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INTRODUCTION

The increased cost of competent legal representation,¹ busy court dockets,² and potentially large economic liability³ have combined to provide an overwhelming incentive to avoid extensive patent litigation. An effective technique for reducing the economic costs to both parties is the establishment of a licensing agreement or some other form of alternative dispute resolution.⁴ When these fail, strong policy reasons exist to deny rewarding a party whose action, or lack of action, unfairly harms the adversary, even where a solid legal basis exists that would normally entitle the party to such a reward.⁵ Courts have long recognized a need for fair and equitable results to disputes.

Equitable defenses in patent litigation, as in most legal arenas, provide a means to completely escape, or at a minimum reduce liability. Although these defenses are available during litigation, their true power rests in a motion for summary judgment, or as leverage to force some form of alternative dispute resolutions. Laches and estoppel are the two primary equitable defenses an alleged patent infringer can invoke.⁶

Section I of this article explores the origins of these two equitable doctrines and their development in the field of patent infringement litigation. In particular, this section discusses the historical application of laches by the Supreme Court and federal courts. Section II discusses

1. Tom Arnold & Willem G. Schuurman, Alternative Dispute Resolution in Intellectual Property Cases, 321 PAT. LTRG. 437, 443 (1991) ("Then there is the money. One million dollars per party for a patent trial and appeal is now routine — two to five million and more, not uncommon.").

2. "[T]he average time, from filing a patent infringement suit to final appellate determination, is more than a third of the patent's seventeen year life." Id. at 442.


4. See generally Donald W. Banner, Alternative Dispute Resolution, 300 PAT. LTRG. 205 (1990) (advocating alternative approaches to litigation); Arnold & Schuurman, supra note 1.

5. While it is inequitable for an infringer to deprive a patent owner of its rights, it is equally inequitable for the patent owner to lead the infringer to make large investments believing the patent rights will not be pressed. Potash Co. of Am. v. International Minerals & Chem. Corp., 213 F.2d 153, 156 (10th Cir. 1954).

the recent decision by the Court of Appeals for the Federal Circuit ("Federal Circuit") in *A.C. Aukerman Co. v. R.L. Chaides Construction Co.* and focuses on this case's impact on both laches and estoppel. Section III discusses the ramifications of the Federal Circuit's adoption of a "bursting bubble" theory for patent infringement. This section concludes that by rejecting the former laches analysis, the Federal Circuit has effectively eliminated the use of laches as a basis for summary judgment. Section III supports the changes that the Federal Circuit has made in equitable estoppel and agrees that estoppel has been correctly returned to a position where the focus is on the patent owner's communications and not the passage of time.

I. PRE-AUKERMAN EQUITABLE DEFENSES

A. LACHES

The general application of the doctrine of laches is based on the theory that equity should favor those who assert their rights and not those who "sleep" on them. Laches is defined as a neglect to assert a right or claim which, when taken together with a lapse of time and other circumstances, causes prejudice to an adverse party. This inaction can operate to bar the recovery of damages.

Furthermore, historically, "[n]othing can call forth .... [a court of equity] into activity, but conscience, good faith, and reasonable diligence; where these are wanting, the Court is passive, and does nothing. Laches and neglect are always discountenanced ...." The

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7. 960 F.2d 1020 (Fed. Cir. 1992) (en banc).
8. Although the Federal Circuit has changed both laches and estoppel, the changes made to laches will have a considerable and controversial impact on litigation. Therefore, the defense of laches will dominate this comment.
11. Although recognizing the need to bar stale claims, the Supreme Court also recognized the need to prevent future infringement of plaintiffs' rights. McLean v. Fleming, 96 U.S. 245, 257 (1877). In patent litigation, laches prohibits the recovery of damages prior to the complaint but does not preclude the granting of an injunction to prevent future infringement. See 5 ChiSum, *supra* note 6, § 19.05, at 19-389 to 19-399. "Relief of [damages] is constantly refused, even where the right of the party to an injunction is acknowledged because of an infringement, as in the case of acquiescence or want of fraudulent intent." McLean, 96 U.S. at 257.
Supreme Court, embracing these principles Lord Camden articulated in 1767, stated that "equity has adopted the principle that the delay which will defeat a recovery must depend upon the particular circumstances of each case." However, when laches is asserted as a defense, the plaintiff is measured against the standard of knowledge that a person of ordinary intelligence would have obtained upon inquiry.

Equity does not favor one party. Equity requires the court to balance the rights and interests of all parties in light of the values held important by society. "Equity eschews mechanical rules; it depends on flexibility." Therefore, if the party asserting laches as a defense is guilty of fraudulent conduct, the mere lapse of time may not prevent recovery.

In light of the general principles behind a defense of laches, the following two sections describe the elements of a laches defense in patent litigation and some of the available excuses the patentee can assert to overcome laches.

1. Elements of Laches

Prior to A.C. Aukerman Co. v. R.L. Chaides Construction Co., the assertion of laches as a defense in patent litigation required the defendant to prove two essential elements: (1) plaintiff's unreasonable and inexcusable delay in asserting a claim and (2) material prejudice to the defendant as a result of plaintiff's delay. These elements were fundamentally the same as those set forth by the Supreme Court in its earliest decisions.

Laches was an affirmative defense; therefore, the party asserting it theoretically had the burden of proof as to each of the two elements.

13. Id.; see also Twin-Lick Oil Co. v. Marbury, 91 U.S. 587 (1875); Marsh v. Whitmore, 88 U.S. 178 (1874); Badger v. Badger, 69 U.S. 87 (1864).
15. Southern Pac. Co. v. Bogart, 250 U.S. 483, 500 (1919) (McReynolds, J., dissenting) ("Rational men are presumed to know the law; knowledge of consequent rights and appropriate means of asserting them is necessarily implied from full acquaintance with the facts."); see also Johnson v. Standard Mining Co., 148 U.S. 360, 370 (1893) ("Where the question of laches is in issue, the plaintiff is chargeable with such knowledge as he might have obtained upon inquiry . . . .")
17. Id.
19. For an explanation of the theory behind laches see supra note 9 and accompanying text.
However, the presence of certain facts often allowed the court to presume the burden of proof had been met.21 Finally, the overall protection afforded the defendant by laches was a limitation of liability solely for post-filing damages.22

a. Unreasonable Delay

One of the essential requirements of a laches defense was an unreasonable delay by the patentee in prosecuting a claim.23 The establishment of what constituted an "unreasonable" delay was traditionally left to the trial court.24 However, equitable practice customarily adopted the time limit of a comparable statute of limitations to establish the time at which a presumption of laches existed.25 This threshold time limit in patent litigation was six years from the time the specific acts of infringement were known, or should have been known, by the patentee.26 Therefore, if a patentee failed to file suit enforcing its claims within six years of its discovery, the court presumed the delay was unreasonable.27

When the court allowed the presumption of laches, difficult issues of evidentiary procedure had to be resolved.28 The majority view until...
1992\textsuperscript{29} held that when a presumption of laches was established, "[t]he burden is then on the patent owner to prove the existence and reasonableness of an excuse for the delay, as well as to show the lack of prejudice to the infringer."\textsuperscript{30} Shifting the burden of persuasion\textsuperscript{31} to the patentee provided the accused infringer a means of having the claim dismissed on summary judgment, diminishing the economic expense of unnecessary litigation.\textsuperscript{32}

b. Material Prejudice

The second element of laches was the existence of material prejudice to the defendant resulting from the patentee's delay.\textsuperscript{33} A lengthy delay in filing suit for alleged infringement often detrimentally affected the defendant's ability to adequately accumulate and present evidence supporting its non-liability. Some of the specific evidentiary problems included the loss of documentation, the inaccessibility of witnesses, and the inaccuracy of the memory of obtainable witnesses.\textsuperscript{34} As such,

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\textsuperscript{29} The change in the court's application of laches will be discussed infra in section II.


When delay in prosecuting a claim is so unusual as to carry with it the appearance of being unreasonable . . . there devolves upon the plaintiff the burden of disclosing the impediments to an earlier action; of showing, if ignorant of his rights, how he remained in ignorance so long; and of revealing how and when he first came to a knowledge of the matters on which he relies in his bill for relief.


\textsuperscript{31} The 'burden of proof' and 'burden of persuasion' will be used interchangeably throughout this comment to mean an onus on the burdened party to convince the trier of facts. This is distinguished from the 'burden of going forward with evidence' which means the party must present evidence to refute or explain.

\textsuperscript{32} If a patent owner cannot persuade the court that it had a justifiable excuse for a lengthy delay, further litigation would be a waste of valuable resources. See Adelberg Lab., Inc. v. Miles, Inc., 921 F.2d 1267 (Fed. Cir. 1990) (upholding summary judgment for the infringer). The court states that "Adelberg has not rebutted the presumption that the delay was unreasonable by showing an acceptable excuse for the delay." \textit{Id.} at 1272. Because Adelberg's failure to assert its rights for 11 years was unexcused, it "must suffer the consequences of that inaction." \textit{Id.} at 1271-72.

\textsuperscript{33} "Mere delay is not sufficient; there must be disadvantage to another." Technitrol, Inc. v. Memorex Corp., 376 F. Supp. 828, 831 (N.D. Ill. 1974), \textit{aff'd}, 513 F.2d 1130 (7th Cir. 1975).

\textsuperscript{34} Potash Co. v. International Minerals & Chem. Corp., 213 F.2d 153, 160 (10th Cir. 1954) (stating that a 10-year delay resulted in lost witnesses, missing documents and memory loss).
material prejudices in the form of evidentiary obstacles were often accepted as fulfilling the second element of laches.\textsuperscript{35}

Along with evidentiary obstacles, some courts also recognized economic prejudice to the defendant as fulfilling the requirement of material prejudice. Economic prejudice commonly occurred when the alleged infringer had invested substantial amounts of money and capital into business operations encompassing the patent in question.\textsuperscript{36} However, many courts viewed this type of disadvantage as a business risk the defendant took and, therefore, one which could not be used to bar the patentee's assertion of its rights.\textsuperscript{37}

Regardless of actual prejudice, a delay in filing suit by more than six years was presumed to be injurious to the defendant.\textsuperscript{38} In addition to the presumption of prejudice, a long delay shifted the burden to the patentee to show a lack of prejudice to the defendant.\textsuperscript{39}

Even though the two elements of laches were independent, the presumption of material prejudice was only available where the delay was unreasonable.\textsuperscript{40} Consequently, the patentee could destroy both presumptions by establishing that the delay was excusable.\textsuperscript{41} The following section describes many of the excuses that were available to a patent owner who faced a laches defense.

\textbf{2. Defenses to the Defense: Excuses for Delay}

After the elements of laches were established by either a presumption or through a showing of actual delay or prejudice, the burden of proof shifted to the patentee to prove that the unreasonable delay in filing suit was excusable and that the delay did not prejudice the infringer.\textsuperscript{42} In other words, the patentee had to persuade the court that a finding of laches would be inequitable.

\textsuperscript{35} See 5 Chisum, supra note 6, § 19.05, at 19-443.
\textsuperscript{36} Id. at 19-444 n.64.1.
\textsuperscript{37} See Jenn-Air Corp. v. Penn Ventilator Co., 464 F.2d 48 (3d Cir. 1972) (holding that continuing business is not economic prejudice as a result of the delay).
\textsuperscript{38} Leinoff v. Louis Milona & Sons, Inc., 726 F.2d 734, 742 (Fed. Cir. 1984).
\textsuperscript{39} Id.
\textsuperscript{40} See Pratt & Whitney Canada, Inc. v. United States, 17 Cl. Ct. 777, 789 (Cl. Ct. 1989) (holding that an excuse for the delay is sufficient to rebut presumption of laches), aff'd, 897 F.2d 539 (Fed. Cir. 1990).
\textsuperscript{41} This policy is questionable, as an excuse for the delay merely attacks the reasonableness of the delay element, and does not change the prejudicial effect the delay had on the defendant. See 5 Chisum, supra note 6, § 19.05[2], at 19-449 to 19-450.
The most common excuse invoked by patentees was that they were unable to enforce their rights due to involvement in other litigation. As a result of the expense of litigation, patent owners often were not required to litigate against all potential infringers simultaneously. However, the involvement in related litigation did not automatically excuse the delay. The patent owner was required to notify the infringer of its pending litigation and its intent to enforce the patent upon the completion of that litigation to obtain the protection of this excuse.

In addition to defenses based on related litigation, another excuse used to justify the delay centered around the knowledge of infringement. The mere fact that a patentee lacked personal knowledge of an infringement was not adequate to excuse a failure to file a timely claim. Even though the patentee may have believed that the infringement had ceased, the lack of actual knowledge was not an adequate excuse if reasonable inquiry would have revealed the continuing infringement. But if the patentee could not acquire knowledge of infringement through reasonable diligence, the presumption might have been destroyed. In addition, the inability of patent owners to assert

43. 5 Chisum, supra note 6, § 19.05[2] at 19-425.

44. See Edison Elec. Light Co. v. Sawyer-Man Elec. Co., 53 F. 592, 597 (2d Cir. 1892) (stating litigation is expensive and all interested parties must have been aware of ongoing litigation), cert. denied, 149 U.S. 785 (1893).

45. “[T]o excuse delay based on other litigation, the patentee must give notice to the alleged infringer of the existence of other litigation and of an intent to enforce its rights . . . .” Jamesbury Corp. v. Litton Indus. Prods., Inc. 839 F.2d 1544, 1553 (Fed. Cir.), cert. denied, 488 U.S. 828 (1988); see also Hottel Corp. v. Seaman Corp., 833 F.2d 1570, 1573 (Fed. Cir. 1987) (holding adequate notice was not given by the patent owner); A.C. Aukerman Co. v. Miller Formless Co., 693 F.2d 697, 700 (7th Cir. 1982) (stating that notice lets the infringer know that the patent owner has not acquiesced to the infringement).


47. Id.

48. Fromson v. Western Litho Plate & Supply Co., 853 F.2d 1568, 1571 (Fed. Cir. 1988), aff'd, 909 F.2d 1495 (Fed. Cir. 1990); see also Lemelson, 541 F. Supp. at 654 (noting that the infringer did not conceal its infringement); Studiengesellschaft Kohle v. Eastman Kodak Co., 616 F.2d 1315, 1326 (5th Cir.) (stating that to determine when the delay began “the Court must look . . . to the time at which the plaintiff knew or, in the exercise of reasonable diligence, should have known of the defendant's alleged infringing action”), cert. denied, 449 U.S. 1014 (1980). Another court has stated: “even if [patentee] had no actual knowledge, 'a [patentee] may be barred when the [infringer’s] conduct has been open and no adequate justification for ignorance is offered.'” Ritter v. Rohm & Haas Co., 271 F. Supp. 313, 347 (S.D.N.Y. 1967) (quoting
their rights sooner was advanced as an excuse for the delay. This excuse was primarily based on the economic consequences of bringing an infringement suit.

In analyzing these excuses, the overall financial position of the patent holder bore little weight as a defense to laches. Although litigation can be financially burdensome, "poverty or pecuniary embarrassment [is] not a sufficient excuse for postponing the assertion of [one's] rights." 49 The patentee is required to assert its rights to the extent possible by its poverty.50 Regardless of its financial position, if the patentee is actively pursuing means to enforce its claims, notification of intent to enforce its rights prior to filing is required.51 However, a party may be excused from filing a claim until the litigation is "monetarily ripe."52 In addition to these excuses, ongoing bilateral negotiations between the parties can prevent the patentee from asserting its full rights and has had limited success as an excuse for the delay.53

Ongoing litigation, lack of knowledge, and an inability to assert a claim due to economics or negotiation have all been used as an excuse for lengthy delays. However, even if the patentee could not excuse the delay based on its action, it could assert that the defendant had acted

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49. Hayward v. National Bank, 96 U.S. 611, 618 (1877); see also Leggett v. Standard Oil Co., 149 U.S. 287 (1893); Whitman v. Walt Disney Prods., Inc., 263 F.2d 229, 231 (9th Cir. 1958) (holding poverty is no excuse for delay).

50. The patentee in Coleman asserted that:
the delay was due to his inability to find an attorney to prosecute the action, or to raise the necessary funds. Those excuses are inadequate as a matter of law. There is no evidence that [patentee] made any protest or assertion of his rights, even to the limited extent allowed by his poverty. Coleman v. Corning Glass Works, 619 F. Supp. 950, 954 (W.D.N.Y. 1985) (citations omitted).

51. Id.

52. "[Patentee] could reasonably delay bringing suit until he could determine that the extent of possible infringement made litigation monetarily ripe." Tripp v. United States, 406 F.2d 1056, 1071 (Ct. Cl. 1969) (holding delay was justified because patentee consistently demanded compensation for infringement). Likewise, the financial position of the infringer may make potential litigation economically unjustifiable until a later date. Illinois Tool Works, Inc. v. Grip-Pak, Inc., 725 F. Supp. 951, 953 (N.D. Ill. 1989), aff'd, 906 F.2d 679 (Fed. Cir. 1990).

in such a manner that equity should disallow a barring of the claim. If the infringer's conduct was particularly egregious the defense of laches would not be allowed based on the "unclean hands" doctrine. Such judicial evaluation of the infringer's actions emphasizes the fact that an equitable defense of laches requires a balancing of the fairness and reasonableness of both parties' actions. While laches was one defense available to a patent infringer, another defense based on similar elements was equitable estoppel. The additional elements required for an estoppel defense are examined in the following section.

B. ESTOPPEL

The second equitable defense a patent infringer often asserted was known as equitable estoppel. One of the primary differences between laches and estoppel was the effect on the remedies available to the patentee. While laches only precluded pre-filing damages, a defense of estoppel destroyed both past and future claims.

Before 1992, both defenses of laches and estoppel required proof of unreasonable delay and material prejudice to the infringer. Therefore, neither defense was practical unless a substantial period of time had passed. Unlike laches, the delay required for estoppel was measured from the time the patentee made misleading statements, not when it knew of the infringement. Nevertheless, the first two elements of estoppel were traditionally established when the elements of laches were established. As a result, all of the characteristics and limitations of these elements, along with the use of a presumption to establish them,

54. Bott v. Four Star Corp., 807 F.2d 1567, 1576 (Fed. Cir. 1986) (plagiarizing the plaintiff's patent showed that the defendant had "unclean hands" and was not entitled to the defense of laches). The Bott court followed TWM Mfr. Co. v. Dura Corp., 592 F.2d 346 (6th Cir. 1979), cert. denied, 479 U.S. 852 (1986), and held that where a defense of laches would normally exist, proof of egregious conduct by the infringer changes the equities in favor of the patentee. Bott, 807 F.2d at 1576.

55. See 5 CHISUM, supra note 6, § 19.05[2], at 19-450 to 19-454.

56. See 5 CHISUM, supra note 6, § 19.01, at 19-5.

57. See, e.g., Adelberg Lab., Inc. v. Miles, Inc., 921 F.2d 1267, 1272 (Fed. Cir. 1990) ("While the defense of laches bars only retrospective relief, the defense of estoppel totally bars any assertion of the patent claim.").

58. See infra section III.B for a discussion of post-1992 estoppel.


60. Meyers v. Brooks Shoe, Inc., 912 F.2d 1459, 1461 (Fed. Cir. 1990) (holding equitable estoppel requires the defendant to show both elements of laches, as well as affirmative conduct and detrimental reliance).
were as equally applicable for estoppel as they were for laches.\textsuperscript{61}

In addition to the two elements of laches, estoppel required affirmative conduct by the patentee which induced the infringer to believe that the patentee had abandoned its claim and detrimental reliance by the infringer.\textsuperscript{62} These additional two elements have often eliminated a defense of estoppel even when a defense of laches was available.\textsuperscript{63}

1. Affirmative Conduct

The third element of estoppel required conduct by the patentee which induced the infringer to believe that the patentee abandoned its claim.\textsuperscript{64} This conduct was considered independent of the patentee's intention. "Bad faith on the part of the patentee is not \ldots a requirement of an estoppel defense."\textsuperscript{65} Although bad faith was not required, some affirmative conduct by the patentee was.

Affirmative conduct by the patentee was found to include misrepresentations, acts of misconduct, or intentionally misleading silence.\textsuperscript{66} However, silence alone generally did not establish this element of estoppel.\textsuperscript{67} Conduct in excess of mere silence was needed to sustain a

\begin{itemize}
\item \textsuperscript{61} See supra section I.A (discussing the elements and excuses for laches).
\item \textsuperscript{62} Adelberg Lab., Inc. v. Miles, Inc., 921 F.2d 1267, 1273 (Fed. Cir. 1990); Young Engineers, Inc. v. United States Int'l Trade Comm'n, 721 F.2d 1305, 1317 (Fed. Cir. 1983). Before 1992, equitable estoppel required: (1) unreasonable and inexcusable delay in filing suit, (2) prejudice to the infringer, (3) affirmative conduct by the patentee inducing the belief that it abandoned its claims against the alleged infringer, and (4) detrimental reliance by the infringer. Jamesbury Corp., 839 F.2d at 1553-54.
\item \textsuperscript{63} See, e.g., Hottel Corp. v. Seaman Corp., 833 F.2d 1570 (Fed. Cir. 1987).
\item \textsuperscript{64} Adelberg, 921 F.2d at 1274. The patentee must make "representations or engaged in conduct which justifies an inference of abandonment of the patent claim or which has induced the infringer to believe that its business would be unmolested." Studiengesellschaft Kohle v. Eastman Kodak Co., 616 F.2d 1315, 1330 (5th Cir.), cert. denied, 449 U.S. 1014 (1980).
\item \textsuperscript{65} Studiengesellschaft, 616 F.2d at 1330.
\item \textsuperscript{66} Adelberg, 921 F.2d at 1273.
\item \textsuperscript{67} Naxon Telesign Corp. v. Bunker Ramo Corp., 686 F.2d 1258, 1266 (7th Cir. 1982) ("Delay alone is insufficient to bar a patentee from enforcing his patent \ldots ."); 5 CHIUSUM, supra note 6, § 19.05[3], at 19-460.
\end{itemize}
defense of estoppel. Only when the patentee threatened enforcement and then remained silent for an extended period, did the court find the conduct sufficient to support a defense of equitable estoppel.

2. Detrimental Reliance

The final element of estoppel required that the infringer relied upon the patentee’s conduct and that the specific reliance resulted in detriment to the infringer. The infringer need not be convinced that the patentee abandoned its claim, but reasonably believed that the claim was abandoned.

As stated previously, a delay in excess of six years created a presumption of unreasonable delay, and in some cases a presumption of prejudice. However, a defendant was not able to use a presumption to establish detrimental reliance. The defendant had to show it was actually harmed. Harm must be established by a change in the infringer’s position resulting from reliance on the patentee’s conduct, such as investments in manufacturing.

nothing has happened other than silence so misleading that the infringer believes that the patentee has abandoned its claims, more reason exists for finding an estoppel than where a threat or an assertion of rights has, in fact, been explicated.


68. Adelberg, 921 F.2d at 1273; see also Studiengesellschaft Kohle v. Dart Indus., 726 F.2d 724 (Fed. Cir. 1984).

69. Adelberg, 921 F.2d at 1274 (citing Hottel Corp. v. Seaman Corp., 833 F.2d 1570, 1574 (Fed. Cir. 1987)); Meyers v. Brooks Shoe, Inc., 912 F.2d 1459, 1461 (Fed. Cir. 1990) (“[W]e do not believe that a suggestion of infringement coupled with an offer to license followed by silence would suffice to establish equitable estoppel.”); Hottel, 833 F.2d at 1573 (stating that affirmative conduct is more than silence alone); see also 5 CHISUM, supra note 6, § 19.05[3], at 19-460 to 19-461.

70. See supra note 62 for the elements of estoppel.

71. Adelberg, 921 F.2d at 1274; see also Chubb Integrated Sys., Inc. v. National Bank of Washington, 658 F. Supp. 1043, 1052 (D.D.C. 1987) (denying summary judgment in part because there was a genuine issue as to whether the infringer believed the patentee abandoned its rights); Southwire Co. v. Essex Group, Inc., 570 F. Supp. 643 (N.D. Ill. 1983) (holding reliance on counsel was not sufficient).

72. Naxon Telesign Corp. v. Bunker Ramo Corp., 686 F.2d 1258, 1263 (7th Cir. 1982) (“[A] defendant . . . cannot automatically shift its burden of demonstrating prejudice to the plaintiff based on the passage of a set period of time.”). Because the result of estoppel is severe, “a court should not lightly presume injury to the party raising the defense.” Id. at 1264.

73. See Olympia Werke Aktiengesellschaft v. General Elec. Co., 712 F.2d 74, 77 (4th Cir. 1983) (“[D]etriment may not be established on the basis of a presumption . . . .”); see also supra note 71 (requiring belief by the infringer).

II. AUKERMAN v. CHAIDES CONSTRUCTION Co.

The traditional formulation of the defenses of laches and estoppel in patent litigation were at issue in A.C. Aukerman Co. v. R.L. Chaides Construction Co.\textsuperscript{75} The Federal Circuit, sitting \textit{en banc}, reversed the district court's decision granting summary judgment to the patent infringer. The Federal Circuit used this opportunity to try to clarify the application of laches and establish the proper elements of estoppel in patent litigation. In the process, however, substantial and possibly unwarranted changes were made to the doctrine.

A. HISTORY OF THE CASE

Aukerman was the owner of two patents relating to a method and device for forming concrete highway barriers.\textsuperscript{76} The defendant, Chaides Construction Co. ("Chaides"), purchased a patented slip-form\textsuperscript{77} from Aukerman's licensee in 1979. Upon notification that Chaides had made such a purchase, Aukerman contacted Chaides in an effort to enter into a direct license agreement.\textsuperscript{78} Over the next two months, the parties communicated sporadically.\textsuperscript{79} After that, no further communication occurred until October 1987 and no agreement was ever reached.\textsuperscript{80}

\textsuperscript{75} 960 F.2d 1020 (Fed. Cir. 1992) (en banc).
\textsuperscript{76} Id. at 1026.
\textsuperscript{77} Slip-forms are devices which allow the fabrication of asymmetrical highway barriers directly onto highway surfaces of different elevations, thereby eliminating the need for constructing a custom mold. \textit{Id.} at 1026.
\textsuperscript{78} "[C]ounsel for Aukerman advised Chaides by letter dated February 13, 1979, that use of the device raised 'a question of infringement with respect to one or more of [Aukerman's patents-in-suit],' and offered Chaides a license." \textit{Id.} (quoting the letter).
\textsuperscript{79} [L]etters were sent by Aukerman's counsel to Chaides on March 16 and April 12, 1979. Chaides replied by telephone on April 17, 1979 but was unable to speak with counsel for Aukerman. By letter of April 24, 1979, Aukerman's counsel advised Chaides that Aukerman was seeking to enforce its patents against all infringers and that, even though Chaides might be among the smaller contractors, it had the same need for a license as larger firms. He advised further that Aukerman would waive liability for past infringement and infringement under existing contracts if Chaides took a license by June 1, 1979. Chaides responded in late April with a note handwritten on Aukerman's last letter stating that any responsibility was [the licensee's] and that, if Aukerman wished to sue Chaides 'for $200-$300 a year,' Aukerman should do so. \textit{Id.} at 1026-27.
\textsuperscript{80} Upon notification that Chaides was using the slip-form to a substantially larger extent, Aukerman's counsel sent a correspondence to Chaides reaffirming the position stated in 1979. The lack of response by Chaides resulted in Aukerman filing suit in 1988. \textit{Id.} at 1027.
When Aukerman sued Chaides in 1988 for patent infringement, the district court granted summary judgment in favor of Chaides, holding that laches and estoppel prohibited Aukerman’s claim for relief. Although Aukerman was engaged in other litigation, the district court did not acknowledge this as an adequate excuse because the other litigation did not cover a seventeen month period during the delay when Aukerman could have pursued Chaides. The district court further held that Aukerman failed to give Chaides notice of any other litigation then proceeding. The district court also rejected Aukerman’s argument that the delay was reasonable due to Chaides’ characterization of de minimis infringement.

Additionally, the district court held that Chaides had established the defense of estoppel and that neither the defense of laches nor estoppel was defeated by reason of Chaides’ “unclean hands.” Although Aukerman claimed that Chaides had made a copy of its patented slip-form, the district court stated that Aukerman failed to provide evidence of how the copy infringed the patent. The court further concluded that Chaides had been misled prior to using the copy and that its conduct did not defeat the equitable defenses asserted.

B. THE PRINCIPLES OF EQUITABLE DEFENSES

1. Laches

In considering the doctrine of laches and the policy of fairness that it represents, the Federal Circuit stated that “laches is cognizable

81. The district court ruled that Aukerman had the burden to prove the delay was reasonable and not prejudicial to Chaides. Id.
82. Id. at 1027.
83. Id.
84. Id. The court found that Chaides would be prejudiced due to both economic harm and evidentiary problems. Id.
85. The court found that Aukerman’s silence for roughly 10 years was misleading, constituting bad faith, and it should have notified Chaides of the result of the imposed July 1, 1978 deadline. A.C. Aukerman Co. v. R.L. Chaides Const. Co., 960 F.2d 1020, 1027 (Fed. Cir. 1992). Chaides detrimentally relied on Aukerman’s silence by underbidding contracts in lieu of bankruptcy. Id.
86. The court held that Aukerman had not presented sufficient evidence on how a copy of the slip-form, produced by Chaides, infringed the patent. Id. The trial court held that Chaides’ conduct was not particularly egregious so as to disallow an equitable defense. Id.; see also supra note 54 and accompanying text (citing plagiarism as egregious conduct).
87. Aukerman, 960 F.2d at 1027.
88. Id.
under 35 U.S.C. § 282 as an equitable defense to a claim of patent infringement." Further, the court affirmatively rejected Aukerman's assertion that a defense of laches conflicts with 35 U.S.C. § 286 and should therefore be inapplicable in patent infringement claims. Two additional arguments made by Aukerman were also rejected: that laches can only be applied to monetary awards resulting from an equitable accounting, not to claims for damages, and that patent infringement is a continuing tort immune from laches. The court responded: "Aukerman's argument, which focuses on the acts of the defendant, distorts the basic concept of laches. Laches focuses on the dilatory conduct of the patentee and the prejudice which the patentee's delay has caused." The Aukerman court elected not to modify the mechanical elements of laches. The court then reaffirmed the two elements of laches which must be proven by the defendant as: "1. the plaintiff delayed filing suit for an unreasonable and inexcusable length of time from the time the plaintiff knew or reasonably should have known of its claim against the defendant, and 2. the delay operated to the prejudice or injury of the defendant." The court held that laches is to be determined at the

89. § 282 reads in part: "The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded: (1) Noninfringement, absence of liability for infringement or unenforceability . . . ." 35 U.S.C. § 282 (1988).

90. Aukerman, 960 F.2d at 1028.

91. § 286 reads in part: "Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action." 35 U.S.C. § 286 (1988).

92. "We are unpersuaded that section 286 should be interpreted to preclude the defense of laches and provide, in effect, a guarantee of six years damages regardless of equitable considerations arising from delay in assertion of one's rights." Aukerman, 960 F.2d at 1050-31.

The court went on to say:

Even looked at afresh, we have no difficulty in reading section 286 harmoniously with the recognition under section 282 of the laches defense. By section 286, Congress imposed an arbitrary limitation on the period for which damages may be awarded on any claim for patent infringement. Laches, on the other hand, invokes the discretionary power of the district court to limit the defendant's liability for infringement by reason of the equities between the particular parties. . . . An equitable defense under section 282 and the arbitrary limitation of section 286 do not conflict.

Id.

93. Id. at 1031-32.

94. Id.

95. Id. at 1032 (citing Costello v. United States, 365 U.S. 265 (1961), Meyers v. Brooks Shoe Inc., 912 F.2d 1459 (Fed. Cir. 1990), and Hottel Corp. v. Seaman Corp., 833 F.2d 1570 (Fed. Cir. 1987). The court stated that "[t]he length of time which may be deemed unreasonable has no fixed boundaries but rather depends on the circum-
sound discretion of the trial court, and therefore must be flexible with respect to the facts and circumstances of each case. To insure the infringer was not treated unfairly by a delayed claim, the court must balance "the length of delay, the seriousness of prejudice, the reasonableness of excuses, and the defendant's conduct or culpability." The court stated that presumptions are based on "fairness, public policy, and probability." The court held that a six-year delay in filing suit should remain the standard for presuming the presence of laches. Therefore, "a presumption of laches arises where a patentee delays bringing suit for more than six years after the date the patentee knew or should have known of the alleged infringer's activity." Although the elements of laches could naturally be inferred from a lengthy delay, the existence of a presumption required that they be inferred. It was with this application of the laches presumption that the court vigorously disagreed with precedent. Prior decisions involving presumptions in patent litigation had held that upon the establishment of a six-year delay the burden of persuasion shifts to

stances." Id. Further, "[m]aterial prejudice to adverse parties . . . is essential to the laches defense. Such prejudice may be either economic or evidentiary." Id. at 1033.

96. Id. at 1032.
97. Id. at 1034.
98. Id.; see also Cornetta v. United States, 851 F.2d 1372, 1380 (Fed. Cir. 1988) (stating that presumptions depend on fairness and public policy).
99. [The] practice of creating rebuttable presumptions using a statute of limitations as a guide was extended to situations where the legal and equitable claims were not the same but only analogous.

Courts faced with patent infringement actions 'borrowed' the six-year damage limitation period in the patent statute now set out in section 286, as the time period for giving rise to a rebuttable presumption of laches. . . .

The presumption of laches arising from a more than six-year delay in filing suit is consonant with the mainstream of the law. The length of the time period—six years—is reasonable compared to the presumptions respecting laches in other situations, which may be as short as one year.

*Aukerman*, 960 F.2d at 1034-35 (citations omitted).

100. Id. at 1028; see also id. at 1036-37 (comparing presumptions in patent infringement cases and military pay cases).

101. By reason of the presumption, absent other equitable considerations, a prima facie defense of laches is made out upon proof by the accused infringer that the patentee delayed filing suit for six years after actual or constructive knowledge of the defendant's acts of alleged infringement. Without the presumption, the two facts of unreasonable delay and prejudice might reasonably be inferred from the length of the delay, but not necessarily. With the presumption, these facts must be inferred, absent rebuttal evidence.

*Id.* at 1037.
the patentee. The court in *Aukerman* stated that "[t]his view of the laches presumption is legally unsound."

The court rejected the shifting of the "burden of persuasion," and adopted the procedure established in Rule 301 of the Federal Rules of Evidence. Rule 301 incorporates what is known as the "bursting bubble" theory of presumptions. "If the patentee presents a sufficiency of evidence which, if believed, would preclude a directed finding in favor of the infringer, the presumption evaporates and the accused infringer is left to its proof." Consequently, the defendant loses the benefit of a presumption and must satisfy its burden of persuasion with actual evidence to invoke a defense of laches. Thus, merely the burden of presenting evidence is placed on the plaintiff, while the ultimate burden of persuasion always remains on the party asserting the defense.

The court further stated that, "[o]nce a presumption of laches arises, the patentee may offer proof directed to rebutting the laches factors. Such evidence may be directed to showing either that the patentee's delay was reasonable or that the defendant suffered no prejudice or both." As a result, the court severely restricted the effectiveness and efficiency of a presumption of laches.

102. *Id.*; see also *Leinoff v. Louis Milona & Sons, Inc.*, 726 F.2d 734, 742 (Fed. Cir. 1984).

103. *Aukerman*, 960 F.2d at 1037.

104. *Rule 301* "applies 'even if the common law presumption had been accorded a greater weight in the past'" *Id.*

105. Rule 301 states:

In all civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.

**FED. R. EVID. 301.**

106. Under this theory, a presumption is not merely rebuttable but completely vanishes upon the introduction of evidence sufficient to support a finding of the nonexistence of the presumed fact. . . . In other words, the evidence must be sufficient to put the existence of a presumed fact into genuine dispute. The presumption compels the production of this minimum quantum of evidence from the party against whom it operates, nothing more.

*Aukerman*, 960 F.2d at 1037.

107. *Id.* at 1037-38.

108. *Id.* at 1038.

By raising a genuine issue respecting either factual element of a laches defense, the presumption of laches is overcome.

Thus, the presumption of laches may be eliminated by offering evidence
2. Estoppel

In patent litigation, the use of an equitable estoppel defense is permitted under 35 U.S.C. § 282. However, the Aukerman court specifically overruled the four element requirement for an estoppel defense as outlined in Jamesbury Corp. v. Litton Industrial Products. Unreasonable delay and prejudice are no longer required elements for a defense of estoppel. The court noted that the elements of laches and estoppel are distinct from each other and should not be confused. To clarify the difference between the two defenses, the court announced three elements which must be proven to preclude a suit using equitable estoppel:

a. The patentee, through misleading conduct, leads the alleged infringer to reasonably infer that the patentee does not intend to enforce its patent against the alleged infringer. “Conduct” may include specific statements, action, inaction, or silence where there was an obligation to speak.
b. The alleged infringer relies on that conduct.
c. Due to its reliance, the alleged infringer will be materially prejudiced if the patentee is allowed to proceed with its claim.

to show an excuse for the delay or that the delay was reasonable, even if such evidence may ultimately be rejected as not persuasive. Such evidence need only be sufficient to raise a genuine issue respecting the reasonableness of the delay to overcome the presumption. . . .

A patentee may similarly eliminate the presumption with an offer of evidence sufficient to place the matters of defense prejudice and economic prejudice genuinely in issue. Thus, the patentee may eliminate the presumption by offering proof that no additional prejudice occurred in the six-year time period . . . .

. . . [Additionally], a patentee may be able to preclude application of the laches defense with proof that the accused infringer was itself guilty of misdeeds towards the patentee. This flows from the maxim, “He who seeks equity must do equity.”

Id. (citations omitted).

108. Id. at 1028.

109. See supra note 62. “The test set out in Jamesbury confusingly intertwines the elements of laches and equitable estoppel and is expressly overruled.” Aukerman, 960 F.2d at 1042.

110. “Delay in filing suit may be evidence which influences the assessment of whether the patentee’s conduct is misleading but it is not a requirement of equitable estoppel.” Id.

111. Id.

112. Aukerman, 960 F.2d at 1028.
The court further held that despite a delay of six years, the laches presumption is not applicable to a defense of estoppel.\textsuperscript{113} Two primary reasons were given for prohibiting the use of a presumption:

First, the presumed laches factors, that is, unreasonable and inexcusable delay and prejudice resulting therefrom are not elements of estoppel.

Second, the relief granted in estoppel is broader than in laches. Because the whole suit may be barred . . . the defendant should carry a burden to establish the defense based on proof, not a presumption.\textsuperscript{114} Furthermore, the court stated that estoppel is not a rigid defense, that is, all evidence regarding the equities of each party must be weighed prior to the court’s exercising its discretion in allowing a defense of estoppel.\textsuperscript{115} Thus, the court has removed the element of time and the use of a presumption in what appears to be an effort to focus estoppel on the equities of each parties actions.

C. THE PRINCIPLES AT WORK

1. Laches

The Federal Circuit held that the ultimate burden of persuasion had been placed on the patentee to negate the prima facie defense of

\begin{quote}
The first element of equitable estoppel concerns the statements or conduct of the patentee which must “communicate something in a misleading way.” The “something” . . . is that the accused infringer will not be disturbed by the plaintiff patentee in the activities in which the former is currently engaged. The patentee’s conduct must have supported an inference that the patentee did not intend to press an infringement claim against the alleged infringer . . . . In the most common situation, the patentee specifically objects to the activities currently asserted as infringement and then does not follow up for years . . . .

The second element, reliance, is not a requirement of laches but is essential to equitable estoppel. The accused infringer must show that, in fact, it substantially relied on the misleading conduct of the patentee in connection with taking some action . . . . To show reliance, the infringer must have had a relationship or communication with the plaintiff which lulls the infringer into a sense of security in going ahead with [expending capital] . . . . Finally, the accused infringer must establish that it would be materially prejudiced if the patentee is now permitted to proceed. As with laches, the prejudice may be a change of economic position or loss of evidence.
\end{quote}

\textit{Id.} at 1042-43 (citations omitted).

\textsuperscript{113} \textit{Id.} at 1043.

\textsuperscript{114} \textit{Id.} A defense of laches only precludes awarding damages prior to filing suit, as compared to the complete bar available under an estoppel defense. \textit{Id.} at 1028, 1039-41.

\textsuperscript{115} \textit{Id.} at 1043.
laches, and therefore the grant of summary judgment on the laches defense was to be reversed. Because Aukerman merely had to present evidence sufficient to raise a genuine issue regarding its conduct, its involvement in other litigation during the delay should have destroyed the presumption of laches. The court held that in some cases, equity may require notice of ongoing litigation; nevertheless, a notice requirement is not to be "rigidly" imposed. Furthermore, the court concluded that the district court did not appropriately resolve Aukerman’s contention that Chaides’ activities changed sufficiently to disrupt the laches period.

2. Estoppel

In applying the three element test for estoppel, the Aukerman court determined that the district court erred in allowing a defense of estoppel. The court stated that the communications between the two parties and the long silence by Aukerman could have led the defendant to believe that Aukerman did not plan to enforce its rights. Alternatively, the communications could have led the defendant to believe Aukerman only waived an infringement claim for a $300 per year

116. Id. at 1039.
117. The district court stated it placed the “burden” on the patentee “of showing [that its] delay was not unreasonable and inexcusable.” This was a greater burden than the patentee had to bear to overcome the presumption. The patentee bears the burden only of coming forward with sufficient evidence to raise a genuine factual issue respecting the reasonableness of its conduct once the defendant shows delay in excess of six years.

Id. (citation omitted).

118. Id.

119. It is not disputed that defendant’s conduct changed during the laches time frame both by its manufacturing its own slip-forming device and by greatly increasing the amount of asymmetrical wall it poured. It could not be inferred against the patentee that these changed circumstances should have been known to the patentee or were immaterial to the determination of laches. Upon the record before us, summary judgment of laches was improperly granted.

Id. (citation omitted).

120. We conclude that the elements supporting equitable estoppel were in genuine dispute, that the evidence was not perceived in the light most favorable to Aukerman, that inferences of fact were drawn against Aukerman and that the entire issue must, in any event, be tried in light of the principles adopted here.

Aukerman, 960 F.2d at 1043.
121. Id. at 1044.
The court held that these two possible different inferences made summary judgment impermissible.\textsuperscript{123} By concluding that there was a genuine issue regarding the first element of estoppel, the court did not address the remaining elements. Further, the court held that the alleged misconduct by Aukerman should have been weighed prior to granting summary judgment.\textsuperscript{124} The following section analyzes the impact of the changes the Federal Circuit made to both the use of a presumption in a laches defense and the elements of an estoppel defense.

### III. \textit{Post-Aukerman} Equitable Defenses

#### A. LACHES

Although many defenses to patent infringement claims exist,\textsuperscript{125} the true strength of equitable defenses is their ability to dispose of cases on summary judgment.\textsuperscript{126} Further, the policy in establishing equitable defenses is to prohibit a party from obtaining relief based upon its improper action or lack of action. True equity should require the plaintiff to bear the burden of persuading the court that a material issue exists which requires a resolution by that court.

Barring claims involving unexplained lengthy delays fosters proper and timely action by the plaintiff. Furthermore, the plaintiff is the only party who possesses the information necessary to establish the timeliness

\begin{itemize}
\item Properly focused, the issue here is whether Aukerman's course of conduct reasonably gave rise to an inference in Chaides that Aukerman was not going to enforce the '133 and '633 patents against Chaides. ... [S]ilence alone will not create an estoppel unless there was a clear duty to speak, or somehow the patentee's continued silence reenforces the defendant's inference from the plaintiff's known acquiescence that the defendant will be unmolested. ... The length of the delay also favors drawing the inference [that Aukerman waived his rights] because the longer the delay, the stronger the inference becomes.
\item Chaides' further statement that Aukerman would only recover $200-$300 a year could lead one in Chaides' position to infer that Aukerman did not sue because the amount in issue was \textit{de minimis} ... At most Aukerman could merely have been waiving an infringement claim for $300.00 per year.
\end{itemize}

\textit{Id.} at 1043-44 (citations omitted).

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\textit{Id.} at 1043-44 (citations omitted).

\textsuperscript{123} \textit{Id.} at 1044.

\textsuperscript{124} \textit{Id.}

\textsuperscript{125} For a list of major defenses see \textit{supra}-note 6.

\textsuperscript{126} Robert H. Bell, \textit{Summary Judgment in the Federal Courts}, 69 MICH. B.J. 1038, 1038 (1990) ("No procedural bullet in the litigator's gun can be quite as effective as a well-aimed motion for summary judgment.").
of its conduct. However, Rule 301\textsuperscript{127} allows only a shifting of the burden of going forward with evidence to rebut a presumption. This process neither discourages the filing of improper claims nor encourages timely conduct by the patent owner. When faced with potentially devastating patent infringement litigation, the court should look with greater scrutiny at the facts and allow the defendant greater avenues of relief.\textsuperscript{128} Therefore, the presumption should compel the court to require a significant level of rebuttal evidence from the plaintiff.

\textit{Aukerman}, by rejecting prior decisions requiring a shifting of the burden of persuasion, effectively eliminated the possibility of summary judgment for an infringer based on laches. Although equitable defenses are available during litigation, the effectiveness of these defenses is lost under the Federal Circuit's formulation.\textsuperscript{129} The denial of a summary judgment motion leaves the defendant facing the potential loss of tremendous economic resources during and as a result of litigation. The dilution of the summary judgment motion also places the patent owner in a superior bargaining position as a consequence of its own inequitable behavior.\textsuperscript{130}

\textsuperscript{127} See \textit{supra} note 104 for the language of Rule 301.

\textsuperscript{128} A pro-infringer view is justified. The actions of the infringer are germane to the application of equitable defenses and will be scrutinized by the court. Therefore, if the reasonableness of the infringer's conduct is an issue, the patentee's conduct should also be scrutinized. A patent owner should be required to show that it expelled a reasonable effort to protect its rights prior to requesting the court to do so. At a minimum the patentee should establish the infringer's conduct does not justify an equitable defense. For a discussion of the scrutiny placed on the infringer's actions see \textit{supra} notes 54-55 and accompanying text.

\textsuperscript{129} The benefits of equitable defenses lose much of their bite during litigation. Alternate defenses, which can result in the same disposition of the case, are available. Multiple defenses help assure the desired result, but are not necessary if the alternative defense is sufficient.

\textsuperscript{130} This can be explained by the pro-patent stance of the Court of Appeals for the Federal Circuit ("CAFC"). The CAFC was created in 1982 to generate uniformity in patent law. See Ellen E. Sward & Rodney F. Page, \textit{The Federal Courts Improvement Act: A Practitioner's Perspective}, 33 Am. U. L. Rev. 385, 387-88 (1984). The variations in the interpretation of patent law prior to 1982 had led to forum shopping, discouraged innovation, and made business planning difficult. \textit{Id.} at 387. The creation of one court with exclusive jurisdiction over patent appeals promotes a consistent interpretation of the law. \textit{Id.} The CAFC has proven itself to be pro-patent. From 1982 through 1987, the CAFC upheld 89% of the district court decisions finding a patent valid and reversed 45% of the decisions rejecting a patent. See Alexander E. Silverman, Comment, \textit{Intellectual Property Law and the Venture Capital Process}, 5 HIGH TECH. L.J. 157, 161-62 (1990). Pre-CAFC courts upheld only 30% to 40% of the valid patent decisions. \textit{Id.} at 162. In addition, the CAFC recognizes as binding precedent the decisions of the Court of Claims and the Court of Customs and Patent Appeals, two pro-patent courts. \textit{Id.}
The ramifications of adopting a "bursting bubble" theory to patent infringement claims, particularly in summary judgment motions, are severe. The "bursting bubble" theory practically destroys the use of summary judgment and gives the patentee an often unjustified superiority. To better understand the aftermath of the *Aukerman* decision, the following sections explain the policies behind Rule 56, the evolution of Rule 301, and the application of other available defenses to patent infringement.

1. **Summary Judgment**

   Summary judgment can be granted under Rule 56 of the Federal Rules of Civil Procedure when there is "no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Two fundamental policies underlying summary judgment are the avoidance of unnecessary litigation and the reduction of harassing threats of litigation.

   A Rule 56 motion can be a drastic remedy, for it can end a case of action without a trial on the full merits of the case. Consequently, summary judgment has traditionally been granted cautiously. How-

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131. See *infra* notes 157-61 and accompanying text.
132. *Fed. R. Civ. P.* 56. The relevant parts of Rule 56 dictate:
   
   (c) Motion and Proceedings Thereon. The motion shall be served at least 10 days before the time fixed for the hearing. The adverse party prior to the day of hearing may serve opposing affidavits. The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.
   
   (e) Form of Affidavits; Further Testimony; Defense Required. When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of the adverse party’s pleading, but the adverse party’s response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial.

*Id.*


134. 10 WRIGHT ET AL., *supra* note 133, § 2712, at 584-86.
135. See Smith, *supra* note 133, at 1114 (concluding that the policies behind Rules 56 and 301 conflict and therefore presumptions should not be allowed in motions for summary judgment).
ever, three decisions by the Supreme Court in the mid-1980s encouraged liberal use of Rule 56 motions and established guidance for pretrial dispositions.136

The level of evidence needed to establish the existence or nonexistence of a genuine issue of fact was addressed by the Supreme Court in Anderson v. Liberty Lobby, Inc.137 The Court stated that the nonmoving party must present evidence showing reasonable potential to meet its burden of proof at trial.138 Consequently, when a defendant asserts that the plaintiff has failed to provide a factual issue requiring a trial, the plaintiff must then show facts have been presented which could satisfy the required burden of proof. Similarly, if the defendant bases a Rule 56 motion on an affirmative defense, the plaintiff must provide facts showing the existence of a genuine issue for trial.139 These standards apply equally to all areas of law, including patent cases.140

A motion for summary judgment, whether granted or denied, influences the outcome of litigation. The disposition of a summary judgment motion provides both parties an opportunity to make timely business and litigation decisions.' 4' Further, a denied motion can often

138. Anderson, 477 U.S. at 252-53; see also The Eighth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit, 133 F.R.D. 245, 314 (1990)[hereinafter Eighth Annual Judicial Conference](comments by Helen Nies, Circuit Judge, United States Court of Appeals for the Federal Circuit) ("The Supreme Court said it was not enough just to put in some evidence on a particular fact. There had to be enough evidence that you would send the case to a jury."); James Fleming, Jr. et al., Civil Procedure 207 (4th ed. 1992) (stating that prior to 1986 a "'genuine issue of fact' was regarded as presented if there was the 'slightest doubt' as to what the facts were").
139. A properly supported motion for summary judgment requires the non-moving party to "set forth specific facts showing that there is a genuine issue for trial." Anderson, 477 U.S. at 250 (quoting Fed. R. Civ. P. 56).
141. An early decision "helps your client make business decisions instead of sitting around and waiting for years before it knows the outcome of the case." Id. at 306 (comments by Larry Hefter regarding the increased use of summary judgment motions in trademark and unfair competition cases). The most obvious benefit of a summary judgment motion is the reduction in litigation costs. Id.; see also supra notes 1-3.
lead to settlements where the moving party is placed at a disadvantage, while a granted motion can frustrate effective settlements.\textsuperscript{142}

A conflict between Rule 56 of the Federal Rules of Civil Procedure and Rule 301 of the Federal Rules of Evidence occurs when the moving party's motion is based on a presumption. Rule 56 was designed to terminate litigation prior to trial and a "bursting bubble" theory of Rule 301 results in extended litigation. In an effort to clarify this contradiction, the following section analyzes the interrelationship of these two rules.

2. Rule 301 of the Federal Rules of Evidence

Prior to the establishment of the Federal Rules of Evidence by Congress, the Supreme Court considered and adopted a set of rules for the federal courts.\textsuperscript{143} Two primary theories regarding the effect that a presumption should have upon the burden of proof were considered by both the Court and Congress.\textsuperscript{144} The Court chose the Morgan

\textsuperscript{142} Denying summary judgment does not help bring cases to trial. "Since there are no judges or court rooms to try those cases, they are often settled. The settlements may have nothing to do with the merits of the case." Curtis E.A. Karnow, \textit{Follow the Federal Lead on Summary Judgment}, 9 \textit{CAL. LAW.}, Dec. 1989, at 67, 67 (discussing California's reluctance to liberally grant summary judgment); cf. \textit{Eighth Annual Judicial Conference, supra} note 138, at 307 ("[A] psychological result frequently is that it encourages the prevailing party that he has a good case and . . . thus making it harder to settle.").

\textsuperscript{143} In March, 1965, Chief Justice Earl Warren appointed an Advisory Committee to formulate rules of evidence for the federal courts. By order entered on November 20, 1972, (Justice Douglas dissenting), the Supreme Court prescribed federal rules of evidence, including rules governing presumptions, to be effective July 1, 1973. . . . Congress promptly enacted Public Law 93-12, deferring the effectiveness of the rules until expressly approved by Congress. Congress then amended the proposed rules in various aspects and enacted them into law.


\textsuperscript{144} The two theories of presumptions are best described as either the Thayer model or the Morgan model. While both scholars spent much of their time debating the evidentiary impact of presumptions neither approach has been accepted overwhelmingly over the other. For a basic understanding of the two views compare JAMES B. THAYER, A PRELIMINARY TREATISE ON EVIDENCE 337 (1898) (shifting the burden of production upon the establishment of presumption) with Edmund M. Morgan, \textit{Some Observations Concerning Presumptions}, 44 \textit{HARV. L. REV.} 906 (1931) (shifting the burden of persuasion).
approach which shifts the burden of "persuasion" to the nonasserting party.\textsuperscript{145}

Congress, on the other hand, chose an approach similar to the Thayer model which merely shifts the burden of "production."\textsuperscript{146} Under Congress' method, once a presumption is established, the opposing party merely has to come forward with evidence to "rebut or meet the presumption."\textsuperscript{147} Thayer maintained that this evidence would have the effect of destroying or "bursting the bubble" of presumption.\textsuperscript{148} However, this approach treats a presumption as insignificant\textsuperscript{149} in light of the policy reasons for creating presumptions.\textsuperscript{150}

The Aukerman court concluded that, after much scholarly debate, the Rule 301 "bursting bubble" theory represents the correct theory as to presumptions.\textsuperscript{151} "Under this theory, a presumption is not merely

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\textsuperscript{145} The Court's version of Rule 301 required the nonmoving party to prove the nonexistence of the presumed fact was more probable than its existence. See The Report of the Comm. on the Judiciary, H.R. Rep. No. 650, 93d Cong., 1st Sess. 7 (1973).

\textsuperscript{146} See supra note 104 for text of Rule 301; see also 1 Jack B. Weinstein & Margaret A. Berger, Weinstein's Evidence § 301, at 301-1 to 301-14 (1992) (providing a detailed account of the process followed in the development of 301); 21 Wright et al., supra note 133, § 5122, at 571-73 (stating that Rule 301 is a compromise between the Morgan and Thayer approaches).

\textsuperscript{147} Fed. R. Evid. 301; see also Federal Rules of Evidence for United States Courts and Magistrates 19 (1984) (comments by the Senate Committee on the Judiciary).

\textsuperscript{148} Thayer advocated a "bursting bubble" theory in which a presumption vanishes upon the introduction of evidence which would support a finding of the nonexistence of the presumed fact." Beard, supra note 143, at 118.

\textsuperscript{149} "Thayer's bursting bubble theory has been attacked for being as weak as the metaphor which lends it a name. Some legal scholars maintain that the logic supporting the bursting bubble theory pales in comparison to some of the reasons for creation of a presumption. . . ." George Szary, Comment, The Treating Physician Rule: Morgan Presumption in Social Security Disability Insurance and Supplemental Security Income Cases, 17 N.Y.U. Rev. L. & Soc. Change 303, 324 (1989-90) (citing Hinds v. John Hancock Mutual Life Ins. Co., 155 A.2d 721, 731 (1959)) ("[I]t seems pointless to create a presumption and endow it with coercive force, only to allow it to vanish in the face of evidence of dubious weight or credibility."). "The Thayer-Wigmore view has proved unacceptable because it is both arbitrary and unreasonable. Its unreason consists in assigning so slight and evanescent procedural effect to every presumption." Edmund M. Morgan & John M. Maguire, Looking Backward and Forward at Evidence, 50 Harv. L. Rev. 909, 913 (1937).

\textsuperscript{150} See generally 1 Weinstein & Berger, supra note 146, ¶ 300(02), at 300-7 to 300-12. Presumptions originate out of fairness, public policy, and probability. A.C. Aukerman Co. v. R.L. Chaides Const. Co., 960 F.2d 1020, 1034 (Fed. Cir. 1992) (citing Cornetta v. United States, 851 F.2d 1372, 1380 (Fed. Cir. 1988)).

\textsuperscript{151} For an explanation of the "bursting bubble" theory see supra note 148.
rebuttable but completely vanishes upon the introduction of evidence sufficient to support a finding of the nonexistence of the presumed fact." The court held that rebutting either element would automatically burst the other element, a so-called "double bursting bubble". 155

_Aukerman_ articulated Rule 301 using a Thayer approach, but its application of the rule is so poor it borders on nonexistent. Although Rule 301 requires the patentee to rebut a presumption, the negligible level of "rebuttal" evidence the court required to raise a "genuine issue" is hardly sufficient to rebut such an important presumption. Unless the reasons for allowing a presumption can be demonstrated to be frivolous, a presumption should be treated with great weight. 156

The _Aukerman_ court merely required the patentee to show that it was involved in other litigation during some of the delay. 157 Notice to the infringer of either the litigation or the patentee's intent to enforce its patent rights after the litigation was not required. 158 How can the

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152. _Aukerman_, 960 F.2d at 1037. The _Aukerman_ court appears to be somewhat inconsistent with the drafters of Rule 301. Although the text of Rule 301 and the Congressional debates surrounding it substantiate that Rule 301 does treat a presumption as rebuttable and only shifts the burden to rebut, they do not state that the presumption vanishes. Under the House version of Rule 301, "even though met with contradicting evidence, a presumption is sufficient evidence of the fact presumed, to be considered by the trier of fact." 120 CONG. REC. 2370 (1974). This is neither a Thayer nor a Morgan approach, it "takes sort of a middle road." 120 CONG. REC. 1419 (1974) (statements of Rep. Dennis). "[A] presumption, while it need not be followed, stays in the case and is sufficient to justify the trier of the facts so finding; it will take the case to the jury." _Id_. This part of the House version, which treated a presumption as evidence, was rejected by the Senate. However, the approved Senate version still allows the court to "instruct the jury that they may infer the existence of the presumed fact." S. REP. No. 1277, 93rd Cong., 2d Sess., 9 (1974). By allowing this inference, it is clear that Rule 301 was not intended to award rebuttal evidence the power to destroy a presumption. _See also supra_ note 148.

153. "By raising a genuine issue respecting either factual element of a laches defense, the presumption of laches is overcome." _Aukerman_, 960 F.2d at 1038.

154. _Id_.

155. _Id_. at 1038; _see also id_. at 1046 (Plager, J., concurring in part, dissenting in part).

156. However, a presumption is not evidence. _Id_. at 1037; _see also supra_ note 152.

157. _Aukerman_, 960 F.2d at 1039.

158. "[T]here can be no rigid requirement in judging a laches defense that...
mere presence of other litigation rebut the presumption of an unexcused delay? Would the existence of other litigation truly raise a genuine issue of fact, regarding the excusableness of the delay, for which reasonable persons could differ? 159

The court’s ruling results in the virtual loss of presumed laches as a basis for summary judgment. 160 Without the availability of a presumption, the infringer will have to persuade the court that both the time delay was unreasonable and that it was prejudiced by the delay. Consequently, the infringer will have to affirmatively prove the patentee lacks an adequate excuse. This would be difficult to do, as the facts needed to prove the nonexistence of an excuse are not typically within the infringer’s control.

Patent litigation is a highly expensive, time consuming process. 161 A patentee dares not venture this path unless the potential rewards are both probable and profitable. The chances are remote that a patentee will prosecute a patent claim against an infringer until litigation would be monetarily ripe. 162 Therefore, under Aukerman, a patentee can sue Infringer A and ignore Infringer B until B has significantly infringed or become fiscally reliant on infringing the patent. Suing infringer A will allow the patentee to confirm the validity of its patent and bestow upon it escalated rewards by delaying suit against B, without fear of losing a summary judgment motion. 163 Winning a pretrial motion will

notice must be given. . . . Where there is prior contact, the overall equities may require appropriate notice . . . [but] a notice requirement is not to be rigidly imposed . . . .”

Id.

159. Bell, supra note 126, at 1040 (“If reasonable minds can differ as to the import or interpretation of the evidence then the motion will be denied.”).

160. “No lawyer who reads carefully the court’s instructions in this case, and who has even a remotely respectable case, should have any difficulty in creating the factual showing that will cause both parts of the presumption to “burst.”” Aukerman, 960 F.2d at 1047 (Plager, J., concurring in part, dissenting in part). At least one writer believes “the presumption itself might raise a genuine issue of material fact. . . . The absence of direct proof on the matter at issue [unreasonable delay and prejudice] raises the strong possibility that a factual dispute does exist and that the case should therefore go to a jury.” Smith, supra note 133, at 1131.

161. For some examples of the high cost of litigation see supra notes 1-3.

162. Waiting until litigation is ripe can be an acceptable excuse, provided the patentee notifies the infringer of its intentions. See supra note 52 (explaining that nonmonetarily ripe litigation can be an acceptable excuse).

163. Such unsavory practice could provide the infringer an “unclean hands” defense based on the patentee’s actions. However, the “unclean hands” defense has traditionally been applied in two circumstances: fraudulent procurement of the patent and misuse of the patent involved in the suit. See Pfizer, Inc. v. International Rectifier Corp., 538 F.2d 180, 186 (8th Cir. 1976) (stating that transgressions of equitable
undoubtedly give the patent holder a valuable negotiation tool if an alternative resolution is sought.\textsuperscript{164}

Such unjust benefits squarely conflict with the notion of fairness inherent in the doctrines of equity. Moreover, the new standards for presumptions fail to provide any additional protection for responsible plaintiffs. An evaluation of the remedies available which reduce or eliminate the liability of an accused patent infringer, will reveal the true uselessness of a laches defense after the \textit{Aukerman} decision.

3. \textit{Defenses and Remedies}

Because laches bars only pre-filing damages and 35 U.S.C. § 286 limits damages to a maximum of six years prior to filing,\textsuperscript{165} a six-year period of potential damages exists which the defendant must address. The amount of damages which can be recovered with respect to the six-year period will depend upon which defenses the defendant can establish.\textsuperscript{166}

Additionally and most importantly for this comment, if a patent owner failed to adequately mark its product, as required by 35 U.S.C.

standards by a patentee have been applied uniformly to claims of fraud and inequitable conduct), \textit{cert. denied}, 429 U.S. 1040 (1977); \textit{see also} Monsanto Co. v. Rohm & Haas Co., 456 F.2d 592, 595 n.3 (3d Cir. 1972) ("[A] patentee guilty of obtaining a patent by fraudulent conduct [can] be denied equitable relief when bringing an infringement action . . . ."), \textit{cert. denied}, 407 U.S. 934 (1974). Further, to establish a defense based on the inequitable conduct of the opposing party, deliberate, calculated intent must be established. "[T]he misconduct must be accompanied by 'some element of wrongfulness, willfulness, or bad faith.'" \textit{Pfizer}, 538 F.2d at 186 (quoting \textit{Parker v. Motorola, Inc.}, 524 F.2d 518, 535 (5th Cir. 1975), \textit{cert. denied}, 425 U.S. 975 (1976)). The process of proving the patentee set out to escalate damages through an extended delay will invariably present genuine issues of fact. Thus, the patentee still survives a summary judgment.

164. Sustaining one substantial loss during pre-trial motions will make any infringer reconsider the cost of submitting to the patent owner's demands against the cost of losing an expensive litigation. Unjustified and exorbitant demands may appear attractive to a weary infringer. \textit{See supra} note 141 (stating the affects a summary judgment motion has on decision-making).


166. The available defenses to patent infringement are too numerous to be discussed in detail in this article. \textit{See generally 5 Curscm, supra} note 6, § 19.01 (presenting many available defenses). While some defenses bar all liability, others merely reduce liability. \textit{Id.} at 19-4 to 19-5. However, most patent infringement defenses require extensive litigation before a trier of fact and therefore, would not be practical for a Rule 56 motion. Although these defenses may ultimately bar any recovery by the patent owner, they pale in comparison to the effect summary judgment has in reducing the expense and time expended to defend against a claim.
§ 287, no damages will be awarded prior to notification of infringement.\textsuperscript{167} Therefore, if the patent owner did not abide by the statute in "notifying the public," the defendant will not be liable for any pre-filing damages regardless of the defense used. A motion for summary judgment based on a failure to mark will therefore have the same result on a damages remedy as a laches defense. Consequently, laches is only economically useful where the plaintiff marked its product, never attempted to sell its product, or had a process patent.\textsuperscript{168}

Furthermore, if the infringed patent involves a process, the patent owner will probably have a very strong excuse for the delay. While patent infringements of a physical attribute are readily discoverable when openly infringed, the infringement of unique processes used to produce a product are not always obvious, even where the final product is publicly displayed. Therefore, even with a burden of persuasion, the patentee can show that knowledge of an infringed process patent was not available more than six years prior to filing.

Similarly, because a patent owner is only required to use reasonable diligence to discover infringements of its patent, it has the ability to excuse the delay merely by showing that a defendant did not openly infringe the patent and notice of infringement could not be ascertained. These defenses were available prior to Aukerman and, therefore, removing the burden of persuasion from the patentee provides no additional protection for process patents and concealed infringement. If the patent owner truly did not know of the infringement,\textsuperscript{169} it has

\textsuperscript{167} § 287 says in part:
Patentees . . . may give notice to the public that [an article] is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice.

\textsuperscript{168} An infringer cannot rely on a failure to mark defense, if the patentee never sold a product covered by the patent. See Wine Ry. Appliance Co. v. Enterprise Ry. Equip. Co., 297 U.S. 387 (1936) (holding that a patentee does not have a duty to mark if it never made or sold a product covered by the patent). Further, there is no duty to mark a process patent. See Bandag, Inc. v. Gerrard Tire Co., 704 F.2d 1578 (Fed. Cir. 1983); see also 5 CHISUM, supra note 6, § 20.03[7][c], at 20-249 to 20-258.

\textsuperscript{169} For a discussion of the of knowledge required by the patentee see supra notes 46-48 and accompanying text.
nothing to fear from the assertion of laches, even if it bears the burden of persuasion.

While the Aukerman decision fails to provide additional protection for conscientious plaintiffs, it does provide an opportunity for reward of questionable business practices and virtually eliminates the only opportunity a defendant had to limit expenditures through a summary judgment motion. For example, a patent owner who properly marks its product can knowingly and silently allow an infringement to continue. After allowing the infringer to establish a market and fiscal reliance on infringing the patent, the patent owner can file suit without fear of an equitable laches defense. To avoid a summary judgment motion, the patent owner merely has to generate the negligible level of "rebuttal" evidence required by Aukerman. This type of abuse can also happen where a patentee, such as a large corporation, creates a substantial patent portfolio and asserts its exclusive rights only after allowing substantial infringement to occur.

When an infringer is on notice of both the existence of a patent and the patentee's intent to enforce it, equitable laches will not bar a claim. Therefore, a patent owner is not guilty of inequitable conduct when it puts the world on notice of its patent and diligently enforces its claims when it is aware they exist. While a patentee is not required to pursue legal action against an infringer, it should be required to clearly notify the infringer of its intention to enforce its rights. The patentee need only fear a defense of estoppel when its notification or conduct leads the infringer to believe that it did not truly intend to enforce its rights. Although the requirement to notify known infringers may be somewhat burdensome, the burden is justified by eliminating the threat of unethical and abusive use of patents.

4. One Possible Resolution

The court can adopt the "bursting bubble" view of Rule 301 as it felt compelled to do in Aukerman, without completely diluting the effectiveness of laches in a summary judgment motion. Rule 301 does

170. Although Aukerman states that a patentee cannot "intentionally lie silently in wait watching damages escalate," this is precisely what the lower standard will promote. See A.C. Aukerman Co. v. R.L. Chaides Const. Co., 960 F.2d 1020, 1033 (Fed. Cir. 1992).

171. To understand the impact of notice see supra note 45 and accompanying text.

172. See supra notes 56-63 and accompanying text (stating the elements of estoppel).
not specify the level of evidence needed to rebut a presumption. Therefore, the court has the discretionary power to hold the patentee responsible for producing a significant level of evidence in order to rebut the presumption. The *Aukerman* decision actually lowers the amount of evidence needed to rebut a presumption below that required to overcome a motion for summary judgment. The level of evidence required by *Aukerman* more closely resembles the pre-1986 requisite of a "slightest doubt," than it does the "reasonable potential" required for summary judgment today.

A recent sequence of cases involving an individual inventor, Harold S. Hemstreet, highlights the weakness in the *Aukerman* decision. Hemstreet owned two patents issued in 1976. From 1976 to 1989 he was involved in various litigation enforcing his patent rights. The validity of the patents was in dispute between 1986 and 1989 until a re-examination proceeding upheld the patents. In 1983, Hemstreet notified numerous infringers by letter requesting negotiations and explaining the ongoing litigation. No further communication existed between Hemstreet and some of the infringers until more than six years had past. In all three cases the trial court's order granting summary judgment for the infringer was reversed based on the *Aukerman* decision.

Although, the evidence Hemstreet presented clearly met the lenient requirements set forth in *Aukerman*, the decisions would be the same under an elevated burden of presentation. This highlights the fact that a reduction in the burden of proof was not needed. The notification Hemstreet provided when the infringements were discovered, as well as

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173. Rule 301 merely states that the nonasserting party bears "the burden of going forward with evidence to rebut or meet the presumption . . . ." Fed. R. Evid. 301.

174. For an explanation of the evidence required to overcome summary judgment see *supra* note 138 and accompanying text.

175. *See supra* notes 136-37 and accompanying text (explaining the old evidentiary requirements for summary judgment).


178. *Id.*

179. *Id.* at 1292.

180. *Id.*

the re-examination proceedings, would clearly meet a standard requiring a significantly higher level of evidence. While Hemstreet’s evidence would have been sufficient under either level, the plethora of acceptable excuses for long delays, under the low *Aukerman* standard, but not under an elevated standard, are distressing.182

The safeguards established in the Federal Rules of Civil Procedure provide ample protection for patent owners who truly did not sleep on their claims.183 For that reason, the court should raise the level of evidence sufficient to rebut a laches presumption to that required by Rule 56.

B. ESTOPPEL

While the *Aukerman* decision is detrimental to the infringer who asserts a laches defense, it provides some relief for infringers by reducing the elements previously required for an estoppel defense. By eliminating the element of time previously required for equitable estoppel, the court properly focuses estoppel on the conduct of the patentee. The element of delay, as used in *Jamesbury Corp. v. Litton Industrial Products*,184 had no logical relationship to the infringer’s reliance placed upon prior communication by the patent owner. Further, by removing the elements of laches from estoppel, the availability of, and confusion surrounding, presumptions have been eliminated.185

An unreasonable time, as required prior to *Aukerman*, usually required a delay of a number of years.186 With the need for an

182. A patentee’s negotiations with its own attorneys would clearly not be sufficient to excuse a delay under a higher standard, but might be sufficient to excuse a lengthy delay under *Aukerman*. See Meyers v. Asics Corp., Nos. 90-1305, 91-1307 and 91-1308, 1992 WL 213081 (Fed. Cir. Sept. 4, 1992). Although the delay was less than six years, the court held that the delay was not unreasonable. The patentee’s excuse of negotiating with its attorneys and other parties was sufficient to reverse summary judgment based on laches. *Id.* at *3.

183. “The burden on the nonmoving party is not a heavy one; he simply is required to show specific facts, as opposed to general allegations, that present a genuine issue worthy of trial.” See 10A WRIGHT ET AL., *supra* note 133, § 2727, at 148. In addition, “evidence in opposition to the motion that clearly is without any force is insufficient to raise a genuine issue.” *Id.* § 2727, at 165.


185. “Because the whole suit may be barred, we conclude that the defendant should carry a burden to establish the defense based on proof, not a presumption.” A.C. Aukerman Co. v. R.L. Chaides Const. Co., 960 F.2d 1020, 1043 (Fed. Cir. 1992).

186. See Advanced Hydraulics, Inc. v. Otis Elevator Co., 525 F.2d 477 (7th Cir.) (five years), *cert. denied*, 423 U.S. 869 (1975); Continental Coatings Corp. v. Metco, Inc., 464 F.2d 1375 (7th Cir. 1972) (three years).
unreasonable delay abolished, estoppel can conceivably be established in a matter of months. However, *Aukerman* states that the infringer "must know or reasonably be able to infer that the patentee has known of the former's activities for some time."187 Nevertheless, this requirement appears to be applicable only where the patentee objects to the infringer's activities and fails to follow-up in a timely manner.188

For an estoppel defense the infringer must prove it reasonably relied upon plaintiff's action to its detriment.189 The quantity of detriment that was needed to justify denying the patentee any infringement claim was meaningless prior to *Aukerman*. This is based on the premise that if the patentee had delayed for an unreasonable time while the infringer relied on its conduct, the infringer's detriment would be extensive and easy to establish.190 However, the *Aukerman* court failed to establish clear guidelines to follow. Consequently, if a patent owner makes misleading comments and based upon these statements, the defendant invests in a facility to produce the infringing product,191 arguably estoppel can be granted even if the suit was filed prior to the manufacture of any product.192 Under the pre-*Aukerman* requirements, an infringer who moves swiftly in reliance on the patentee's conduct

188. Id.
189. See supra note 112 and accompanying text for the elements required for estoppel. In some cases a long silence by the patentee can lead the infringer to infer that the patentee does not intend to enforce its rights. "Silence alone will not create an estoppel unless there was a clear duty to speak, or somehow the patentee's continued silence reenforces the defendant's inference from the plaintiff's known acquiescence that the defendant will be unmolested." A.C. Aukerman Co. v. R.L. Chaides Const. Co., 960 F.2d 1020, 1043-44 (Fed. Cir. 1992) (citation omitted). However, "on summary judgment, such inference must be the only possible inference from the evidence." Id. at 1044.
190. An infringer would clearly make some business decisions during a six-year delay which could be considered detrimental if the continued use of the infringed patent was denied.
191. An infringer can build a plant being entirely unaware of the patent. As a result of infringement, the infringer may be unable to use the facility. Although harmed, the infringer could not show reliance on the patentee's conduct. To show reliance, the infringer must have had a relationship or communication with the plaintiff which lulls the infringer into a sense of security in going ahead with building the plant. *Aukerman*, 960 F.2d at 1043.
192. The court did emphasize that even where the elements of estoppel are established the equity of barring the suit must be considered. Id. As a result, the court may view the lack of a lengthy delay as inequitable for the patentee. Therefore, the removal of the time element may have little impact in application.
would probably fail to establish an estoppel defense. Conversely, the same infringer will probably have a defense of estoppel, under *Aukerman*.

The new elements set forth in *Aukerman* may reduce the amount of unnecessary litigation and the economic impact on all parties because a defense of estoppel will now be easier to establish on summary judgment.\(^{193}\) Further, unless the infringer knew of circumstances which would influence the reasonableness of its reliance, the excuses available to overcome the unreasonable delay element of laches are no longer useful in an estoppel defense.\(^{194}\)

**CONCLUSION**

The Court of Appeals for the Federal Circuit, in *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, applied Rule 301 of the Federal Rules of Evidence to presumptions of laches in patent infringement litigation. The court's interpretation of Rule 301 effectively eliminates the use of presumptions in a motion for summary judgment. The change in the court's direction fails to provide any additional protection to patent owners, but does encourage inequitable conduct which borders on deception. By eliminating the pre-litigation usefulness of equitable defenses, the court has provided the patentee an unjustifiably superior position in settlement negotiations.

The court should reconsider the level of rebuttal evidence needed to overcome a presumption and establish a much higher standard than that used in *Aukerman*. A higher standard keeps the ultimate burden of proof on the infringer and discourages inappropriate conduct by the patentee.

The removal of a time element in a defense of estoppel properly places the emphasis on the patentee's conduct. The court's holding will discourage misleading conduct by patent owners and provide the defendant with greater protection.

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193. Equitable estoppel may be determined on summary judgment. *Id.* However, if the infringer inferred from the patentee's conduct that it would be unmolested, such inference must be the only possible inference from the evidence. *Id.* at 1043-44. Further, the court will still highly scrutinize any motion for summary judgment, as it did prior to *Aukerman*. See supra notes 133-35 (stating that summary judgment motions are granted cautiously). Therefore, if the plaintiff can establish a genuine issue, summary judgment will not be granted.

194. *Aukerman*, 960 F.2d at 1044.