 316 U.S. 241 (1942)). In *Baldwin-Lima-Hamilton*, 169 F. Supp at 28–33, the patent misuse doctrine was applied before *Schwinn* existed, "whether plaintiffs' activities constituted a violation of the anti-trust laws" or not. *Id.* at 33.

<sup>31</sup> See *supra* note 23.

ing patent misuse arising out of a post-sale restraint. The first was the 1992 case of *Mallinckrodt, Inc. v. Medipart, Inc.*,<sup>32</sup> of which more later. There Judge Newman wrote: "The appropriate criterion [for finding patent misuse] is . . . whether the patentee has ventured beyond the patent grant and into behavior *having an anticompetitive effect not justifiable under the rule of reason.*"<sup>33</sup> This anticompetitive effect requirement was also the basis for the holding in 1997 in *B. Braun Medical Inc. v. Abbott Laboratories*,<sup>34</sup> also discussed below:

The key inquiry under this fact-intensive doctrine is whether . . . the patentee has "impermissibly broadened the 'physical or temporal scope' of the patent grant *with anticompetitive effect.*" *Windsurfing Int'l., Inc. v. AMF, Inc.*, 782 F.2d 995 1001-02, . . . (Fed. Cir. 1986) . . .<sup>35</sup>

The rationale of the first case, *Mallinckrodt*, which did not cite or discuss *Baldwin-Lima-Hamilton*, *Hensley*, or *Ansul*, was that the sale was subject to a restricted "single use only" notice and so was conditional, resulting in the inapplicability of the first sale/exhaustion doctrine. The court held that even though the sale was by the patentee (and obviously, therefore, was authorized), being a sale subject to a restrictive notice, it did not exhaust the patent. The patent owner was entitled to sue the buyer, and therefore the defendant reconditioner (who had reconditioned the device for reuse by the buyer), for patent infringement, even though *Mallinckrodt* had already received its profit on the first sale of the device. The court equated a license with a sale and, because a restriction could be placed on a licensee,<sup>36</sup> held that a restriction could be placed on a vendee of the patentee and thus make the sale conditional.<sup>37</sup>

<sup>32</sup> 976 F.2d 700 (Fed. Cir. 1992).

<sup>33</sup> *Id.* at 708 (emphasis added).

<sup>34</sup> 124 F.3d 1419 (Fed. Cir. 1997).

<sup>35</sup> *Id.* at 1426 (emphasis added).

<sup>36</sup> See *General Talking Pictures Corp. v. Western Elec. Co.*, 304 U.S. 175, 305 U.S. 124 (1938).

<sup>37</sup> The first sale/exhaustion doctrine also implicates the repair/reconstruction distinction in patent law. The buyer of a patented article can safely "repair" and resell that same patented article and be protected from an infringement suit by the exhaustion doctrine, just as if the article had not been repaired. If, however, the buyer "reconstructs" the patented article, then such reconstructed article is regarded as a new infringement and if the buyer uses or resells the reconstructed article, he can be sued for infringement just as if it had never been purchased from the patent owner. Determining the line between "repair" and "reconstruction" is a much litigated issue. See, e.g., *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961), 377 U.S. 476 (1964). In *Mallinckrodt*, *Medipart* argued, and the district court found, that its reconditioning was mere "repair," which protected it under the "exhaustion" doctrine, while *Mallinckrodt* argued that the reconditioning was "reconstruction," which permitted *Mallinckrodt* to forbid a second use. The Federal Circuit held that the district court's holding "that the reconditioning was permissible repair is mooted, and is vacated," 976 F.2d at 709, apparently because the Federal Circuit's conditional sale rationale had already rendered the exhaustion doctrine inapplicable.

But, if a licensee is subject to a limitation on, say, use (such as for veterinarian use only), he cannot grant a buyer or sub-licensee rights to human use because he cannot grant to his buyer or sub-licensee rights which he does not have. His buyer or sub-licensee will therefore be an infringer if he resells for human use. A patent owner, of course, has full rights to all possible uses of his patent. A notice before sale of a restricted use following a sale (which is necessarily authorized if made by the patent owner or an authorized licensee within the scope of his license) therefore raises the question whether the restriction is effective for patent law purposes, even though it may be effective as a contract limitation. Even a sale subject to a use limitation, after all, conveys title to the patented article, unlike, say, a lease, bailment or consignment.

Whether attaching a condition to a sale should eliminate the first sale/exhaustion doctrine would seem to have been answered in the negative by an antitrust case, *United States v. Univis Lens*, where the Supreme Court held:

An incident to the purchase of any article, whether patented or unpatented, is the right to use and sell it, and upon familiar principles the authorized sale of an article which is capable of use only in practicing the patent is a relinquishment of the patent monopoly with respect to the article sold. *Leitch Mfg. Co. v. Barber Co.*, 302 U.S. 458, 460-61 [1938]; *B.B. Chemical Co. v. Ellis*, 314 U.S. 495 [1942].

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In construing and applying the patent law so as to give effect to the public policy which limits the granted monopoly strictly to the terms of the statutory grant, *Morton Salt Co. v. Suppiger Co.*, 314 U.S. 488, *the particular form or method by which the monopoly is sought to be extended is immaterial. The first vending of any article manufactured under a patent puts the article beyond the reach of the monopoly which that patent confers.*<sup>38</sup>

That unequivocal language would seem to require a finding that a sale of a patented product *does* exhaust the patent even if the sale was restricted or conditional,<sup>39</sup> as one respected commentator has concluded.<sup>40</sup>

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<sup>38</sup> 316 U.S. 241, 249-52 (1942) (emphasis added). See also *Boston Store v. American Graphophone Co.*, 246 U.S. 8, 23-27 (1918).

<sup>39</sup> In one sense the question is not whether the sale was conditional or restricted, but whether the transfer (however it might be characterized) was such as to bring the exhaustion doctrine into play, especially when it is noted that the Supreme Court held that "the particular form or method by which the monopoly is sought to be extended is immaterial." *Univis Lens*, 316 U.S. at 251-52.

<sup>40</sup> James B. Kobak, *Contracting Around Exhaustion: Some Thoughts About the CAFC's Mallinckrodt Decision*, 75 J. PAT. TRADEMARK OFF. SOC'Y. 550, 557-58, 561-62, 565 (1993).

Is it permissible to ask how a sale subject to a post-sale restriction can be held not a sale for exhaustion purposes when the very purpose of the exhaustion doctrine is to render the patent ineffectual to justify the post-sale restriction? Recall that in *Mercoïd*, quoted in *Blonder-Tongue*, Justice Douglas wrote: "The fact that the patentee has the power to refuse

The reason allegedly supporting the notion that a sale subject to a restriction or condition is not a "sale" for purposes of the exhaustion doctrine was subsequently stated in *B. Braun Medical, Inc. v. Abbott Laboratories*: "[The] exhaustion doctrine, however, does not apply to an expressly conditional sale or license. *In such a transaction, it is more reasonable to infer that the parties negotiated a price that reflects only the value of the 'use' rights conferred by the patentee.*"<sup>41</sup>

No evidence, be it party testimony, expert opinion, contemporaneous documents, industry analysis, or economic studies, was cited as appearing in the record to support this inference, and whether, in fact, such price diminution is or would be typical market behavior is left unanswered. Evidence would seem to be required. Actually, even if the price were below what it would be without the restriction, it is at least as likely, if not more likely, that a desire to eliminate repaired devices from competition would be the reason.<sup>42</sup> If the buyer could not repair and reuse the device it purchased, then the patent owner could arguably multiply its sales to that buyer many times over, and the cumulative reward to the patent owner could then be greater than the reward available on a single unrestricted sale.

Have in mind, also, that in *Univis Lens*, the patent owner sold lens blanks for \$3.25 a pair to wholesalers, while its patent covered finished lenses recommended for resale by wholesalers at \$7.00 a pair. Yet, despite this difference in price, the Supreme Court held that the sale of only an unpatented component, which it also held was accompanied by an implied license to complete the invention, required application of the exhaustion doctrine.

The *Braun* case, quoted from above, involved a prohibition against Abbott's using patented valves purchased from Braun in an "extension

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a license does not enable him to enlarge the monopoly of the patent by the expedient of attaching conditions to its use . . . . The method by which the monopoly is sought to be extended is immaterial." 402 U.S. at 344. Since the effect of the exhaustion doctrine is to limit "the monopoly of the patent" to the first level of distribution, holding that a sale subject to a use restriction permits control at a subsequent level of distribution does, indeed, enlarge the "monopoly of the patent," and would permit the patent owner to achieve a second tribute at that subsequent level.

<sup>41</sup> 124 F.3d 1419, 1426 (Fed. Cir. 1997) (emphasis added).

<sup>42</sup> See the reasoning of Judge L. Hand in *United States v. Aluminum Co. of America*, 148 F.2d 416, 425 (2d Cir. 1945). Moreover, resale restrictions could directly lessen competition which could otherwise be offered by the buyer of the patented article sold. For example, the article could be sold by the patent owner for less in the veterinarian market, which would permit the buyer of it to compete with the patent owner's first sale in the human market. The article might be sold for less for shipment overseas, which would permit it to compete if imported back into the United States. Repair, not constituting reconstruction, could well cost less than the patentee's original sale price, so that the repaired article on resale could compete with the patent owner's first-sale offering price. A reason underlying

set," limiting their use to Abbott's "primary line and piggyback sets." The jury was charged, consistent with pre-*Windsurfing* law, that if it found that Braun had placed "restrictions on customers which prohibit resale of the patented product, or allow the customer to resell the patented product only in connection with certain products," the jury "must" find misuse. The jury did so, and the court thereafter held a damage trial under the alleged authority of 28 U.S.C. § 2002 to remedy the misuse found. The jury returned a \$0 verdict and the court refused to award Abbott's attorney fees under 35 U.S.C. § 35. On appeal, the Federal Circuit reversed the misuse finding, holding that Braun could not be guilty of misuse unless its restriction exceeded the scope of the patent, in which case the restriction must be evaluated under the rule of reason to determine if it had an anticompetitive effect.<sup>43</sup> The court also held that patent misuse, without more, is not an affirmative cause of action (unless it happens to include all the elements of an antitrust violation) and that damages for patent misuse cannot be imposed under Section 2202.

Thus, as this section has shown, the narrowing of the category of patented goods subject to the first sale/exhaustion doctrine to those sold without any restrictive limitation on use had the effect of *pro tanto* narrowing the patent misuse doctrine.

## VI. THE ANTICOMPETITIVE EFFECT REQUIREMENT CONTINUES

Less than three months after *Braun, Virginia Panel Corp. v. MAC Panel Co.*<sup>44</sup> was decided. There the defendant MAC asserted a misuse defense based, first, on notices of infringement sent by Virginia to government contractors who had a good 28 U.S.C. § 1498 defense,<sup>45</sup> second, on a threat to void warranties if its products were used with products of others, and, third, on a proposed license agreement to one customer containing a tying clause. The court held that the framework within which these defenses should be evaluated was as follows:

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the exhaustion doctrine could well be to prevent such restraints on competition, which could be offered by the patented device after its first sale by the patent owner who had received consideration for it. Since he contracted for the consideration, it must be regarded as acceptable to him, whatever it was.

<sup>43</sup> 124 F.3d at 1426-27.

<sup>44</sup> 133 F.3d 860 (Fed. Cir. 1997). In *Engel Indus., Inc. v. Lockformer Co.*, 96 F.3d 1398, 1408 (Fed. Cir. 1996), the court affirmed the magistrate judge's finding of no misuse, but the late Judge Rich said little about the conceptual framework in which the patent misuse inquiry was to be conducted.

<sup>45</sup> Section 1498 provides a defense to an alleged infringer that has produced goods for the United States, and requires that suit be brought against the United States in the Court of Federal Claims for recovery of the patent owner's "reasonable and entire compensation." See *Carter-Wallace, Inc. v. United States*, 449 F.2d 1374, 1390-91 (Cl. Cl. 1971).

Patent misuse is an affirmative defense to an accusation of patent infringement, the successful assertion of which "requires that the alleged infringer show that the patentee has impermissibly broadened the 'physical or temporal scope' of the patent grant with anticompetitive effect." *Windsurfing Int'l, Inc. v. AMF, Inc.* . . . <sup>46</sup> (quoting *Blonder-Tongue Lab., Inc. v. University of Ill. Found.* . . .).

Thus, we see that the seeds sown in *Windsurfing* have germinated and borne fruit, for "with anticompetitive effect" is now cited as a requirement of misuse law, apparently supported by the Supreme Court's *Blonder-Tongue* decision, at least for all except the most historically observant readers. This is significant, for the words "with anticompetitive effect," added by Chief Judge Markey in *Windsurfing*, which were followed by the citation to *Blonder-Tongue*, are the *only* source of the entire Federal Circuit jurisprudence requiring an anticompetitive effect to support extension of the monopoly-type misuse. Chief Judge Markey's three little words, however, were a mere ipse dixit.

The Federal Circuit continued:

When a practice alleged to constitute patent misuse is neither *per se* patent misuse nor specifically excluded from a misuse analysis by § 271(d), a court must determine if that practice is "reasonably within the patent grant, *i.e.*, that it relates to subject matter within the scope of the patent claims." *Mallinckrodt, Inc. v. Medipart, Inc.* . . . If so, the practice does not have the effect of broadening the scope of the patent claims and thus cannot constitute patent misuse. . . . If, on the other hand, the practice has the effect of extending the patentee's statutory rights and does so with an anti-competitive effect, that practice must then be analyzed in accordance with the "rule of reason."<sup>47</sup>

The court ruled that the notices to government contractors "did not violate the rule of reason," that the threat to void warranties was not "use of a patent at all"<sup>48</sup> and so "met the rule of reason test," and that the proposal of a license with a tying clause was not misuse because it was not accepted,<sup>49</sup> and so reversed the misuse finding below.

The court also reversed an antitrust judgment against Virginia Panel because "conduct [and MAC relied principally on its patent misuse evidence] that is insufficient to support a misuse defense cannot support an otherwise flawed antitrust judgment."

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<sup>46</sup> 133 F.3d at 868-69.

<sup>47</sup> *Id.* 869.

<sup>48</sup> *Id.* at 870. *Accord* *Bissell, Inc. v. E.R. Wagner Mfg. Co.*, 204 F. Supp. 801, 814 (E.D. Wis. 1962).

<sup>49</sup> *Id.* at 871. *Accord* *Shop & Save Food Mkts. v. Pneumo Corp.*, 683 F.2d 27, 30-31 (2d Cir. 1982).

In *C.R. Bard, Inc. v. M3 Systems, Inc.*,<sup>50</sup> the Federal Circuit adhered to its narrow approach to misuse in spite of conduct sufficient for it to affirm a finding of an antitrust violation. M3 asserted a patent misuse defense against Bard, the patent owner, principally on the basis that Bard had, with anticompetitive intent, modified its patented biopsy gun so that M3's replacement needles could not fit it except by use of an adapter. The jury found that this constituted both patent misuse and an attempted monopolization antitrust violation.

On the misuse issue, Judge Newman's majority opinion quoted from *MAC Panel* with its "with anticompetitive effect" requirement,<sup>51</sup> and reversed the misuse finding, in part because the trial court had charged the jury that it could find misuse if Bard's patents had been used "wrongfully." This, she felt, was far too broad a formulation.

On the antitrust issue, however, Judge Newman was a dissenter, for Judge Bryson, joined by Chief Judge Mayer, voted to affirm the finding of attempted monopolization, despite Judge Newman's uncontroverted assertion that both "the needle assembly alone and the integrated biopsy gun/needle device were patented."<sup>52</sup> Judge Bryson held that this did not matter because the evidence supported the jury's verdict that the change was made for the express purpose of increasing the costs of M3 and other needle competitors and not to improve its patented gun/needle

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<sup>50</sup> 157 F.3d 1340, 1372-73 (Fed. Cir. 1998), *cert. denied*, 526 U.S. 1130 (1999).

<sup>51</sup> District courts have, since *Windsurfing*, included the "with anticompetitive effect" language in their statement of the requirements to invoke the doctrine. *See, e.g.*, *GFI, Inc. v. Franklin Corp.*, 88 F. Supp. 2d 619, 634 (N.D. Miss. 2000); *Townshend v. Rockwell Int'l Corp.*, 55 U.S.P.Q.2d 1011, 1024 (N.D. Cal. 2000); *Hunter Douglas, Inc. v. Comfortex Corp.*, 44 F. Supp. 2d 145, 156 (N.D.N.Y. 1999); *Zeneca Ltd. v. Pharmachemie B.V.*, 37 F. Supp. 2d 85, 92 (D. Mass. 1999); *Advanced Cardiovascular Sys. Inc. v. SciMed Sys. Inc.*, 40 U.S.P.Q.2d 1294 (N.D. Cal. 1996); *CMI, Inc. v. Intoximeters, Inc.*, 866 F. Supp. 342, 347 (W.D. Ky. 1994); *Keystone Retaining Wall Sys., Inc. v. Westrock, Inc.*, 792 F. Supp. 1552, 1559-60 (D. Or. 1991), *appealed on other issues*, 997 F.2d 1444 (Fed. Cir. 1993). In *Texas Instruments Inc. v. Hyundai Electronics Industries*, 49 F. Supp. 2d 893, 911 (E.D. Tex. 1999), the court refused to find T.I. guilty of patent misuse in part because Hyundai had not proved that T.I. had market power in a relevant market. Also, the *Texas Instruments* court held that, as to tying, the phrase "*per se* misuse" was a historical anachronism in view of 35 U.S.C. § 271(d)(5), which required a finding of "market power" in a "relevant market" "in view of the circumstances." 49 F. Supp. 2d at 908-12. In *PSC Inc. v. Symbol Technologies, Inc.*, 26 F. Supp. 2d 505 (W.D.N.Y. 1998), the court found an anticompetitive effect under the rule of reason and held that charging royalties on a licensed component and also on the end product into which the royalty-paid component was incorporated was patent misuse. (As of this writing an appeal apparently remains a possibility.)

<sup>52</sup> 157 F.3d at 1370. Judge Gajarsa joined by Judge Clevenger (neither of whom was on the *Bard* panel) recited, in voting to deny a rehearing en banc, that the redesigned product was "within the proper scope of the claims" but that, because of defendant's tactics on appeal, "The question of whether or not a cause of action premised upon the antitrust laws exists when a patentee redesigns a patented product within the scope of the patent claims, awaits another day." *C.R. Bard, Inc. v. M3 Systems, Inc.*, 161 F.3d 1380, 1381 (Fed. Cir. 1998).

system. This, Judge Bryson held, "constituted 'restrictive or exclusionary conduct' in a market over which [MAC Panel] had monopoly power."<sup>53</sup> The question whether this conduct should constitute antitrust-type patent misuse was not discussed. Judge Newman felt that relying on "monopoly power" derived from the patent was impermissible and that, in any event, the change, which merely required M3 to use an adapter, was an alleged "antitrust ill," which "does not, as a matter of law, present a jury question of violation of the Sherman Act."<sup>54</sup>

## VII. LESSONS

What does this survey teach us about what remains of the patent misuse doctrine in the Federal Circuit?

(1) Antipathy to the doctrine is discernible from footnote 9 in *Windsurfing*, the first sentence of footnote 5 in *Senza-Gel*, and the citation of Judge Posner's language in *USM Corp. v. SPS Technologies, Inc.*, in note 9 in *Windsurfing*. The following judges subscribed to the view of patent misuse expressed in the preceding cases (the author of the opinion is in italics):

*Windsurfing*—(Markey, Smith, Newman)

*Senza-Gel*—(Markey, Bennett, Nies)

*Mallinckrodt*—(Newman, Lourie, Clevenger)

*Braun*—(Clevenger, Michel, Plager)

*Virginia Panel*—(Lourie, Archer, Rader)

*Bard*—(Newman, Bryson (157 F.3d at 1379)) (as to Mayer, see 157 F.3d at 1374).

(2) In *all* patent misuse cases, an anticompetitive effect must be proved, notwithstanding the Supreme Court's *Morton Salt* holding.

(3) Anticompetitive effect or not is determined by the rule of reason, an antitrust concept.<sup>55</sup>

(4) If the alleged restriction is "reasonably within the patent grant," there can be no extension of the monopoly-type misuse.

(5) An authorized but conditional or restricted sale of the patented article by the patent owner does not invoke the "exhaustion doctrine," despite *Univis Lens*.

<sup>53</sup> 157 F.3d at 1382.

<sup>54</sup> *Id.* at 1370.

<sup>55</sup> See *Chicago Bd. of Trade v. United States*, 246 U.S. 231, 238 (1918); *Standard Oil Co. v. United States*, 221 U.S. 1, 66 (1911); ABA SECTION OF ANTITRUST LAW, ANTITRUST LAW DEVELOPMENTS 51-71 (4th ed. 1997) [hereinafter ANTITRUST LAW DEVELOPMENTS]. The Federal Circuit has not discussed the "quick look" branch of the rule. *Id.* at 56-57, nor has it stated when the per se rule, rather than the rule of reason, might be applied. See *id.* at 43-51, 974.

(6) A restriction imposed on the vendee in an authorized and unrestricted sale, even though it exhausted the patent right, is not a misuse unless the restriction has an anticompetitive effect.<sup>56</sup>

(7) Tying is not patent “misuse” or an “illegal extension of the patent right” unless it meets the 35 U.S.C. § 271(d)(5) standard.<sup>57</sup>

(8) *Senza-Gel*, the only case where the Federal Circuit affirmed a misuse finding, continued to express antipathy to the misuse doctrine. It was decided before the passage of 35 U.S.C. §271(d)(5) and did not consider a number of issues not raised by the defendant below.<sup>58</sup> The last sentence of its footnote 5 and its affirmance of a finding of misuse without a finding of anticompetitive effect have demonstrably been ignored since it was decided.

(9) The most astonishing lesson is that the Federal Circuit appears to have abolished extension of the monopoly-type misuse altogether. First, have in mind that no “patent owner” shall be denied relief or deemed guilty . . . of illegal extension of the patent right by reason of his having . . . refused to license or use any right to the patent,” 35 U.S.C. § 271(d)(4), and that no “patent owner” “shall be denied relief or deemed guilty . . . of illegal extension of the patent right by reason of his having” engaged in tying “unless, *in view of the circumstances*, the patent owner has *market power* in the *relevant market* for the patent or patented product on which the license or sale is conditioned.” 35 U.S.C. § 271(d)(5). Both have been abolished as either an antitrust violation<sup>59</sup> or a patent misuse. This Section 271(d) standard is hardly distinguishable from the standard under either Section 3 of the Clayton Act or Section 1 of the Sherman Act. Further, if, as the Federal Circuit’s recent cases hold, no misuse of any kind can be found unless the patent infringement defendant proves that the alleged misuse had “an anticompetitive effect not justifiable under the rule of reason,”<sup>60</sup> what is left of extension of

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<sup>56</sup> *But see supra* note 30.

<sup>57</sup> By its use of italics in a recent case involving § 271(d)(4), the Federal Circuit seemed to answer in the affirmative the question raised in Robert J. Hoerner, *Is Activity Within the Subsections of 35 U.S.C. §271(d) Protected from a Finding of Antitrust Violation?* 74 J. PAT. & TRADEMARK OFF. SOC’Y 283 (1992). In *CSU, L.L.C. v. Xerox Corp.*, (*In re Independent Serv. Orgs. Antitrust Litig.*), 203 F.3d 1322, 1326 (Fed. Cir. 2000), *cert. denied*, 531 U.S. 1143 (2001), an antitrust case, Chief Judge Mayer wrote (for Judges Archer and Plager):

The patentee’s right to exclude is further supported by section 271(d) of the Patent Act which states, in pertinent part, that “no patent owner otherwise entitled to relief . . . shall be denied relief or deemed guilty of misuse or *illegal extension of the patent right* by reason of his having . . . (4) refused to license or use any rights to the patent . . . 35 U.S.C. § 271(d) (1999).

<sup>58</sup> *See supra* note 26.

<sup>59</sup> (Emphasis added.) *See supra* note 57.

<sup>60</sup> *See* quotation accompanying note 33. *supra*.

the monopoly-type misuse? If rule of reason analysis under the antitrust laws must be used to prove an anticompetitive effect, how does trying a misuse issue now differ from trying an antitrust case?

Proof of "substantial market power is an indispensable ingredient of every claim under the full Rule of Reason."<sup>61</sup> This, depending on the case, will require proof (and discovery) on intent, effect, market structure, relevant market, power in that market, cross-elasticity of demand for the patent or patented product, less-anticompetitive alternatives, etc., and will require evidence and trial time by economic experts, business executives, industry analysts, etc., as well as lawyers and judges. The shortcut available under *Loew's*,<sup>62</sup> pursuant to which a patent was presumed to convey market power, has fallen into disrepute and is almost certainly no longer available. The Supreme Court did not follow it in *Walker Process*,<sup>63</sup> a Section 2 case; the Federal Circuit ignored it in *Abbott Labs*;<sup>64</sup> the Department of Justice and the FTC no longer rely on it;<sup>65</sup> many cases have managed not to apply it;<sup>66</sup> and deaths and retirements have left the debate in *Jefferson Parish*<sup>67</sup> (never more than *dictum*) without predictive effect, if it ever had any such effect. Much as a typical patent infringement litigator might find distasteful the prospect of a rule of reason antitrust trial in order to prove an extension of the monopoly-type patent misuse defense, it is not unreasonable to argue that, as the law now stands, the Federal Circuit has conflated extension of the monopoly-type misuse with antitrust-type misuse, so that only antitrust-type misuse remains.

## VIII. CONCLUSION

Stepping back and looking at the issue from a larger perspective, it could be argued that the Federal Circuit appreciates that the patent applicant has made an irrevocable but valuable disclosure, to the benefit of the public, in his patent application, and that he should be regarded

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<sup>61</sup> *Chicago Prof'l Sports Ltd. v. NBA*, 95 F.3d 593, 600 (7th Cir. 1996), and cases cited in ANTITRUST LAW DEVELOPMENTS, *supra* note 55, at 60-61 n.313.

<sup>62</sup> *United States v. Loew's Inc.*, 371 U.S. 38, 45 (1962).

<sup>63</sup> *Walker Process Equip. Co. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 178 (1965).

<sup>64</sup> *Abbott Labs. v. Brennan*, 952 F.2d 1346, 1354 (Fed. Cir. 1991).

<sup>65</sup> U.S. Dep't of Justice and Federal Trade Commission, *Antitrust Guidelines for the Licensing of Intellectual Property* § 5.3 (1995).

<sup>66</sup> See cases cited in ANTITRUST LAW DEVELOPMENTS, *supra* note 55, at 966 n.290, and materials cited in Robert J. Hoerner, *The Antitrust Significance of a Patent's Exclusionary Power*, 60 ANTITRUST L.J. 867, 876, n.58 (1992).

<sup>67</sup> *Jefferson Parish Hosp. Dist. No. 2 v. Hyde*, 466 U.S. 2, 16 (Stevens, J.), & 37 n.7 (O'Connor, J., concurring, joined by Rehnquist, J.) (1984). No other participating Justices are still on the Court. See *Eastman Kodak Co. v. Image Technical Servs., Inc.*, 504 U.S.

as having a *property right* to enforce it.<sup>68</sup> Misuse destroys that right until purge.<sup>69</sup>

The Federal Circuit could also regard the following language of Justice McKenna in the first *United Shoe* case as better reasoned than *Morton Salt*:

A patentee is given rights to his device, but he is given no power to force it on the world. If the world buy it or use it the world will do so upon a voluntary judgment of its utility, demonstrated, it may be, at great cost to the patentee. If its price be too high, whether in dollars or conditions, the world will refuse it; if it be worth the price, whether of dollars or conditions, the world will seek it. To say that the world is not recompensed for the price it pays is to attack the policy of the law. . . .<sup>70</sup>

The difficulty with the above speculative rhetoric is that in our system of justice appellate courts are "inferior" to the U.S. Supreme Court,<sup>71</sup> the decisions of which control and must be followed. If the Supreme Court holds that the sale of a patented article exhausts the patent monopoly and that that monopoly cannot be enlarged by attaching conditions to its use, or that an "anticompetitive effect" is not required for a finding of extension of the monopoly-type patent misuse, by what warrant does the Federal Circuit ignore such holdings? Former Chief Judge Markey had it right when he said: "We are bound however to adhere to existing Supreme Court guidance in the area until otherwise directed by Congress or by the Supreme Court."<sup>72</sup>

Perhaps the Federal Circuit should revisit that language.<sup>73</sup>

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451, 466-67 (1992): "Legal presumptions that rest on formalistic distinctions rather than actual market realities are generally disfavored in antitrust law."

<sup>68</sup> See, e.g., *James v. Campbell*, 104 U.S. 356, 358 (1881); *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 186-87, 189 (1933).

<sup>69</sup> See Robert J. Hoerner, *Patent Misuse*, 53 ANTITRUST L.J. 641, 655-57 (1985); *Strait v. National Harrow Co.*, 51 Fed. 819, 820 (C.C. N.D.N.Y. 1892).

<sup>70</sup> *United States v. United Shoe Mach. Co.*, 247 U.S. 32, 65 (1918).

<sup>71</sup> U.S. Const. art. III, § 1: "The judicial Power of the United States, shall be vested in one supreme court, and in such inferior courts as the Congress may from time to time ordain and establish."

<sup>72</sup> *Senza-Gel*, 803 F.2d 661, 665 n.5 (Fed. Cir. 1986).

<sup>73</sup> Alternatively, the Federal Circuit could forthrightly state, since the patent misuse doctrine is concededly judge-made, that it believed a doctrine different from that of the Supreme Court should be applied, and then explain why it thought the doctrine it preferred was better patent policy under the Constitution. The Supreme Court would then be free to grant, or not, a petition for a writ of certiorari, were one filed, to consider the question. See *Khan v. State Oil Co.*, 93 F.3d 1358, 1363 (7th Cir. 1996), where Judge Posner wrote: "Albrecht was unsound when decided, and is inconsistent with later decisions by the Supreme Court. It should be overruled. Someday, we expect, it will be." The Supreme Court took the case and overruled *Albrecht* in *State Oil Co. v. Khan*, 522 U.S. 3, 22 (1997).