DIVIDING THE (STATUTORY) BABY UNDER ANTON/BAUER: USING THE DOCTRINE OF IMPLIED LICENSE TO CIRCUMVENT § 271(c) PROTECTION FOR COMPONENTS OF A PATENTED COMBINATION

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ABSTRACT

In proscribing contributory infringement of patents, § 271(c) of Title 35 of the United States Code unambiguously provides statutory protection for certain unpatented components of patented combinations and certain unpatented materials or apparatuses used in patented processes. The doctrine of implied license provides a viable defense against claims of contributory infringement. Such a finding may result from a variety of related doctrines, such as the exhaustion doctrine or the doctrine of equitable estoppel. However, unlike the Supreme Court’s application of the former doctrine in Dawson Chemical Co. v. Rohm & Haas Co., involving an unpatented chemical used in a patented process, the Federal Circuit’s application of the latter doctrine in Anton/Bauer, Inc. v. PAG, Ltd., involving an unpatented component of a patented combination, served to permanently abrogate a patentee’s right to the limited monopoly provided by § 271(c)—the § 271(c) monopoly right. This comment examines these differing standards and argues that unless modified to properly account for the § 271(c) monopoly right, the Anton/Bauer implied license standard will substantially weaken the protection against contributory infringement afforded by § 271(c).

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DANIEL M. LECHLEITER*

For if anything is settled in the patent law, it is that the combination patent covers only the totality of the elements in the claim and that no element, separately viewed, is within the grant.1

INTRODUCTION

In ancient Israel, long before our concept of a patent came into existence,2 two

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1 Aro Mfg. Co. v. Convertible Top Replacement Co., 365 U.S. 336, 344, (1961) [hereinafter Aro I] (emphasis added). In a strict sense, this assertion holds the same truth today that it did in 1961. However, in Dawson Chemical Co. v. Rohm & Haas Co., a case involving contributory infringement of a patented process, the Supreme Court implicitly qualified its statement in Aro I by clarifying the statutory protection mandated by § 271(c) for certain elements of patented combinations. 448 U.S. 176, 201 (1980); 35 U.S.C. § 271(c) (2000). Thus, while the assertion that “no element, separately viewed, is within the [patent] grant” technically still holds true, the instant that a combination patent issues, § 271(c) protection becomes available for certain of its components. Dawson, 448 U.S. at 201. See infra text accompanying note 20 (discussing the distinction between what is recognized as the traditional right accorded with a patent grant, expressed by the Court in Aro I, and the right accorded by § 271(c)).

Aro I is so known because it was the first of two Aro cases heard by the Supreme Court. See Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476 (1964) [hereinafter Aro II]. Both Aro cases involved the same parties and stemmed from the same controversy. Dawson, 448 U.S. at 217 (stating that the Aro decisions “emerged from a single case involving an action for contributory infringement”).

2 See WILLARD PHILLIPS, THE LAW OF PATENTS FOR INVENTIONS 23–24 (Boston, Am. Stationers’ Co. 1837). Modern Anglo-American patent law is derived from the historic tradition of the European—and especially the English—system of monopolies, which, for certain monopolically favored manufacturers and merchants, granted exclusive privileges “covering almost all the mechanical arts, and many branches of foreign trade.” Id. In 1623, the English Statue of Monopolies abolished all then existing monopolies, but did so with certain exceptions. 21 Jam. 1, c. 3, reprinted in 9 DONALD S. CHISUM, CHISUM ON PATENTS app. 8 (2002); PHILLIPS, supra, at 24–25. Exceptions were made for “(a) . . . any letters patents (b) and grants of privilege for the term of fourteen years or under, hereafter to be made, of the sole working or making of any manner of new manufactures within [the English] realm (c) to the true and first inventor (d) and inventors of such manufactures.” 21 Jam. 1, c. 3, § 6.

The specific establishment of American patent law can be traced to the United States Constitution, Article I, Section 8, Clause 8, which was adopted in 1787 and ratified into effect by “the necessary ninth state” in 1788, DAAN BRAVEMAN ET AL., CONSTITUTIONAL LAW: STRUCTURE
women came before the wise King Solomon, imploring him to settle their dispute. The women were prostitutes who had been living in the same house. Both women

AND RIGHTS IN OUR FEDERAL SYSTEM § 1.02[c], at 6 (4th ed. 2000). The Constitution provides that "Congress shall have Power . . . To promote the Progress of Science and Useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST., art. I, § 8, cls. 1, 8. Under its Constitutional mandate, American patent law continues to be rooted in basic tenets similar to those underlying the English system after the passage of the Statute of Monopolies. PHILLIPS, supra, at 23–25. See also 35 U.S.C. § 101 (2000) (limiting patentable subject matter to "new and useful processes, machines, manufactures, or compositions of matter, or any new and useful improvement thereof"); 35 U.S.C. § 102 (2002) (limiting who may receive a patent to the first true inventor or inventors); 35 U.S.C. § 154(a) (2000) (defining a patent grant as the right to exclude others from the patented subject matter and setting patent term as twenty years from the date of issue).

Today, in addition to its Constitutional basis, American patent law is controlled by two primary sources: "the federal patent law found in U.S. statutes and regulations, and . . . federal judicial decisions interpreting and applying these statutory and regulatory provisions." JANICE M. MUELLER, AN INTRODUCTION TO PATENT LAW 27 (2003). The federal patent statutes are located in Title 35 of the United States Code (35 U.S.C.), and the federal patent regulations are located in Title 37 of the Code of Federal Regulations (37 C.F.R.).


16 Then came there two women, that wore harlots, unto the king, and stood before him.
17 And the one woman said, O my lord, I and this woman dwell in one house; and I was delivered of a child with her in the house.
18 And it came to pass the third day after that I was delivered, that this woman was delivered also; and we were together: there was no stranger with us in the house, save we two in the house.
19 And this woman's child died in the night, because she overlaid it.
20 And she arose at midnight, and took my son from beside me, while thine handmaid slept, and laid it in her bosom, and laid her dead child in my bosom.
21 And when I rose in the morning to give my child suck, behold, it was dead: but when I had considered it in the morning, behold, it was not my son, which I did bear.
22 And the other woman said, Nay; but the living is my son, and the dead is thy son. And this said, No; but the dead is thy son, and the living is my son. Thus they spake before the king.
23 Then said the king, The one saith, This is my son that liveth, and thy son is the dead: and the other saith, Nay; but thy son is the dead, and my son is the living.
24 And the king said, Bring me a sword. And they brought a sword before the king.
25 And the king said, Divide the living child in two, and give half to the one, and half to the other.
26 Then spake the woman whose the living child was unto the king, for her bowels yearned upon her son, and she said, O my lord, give her the living child, and in no wise slay it. But the other said, Let it be neither mine nor thine, but divide it.
27 Then the king answered and said, Give her the living child, and in no wise slay it: she is the mother thereof.
28 And all Israel heard of the judgment which the king had judged: and they feared the king; for they saw that the wisdom of God was in him to do judgment.

Id.

Id. at 3:16–17, 20–21.
had also given birth to a male child, the second within three days of the first.\(^5\) When one of the babies died during the night, its mother placed it with the other woman, who was asleep, and took the remaining child as her own.\(^6\) After the women had recounted their stories and stated their grievances, King Solomon decided that the dispute could be settled simply and quickly: he commanded that a sword be used to divide the living child in two, one half for each of the women.\(^7\) In a grim but not altogether unfitting irony, the woman who was later exposed as the false mother found this resolution to be satisfactory.\(^8\)

Perhaps, because the true mother of the living child was not readily identifiable,\(^9\) simply dividing the child would have been the purest (yet clearly the cruelest) form of equity that King Solomon could have provided to the parties. But, although fair in a blindly just and morbidly strict sense, it is obvious that dividing the baby would have brought a needlessly brutal resolution to the dispute: one which, at least for the true mother, would have been far less than satisfactory. After all, because one of the women was indeed the true mother, such a resolution would have effected not only an end to the dispute but it clearly would have deprived the rightful mother of her child. Accordingly, King Solomon was revered for his great wisdom\(^10\) and this parable likely survives because he knew that the child's true mother would rather give the child to another than see it put to death for the sake of resolving the dispute.\(^11\)

I. A MODERN PARABLE: CONTRIBUTORY INFRINGEMENT LITIGATION

The parable of King Solomon and the baby has a modern, though less wrenching, analogue in the realm of patent infringement litigation:\(^12\) those cases in which an alleged contributory infringer is denied the right to sell a material and nonstaple "component of a patented machine, manufacture, combination or

\(^5\) Id. at 3:18.
\(^6\) Id. at 3:19-20.
\(^7\) Id. at 3:24-25.
\(^8\) Id. at 3:26.
\(^9\) See Roosevelt Wright, Jr., Expositions of Bible Scripture, at http://sermonideas.com/bil1kings.htm (last visited Jan. 30, 2004) (discussing 1 Kings 3:25-27 and the background to the parable of King Solomon and the baby related in 1 Kings 3:16-28). In their initial attempts to determine the child's true mother, the lower courts had little evidence with which to make a decision, apart from one woman's word against that of the other. Id. When the lower courts were unable to decide the case, it was sent directly to King Solomon. Id.
\(^10\) 1 Kings 3:28.
\(^11\) See id. at 3:24-27.
\(^12\) The offense of direct infringement is codified in 35 U.S.C. § 271(a) (2000). Section 271(a) provides that "[w]hoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent." Id. A direct infringer is a party whose own actions violate § 271(a), as opposed to a party whose actions lead others to violate § 271(a) through either or both inducement of infringement (§ 271(b)) or contributory infringement (§ 271(c)). See Anton/Bauer, Inc. v. PAG, Ltd., 329 F.3d 1343, 1349 (Fed. Cir. 2003). Thus, patent infringement litigation can be characterized essentially as a lawsuit brought to check certain unauthorized activities as to a patented invention.
composition, or a material or apparatus for use in practicing a patented process.\footnote{13} The legal authority that facilitates such a denial is statutory: 35 U.S.C. § 271(c) prescribes the conditions necessary for contributory infringement liability.\footnote{14}

**A. A Modern “Baby”: The Singular Monopoly Right Conferred by § 271(c)**

Section 271(c) does not operate alone and thus cannot be read in isolation: rather, under the United States Supreme Court’s analysis in *Dawson Chemical Co. v. Rohm & Haas Co.*,\footnote{15} § 271(c) must be viewed in light of the counterbalancing provisions of § 271(d).\footnote{16} Section 271(d) enumerates five specific actions that patentees may take without fear of either losing their right to recover for contributory infringement or being subject to a charge of “patent misuse,” a judicially-developed defense to contributory infringement.\footnote{17}

\footnote{13} 35 U.S.C. § 271(c) (2000). The term “nonstaple” is meant to connote the type of item that § 271(c) defines as neither “a staple article or commodity of commerce” nor “suitable for substantial noninfringing use.” See *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 186 n.6 (1980) (defining “staple” to mean any component that does not fit the definition of “nonstaple” in § 271(c)).

\footnote{14} Contributory infringement is the phrase encompassing “[t]he idea that a patentee should be able to obtain relief against those whose acts facilitate infringement by others,” *Dawson*, 448 U.S. at 179-80. Contributory infringement has also been defined as the act of “[intentionally] aiding . . . another in the unlawful making or selling of a patented invention” and is “usually done by making or selling one part of [a] patented invention . . . with the intent and purpose of so aiding.” BLACK’S LAW DICTIONARY 780-81 (6th ed. 1990). The concept of contributory infringement “has been part of [American jurisprudence] since *Wallace v. Holmes*, 29 F. Cas. 74 (C.C. Conn. 1871) (No. 17100),” and was codified in 1952 as 35 U.S.C. § 271(c). *Dawson*, 448 U.S. at 180. Section 271(c) provides:

> Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.


When a court finds in favor of a party who has brought an infringement action, the court must award that party “damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.” 35 U.S.C. § 284 (2000). Also, in “exceptional cases,” 35 U.S.C. § 285 (2000) empowers courts with the discretion to “award reasonable attorney fees to the prevailing party.”

\footnote{15} 448 U.S. 176 (1980).

\footnote{16} *Id.* at 201. “Section 271(c) identifies the basic dividing line between contributory infringement and patent misuse. . . . [B]ut, the limitations on contributory infringement written into § 271(c) are counterbalanced by limitations on patent misuse in § 271(d).” *Id.*

\footnote{17} *Id.* at 179 (stating that “whether [a patentee] . . . may maintain an action for patent infringement” depends on a finding that the patentee is not “guilty of patent misuse”). “The idea that a patentee should be denied relief against infringers [for patent misuse] . . . goes back at least as far as *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502 (1917).” *Dawson*, 448 U.S. at 180. *See also* Morton Salt Co. v. G.S. Suppiger Co., 314 U.S. 488, 493 (1942) (using “misuse” terminology).

The concept of patent misuse was codified in 1952 as § 271(d). Section 271(d) provides:
Section 271(d) provides in pertinent part that a patentee is entitled to perform acts, or license others to perform acts, “which, if performed without [the patentee’s] consent would constitute contributory infringement of the patent.” The provisions of § 271(d), when viewed in conjunction with § 271(c), “effectively confer upon the patentee, as a lawful adjunct of his patent rights, a limited power to exclude others from competition in nonstaple goods.” As this language implies, where a nonstaple item, while itself unpatented, is nonetheless essential to practicing a patent, § 271(c) supplies an additional right outside of the scope of the patentee’s traditional right to exclude. Under the protection conferred by § 271(d), then, this additional right


Dawson, 448 U.S. at 201 (emphasis added).

20 Id. The patentee’s rights in this scenario may be viewed as twofold. First is the classic and primary right conferred to every inventor the very instant he receives a patent grant: the monopoly right that allows him to exclude others from practicing the teachings of his patent. 35 U.S.C. § 154(a)(1) (2000). See also Dawson, 448 U.S. at 215 (stating that “[t]he essence of a patent grant is the right to exclude others from profiting by the patented invention”); Ortho Pharm. Corp. v. Genetics Inst., Inc., 52 F.3d 1026, 1031–32 (Fed. Cir. 1995) (stating that “[t]he proprietary rights granted by any patent are the rights to exclude others from making, using or selling the invention in the United States”). In practice, the existence of this primary patent right under § 154(a) is protected by § 271(a), which proscribes direct infringement. 35 U.S.C. § 271(a) (2000).

Second is the additional, but less extensive, monopoly right conferred by § 271(c), which has been described as a “lawful adjunct” to the rights conferred by a patent grant. Dawson, 448 U.S. at 201. This secondary right is available to protect certain unpatented components of any patented combination. 35 U.S.C. § 271(c) (2000). Section 271(d) serves to guarantee that the right accorded by § 271(c) may be exercised freely by patentees. Dawson, 448 U.S. at 201. The Supreme Court has interpreted this secondary patent right as conferring to the patentee a limited monopoly as to any “material part” of a patented combination that is “not a staple article or commodity of commerce suitable for substantial noninfringing use.” 35 U.S.C. § 271(c); Dawson, 448 U.S. at 201. If it is determined that an element of a patented combination is not protected by the provisions of § 271(c), no § 271(c) monopoly right can exist as to that article. See Dawson, 448 U.S. at 201.

The important distinction between the two rights is that the secondary monopoly right conferred by § 271(c) applies only to certain components of patented inventions, not patented inventions themselves. 35 U.S.C. § 271(c). The second right is not automatically conferred as a true part of the first, but as a conditional corollary of the first. Dawson, 448 U.S. at 201. Accordingly, there may be instances where a patentee is found to have no right to avail himself of the monopoly right conferred by § 271(c). Such a finding perhaps could result if the disputed item was found to be a “staple article . . . of commerce.” 35 U.S.C. § 271(c). In such a case, the patentee could neither claim the protection afforded by § 271(d) nor state a valid claim of contributory infringement under §
essentially provides patentees with both a monopoly over the manufacture and sale of the unpatented item and a concomitant power to exclude others from engaging in those activities.\textsuperscript{21} Throughout this comment, this singular right will be referred to as the § 271(c) monopoly right.

By the very definition of “monopoly,” the § 271(c) monopoly right is either absolute in the patentee or, if severed or denied by way of judicial action, nonexistent.\textsuperscript{22} Thus, similar to the disputed baby of the parable, once it has been divided amongst opposing litigants, the § 271(c) monopoly right effectively dies as to the patentee, its true “mother.”\textsuperscript{23} If the § 271(c) monopoly right can be likened to the baby, then a contributory infringement suit under § 271(c) is analogous to the mother’s struggle for control of her baby. Accordingly, the litigants can be likened to the embattled women, and the role of the wise King Solomon assigned to the court having jurisdiction to adjudicate the infringement dispute.

\textit{B. A Modern “Sword”: The Doctrine of Implied License}

But what of the king’s sword, that brutal and task-blind implement that might have been used to divide the baby?\textsuperscript{24} In \textit{Anton/Bauer, Inc. v. PAG, Ltd.}, the United States Court of Appeals for the Federal Circuit ("CAFC")\textsuperscript{25} wielded the modern

\begin{itemize}
\item \textit{section 271(c).} \textit{Dawson, 448 U.S. at 201.} In any event, even where the patentee has no § 271(c) monopoly right as to some component of his invention, he retains the right to exclude provided by § 154(a) as to his invention as a whole. 35 U.S.C. §§ 154(a)(1), 271(a), (c). As such, he can enforce his exclusionary right by bringing suit under § 271(a) for the purpose of enjoining direct infringement. 35 U.S.C. § 271(a).
\item \textit{See Dawson, 448 U.S. at 201.} Although § 271(c) only proscribes the sale of certain unpatented items, 35 U.S.C. § 271(c) (2000), as a practical matter, this prohibition likely would also extend to the manufacturing of such items in cases where the items were manufactured exclusively to be sold and not for some other purpose, such as research and development.
\item \textit{BLACK’S LAW DICTIONARY, supra note 14, at 1007.} In this context, a monopoly is “[a] privilege or peculiar advantage vested in [a] person[] or company[], consisting in the exclusive right (or power) to carry on a particular business or trade, manufacture a particular article, or control the sale of the whole supply of a particular item.” \textit{Id} (emphasis added). Thus, by definition, when the element of exclusivity is lost, the monopoly is lost. \textit{See id.}
\item \textit{An important distinction must be drawn here.} In cases of patented combinations, the “baby” cannot be analogized to the totality of a patentee’s rights under a given patent. This is because if the patentee’s primary right—the right to exclude—is severed and lost as to a single infringer, the patentee still retains that right as to all others. However, if a patentee is entitled to a § 271(c) monopoly right—a second, separate and distinct right—and it is subsequently severed, the monopoly is completely abrogated: the element of exclusivity would be lost as all parties who might choose to benefit from the patentee’s lost right could then do so freely.
\item \textit{1 Kings 3:24–25.}
\end{itemize}
equivalent of the sword, the doctrine of implied license, and used it to sever a § 271(c) monopoly right as to the components of a patented combination.26

Part II will define the doctrine of implied license and discuss cases involving three doctrines that have each given rise to a “related but distinct”27 form of implied license: (1) the exhaustion doctrine,28 which confers an exhaustion-implied license; (2) the doctrine of equitable estoppel,29 which confers an equity-implied license; and (3) the doctrine of permissible repair,30 which confers a repair-implied license.31

Building on that foundation, Part III will examine Dawson Chemical Co. v. Rohm & Haas Co.,32 in which the Supreme Court articulated the § 271(c) monopoly right as to an unpatented element of a patented process, and Anton/Bauer, which dealt with an unpatented component of a patented combination.33 The comparison of the reasoning and results in these two cases will focus on points of departure and highlight a possible misapplication of the equity-implied license analysis as the reason for the severance of the patentee’s § 271(c) monopoly right and an incorrect decision in Anton/Bauer.

Part IV will begin by articulating a solution to the negative implications of the Anton/Bauer decision: it will be argued that an intermediate third step should be added to the CAFC’s equity-implied license analysis so as to insure that a patentee’s § 271(c) monopoly right is properly considered. The proposal section will conclude by addressing the doctrine of permissible repair as it might have factored into Anton/Bauer: it will be argued that if the CAFC had used the proposed implied

26 329 F.3d 1343, 1351 (Fed. Cir. 2003), rehe’g and rehe’en banc denied.
28 See Adams v. Burke, 84 U.S. (17 Wall.) 453, 457 (1873) (recognizing the principle that “when [patented articles] are once lawfully made and sold, there . . . cannot be a restriction on their use . . . implied for the benefit of the patentee or his assignees or licensees”): United States v. Univis Lens Co., 316 U.S. 241, 250 (1942) (finding that the “sale of [a patented article] exhausts the monopoly in that article and the patentee may not thereafter, by virtue of his patent, control the use or disposition of the article”).
30 See Aro I, 365 U.S. 336, 345–46 (1961) (finding that the doctrine of permissible repair permits purchasers of a patented combination made under license to repair or replace worn elements of the combination unless the repair or replacement would constituted impermissible reconstruction of the combination); Aro II, 377 U.S. 476, 488–91, 492–93 (1964) (finding company who repaired worn parts in unlicensed patented combinations guilty of contributory infringement).
31 The nomenclature devised to characterize these three forms of implied license is solely for convenient reference throughout this comment.
32 448 U.S. 176, 201 (1980).
33 Anton/Bauer, Inc. v. PAG, Ltd., 329 F.3d 1343, 1350 (Fed. Cir. 2003), rehe’g and rehe’en banc denied.
license analysis, *Anton/Bauer* would have been correctly decided in favor of the appellee, Anton/Bauer, even in light of a permissible repair defense.\(^{34}\)

## II. THE DOCTRINE OF IMPLIED LICENSE

This section will begin by introducing the concept of implied license (the modern "sword") and three doctrines that can effect such a license. The discussion will address the bases of United States Supreme Court jurisprudence relating to the evolution of the exhaustion doctrine.\(^{35}\) The discussion will proceed from the doctrine's Nineteenth Century inception, when it provided purchasers with the right to use and sell a patented article,\(^{36}\) to its expanded Twentieth Century incarnation, which has facilitated findings allowing certain parties to practice a patent after the purchase of only an unpatented constituent.\(^{37}\) This section also will discuss the case in which the CAFC developed its equity-implied license analysis after finding the exhaustion doctrine inapposite.\(^{38}\) Finally, this section will conclude by discussing two related cases that collectively set forth the Supreme Court's most recent articulation of the doctrine of permissible repair.\(^{39}\)

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\(^{31}\) The district court in *Anton/Bauer* thoroughly contemplated PAG's doctrine of permissible repair defense and ruled definitively in favor of Anton/Bauer. *See* Anton/Bauer, Inc. v. PAG, Ltd., No. Civ.A. 3:01CV577 (CFD), 2002 WL 1359673, at *4–7 (D. Conn. June 13, 2002). However, the CAFC declined even to address the defense. *Anton/Bauer*, 329 F.3d at 1349 n.2. On appeal, PAG's primary defense was based on the doctrine of implied license; and, "if it apply[ed]... the doctrine of permissible repair." *Id.* at 1349. However, in a footnote, the CAFC stated that "[i]n light of [its] disposition of [the] case and in light of the fact that the parties both [took] the position that the doctrine of permissible repair [did] not apply [on appeal], [it would] not address the doctrine." *Id.* at 1349 n.2.

The fact that Anton/Bauer would join PAG in conceding the doctrine to be inapplicable on appeal is somewhat odd. A large section of the district court's opinion is devoted to discussing the doctrine of permissible repair (nearly 3 of 8 full pages). *Anton/Bauer*, 2002 WL 1359673, at *4–7. However, the district court seems to have misapplied the CAFC's implied license test, which the district court found largely inapplicable to the case. *See* Anton/Bauer, 329 F.3d at 1350–51 (finding an implied license as to PAG after "PAG argue[d] that the district court improperly applied the implied license test laid out" in CAFC precedent).

Given the ultimate outcome of the district court's decision, with its strong conclusion against PAG's permissible repair defense, it is possible, though purely speculative, that in preparing for PAG's appeal, Anton/Bauer realized that PAG would seize on the district court's mistake as to the doctrine of implied license. Likewise, it is understandable that PAG would choose to focus on the doctrine of implied license and be content when the CAFC decided to ignore any defense relying on the doctrine of permissible repair. Nonetheless, because PAG likely would have felt otherwise had the CAFC applied the implied license analysis proposed in this comment, a discussion of how PAG also might have lost an appeal defended with the doctrine of permissible repair is considered to be within the scope of this comment.

\(^{35}\) The "exhaustion" doctrine is also known as the "first sale" doctrine. *See*, e.g., McDonald's Corp. v. Shop at Home, Inc., 82 F. Supp. 2d 801, 811 (M.D. Tenn. 2000).

\(^{36}\) *See* cases cited infra note 58.


An alleged patent infringer can defend himself by asserting that he acted under a license. This is because upon granting a license to a third party, the patentee waives his right to exclude that party from making, using, or selling the patented subject matter to the extent dictated by the terms of the license. Furthermore, a license may be in the form of an express agreement or implied from the factual circumstances surrounding the parties' interactions. Thus, where a court finds that an accused infringer has an implied license to practice an allegedly infringed patent, the accused party cannot be liable for direct infringement under § 271(a). Accordingly, where a court finds an implied license for an accused infringer's customers to practice the allegedly infringed patent, the accused party "cannot be liable for either inducement of infringement [under § 271(b)] or contributory infringement" under § 271(c).

The Supreme Court first blessed the doctrine of implied license as a de facto defense to patent infringement in the 1843 case of McClurg v. Kingsland, which turned on a form of implied license now known as a "shop right." Since McClurg, the doctrine of implied license has expanded to encompass many other scenarios. Implied licenses have been found to provide (1) a defense to the willfulness element of infringement (where an alleged infringer believes that he possesses an implied license and a court finds that belief to be reasonable); (2) the right for a buyer of a patented article to use the article freely for its life and sell it if he so chooses; (3) the right for a buyer of an unpatented material or apparatus to practice the patented process in which that item is used; (4) the right for a buyer of an unpatented component of a patented combination to practice the patent in which that item is...
used; and (5) the right to repair unpatented components of a patented article, provided that doing so does not constitute an effective reconstruction of the patented article. The following sections will examine the various doctrines that have given rise to the forms of implied license pertinent to this comment: the exhaustion-implied license, the equity-implied license, and the repair-implied license.

A. The Exhaustion Doctrine

1. Adams: The Historical Exhaustion Doctrine

The fundamental tenet of the historical exhaustion doctrine is that once a patentee conveys an article embodying his patented invention, he parts with his ability to control the future use and sale of that article. Thus, any conveyance of a patented invention provides the purchaser with an exhaustion-implied license to use or resell that invention. Although Adams v. Burke was not likely the first case in

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52 Carborundum Co. v. Molten Metal Equip. Innovations, Inc., 72 F.3d 872, 877–80 (Fed. Cir. 1995) (finding that the plaintiff’s sale of an unpatented machine useful only in practicing the plaintiff’s patented combination conferred an implied license for purchasers to practice the patent). Cf. Leeds & Catlin Co. v. Victor Talking Mach. Co., 213 U.S. 325, 329–37 (1909) (finding that the defendant did not have an implied license to manufacture and sell an unpatented but essential component of the plaintiff’s patented combination). In Mercoid Corp. v. Mid-Continent Investment Co., 320 U.S. 661 (1943) (hereinafter Mercoid I) (finding the plaintiff’s attempt to control the sales of an unpatented but essential element of his patented combination to be patent misuse). In Mercoid Corp. v. Mid-Continent Investment Co., 320 U.S. 661 (1943) (hereinafter Mercoid I) (finding the plaintiff’s attempt to control the sales of an unpatented but essential element of his patented combination to be patent misuse). In Mercoid Corp. v. Mid-Continent Investment Co., 320 U.S. 661 (1943) (hereinafter Mercoid I) (finding the plaintiff’s attempt to control the sales of an unpatented but essential element of his patented combination to be patent misuse).


54 There is only one true exhaustion doctrine: that which was articulated by the Supreme Court in Adams v. Burke, 84 U.S. (17 Wall.) 453, 456–57 (1873). However, the Supreme Court’s holding in Univis expanded the scope of the exhaustion doctrine to include certain unpatented intermediate elements of patented inventions. See United States v. Univis Lens Co., 316 U.S. 241, 248–52 (1942). Thus, it is useful to differentiate between the historical exhaustion doctrine articulated in Adams, and the expanded exhaustion doctrine articulated in Univis.

55 Adams, 84 U.S. at 456.

56 See id. Under the exhaustion doctrine, a sale of a patented invention carries with it the freedom for the buyer to use or resell that invention. See Mark D. Janis, A Tale of the Apocryphal Axe: Repair, Reconstruction, and the Implied License in Intellectual Property Law, 58 Md. L. Rev. 423, 494–95 (1999). “Upon the unconditional, authorized sale of patented goods, the purchaser takes a license to use (and resell) the goods. Because the license is not formalized in any express written agreement, it can be referred to as an implied license.” Id. Moreover, “[the Supreme Court’s] statements in Univis demonstrate how closely related the exhaustion doctrine is to the grant of an implied license. Indeed, they suggest that an implied license stems from the exhaustion of a patent right.” Anton/Bauer, Inc. v. PAG, Ltd., 329 F.3d 1343, 1350 (Fed. Cir. 2003), reh’g and reh’g en banc denied. Because this comment primarily is concerned with implied licenses as to unpatented components of patented inventions, the exhaustion-implied license that arises in the historical exhaustion doctrine context is a point of focus only in passing.
which the exhaustion principle arose, Adams was the first case in which the Supreme Court applied the doctrine in conjunction with an explicit articulation of enduring eloquence.\textsuperscript{58}

In Adams, the plaintiff was the assignee of a patent pertaining to an improved coffin lid.\textsuperscript{59} The assignment to Adams was subject to a geographical limitation such that his rights to the patent were only valid within a radius of ten miles from Boston, Massachusetts.\textsuperscript{60} Adams brought suit against Burke after he discovered that Burke had used the invention in a town seventeen miles from Boston.\textsuperscript{61} Burke claimed, however, that he had purchased the invention in Boston, from Adams’ assignee.\textsuperscript{62} The Court found that regardless of the geographical limitation on Adams’ rights to make and sell the invention, after it had been sold, the purchaser, Burke, acquired an implied license to use the invention without any similar restriction.\textsuperscript{63} As a result, the Court affirmed the lower court’s dismissal of Adams’ complaint.\textsuperscript{64}

\textsuperscript{58} 84 U.S. (17 Wall.) 453 (1873).

\textsuperscript{59} See Bloomer v. McQuewan, 55 U.S. (14 How.) 539, 549 (1852) (holding that an “inventor might lawfully sell [his invention] to [any purchaser], whether [the inventor] had a patent or not, if no other patentee stood in his way,” and that “when the invention” passes to the hands of the purchaser, it is no longer within the limits of the [patent] monopoly”; See also Chaffee v. Boston Belting Co., 63 U.S. (22 How.) 217, 223 (1859) (holding that “[w]hen the patented machine rightfully passes to the hands of the purchaser from the patentee, or from any other person by him authorized to convey it, the machine is no longer within the limits of the [patent] monopoly”); Bloomer v. Millinger, 68 U.S. (1 Wall.) 340, 350 (1863) (holding that “when a patentee has himself constructed [his] machine and sold it, or authorized another to construct and sell it, or to construct and use and operate it, and the consideration has been paid to him for the right, he has then to that extent parted with his monopoly”); Mitchell v. Hawley, 83 U.S. (16 Wall.) 544, 547 (1872) (holding that “when [a patentee] has . . . constructed [his] machine and sold it without any conditions, or authorized another to construct, sell, and deliver it, or to construct and use and operate it, without any conditions, and [he has] received[ed] consideration . . . for the thing patented . . . [he has] parted . . . with all his exclusive right[s]”).

\textsuperscript{60} Id. at 454. The assignment conveyed “all the right, title, and interest which the . . . patentees had in the invention.” Id. at 454. The patentees, of course, had “the exclusive right of making, using, and [selling] to others to be used, the [patented] improvement.” Id.

\textsuperscript{61} Id.

\textsuperscript{62} Id. at 454–55. The assignment from the patentee, Merrill & Horner, to Adams’ assignee, Lockhart & Seelye, was subject to the same geographical limitation as was the assignment to Adams. Id. at 454.

\textsuperscript{63} See Adams, 84 U.S. at 456–57. The Adams decision dealt only with a purchaser’s right to use a patented invention without regard to limitations on the rights of the seller. Id. Subsequently, however, in Keeler v. Standard Folding Bed Co., 157 U.S. 659, 664 (1895), the Supreme Court interpreted Adams as also providing a right for a purchaser to sell a patented invention without regard to limitations on the rights of the seller. In Keeler, the Court stated that

the legal significance of the decision upholding [Burke’s (the defendant in Adams) defense is that a person who buys patented articles from a person who has a right to sell, though within a restricted territory, has a right to use and sell such articles in all and any part of the United States: that, when the royalty had once been paid to a party entitled to receive it[,] the patented article then becomes the absolute, unrestricted property of the purchaser, with the right to sell it as an essential incident of such ownership.

Keeler, 157 U.S. at 664 (emphasis added).

\textsuperscript{64} Adams, 84 U.S. at 457.
2. Univis: The Expanded Exhaustion Doctrine

The Supreme Court decided *United States v. Univis Lens Co.* in 1942, approximately ten years before the passage of the Patent Act of 1952, in which §§ 271(c) and 271(d) were enacted. *Univis* added a subtle twist to the historical exhaustion doctrine articulated in *Adams*. *Univis* expanded the doctrine's breadth such that when a patentee first sells an article that is alone useless or incomplete unless it is used or completed in accordance with his patent, *whether that article is patented or not*, his patent monopoly is exhausted "with respect to the article sold." Thus, when such an article is sold, the purchaser acquires an exhaustion-implied license to practice seller's patent.

In *Univis*, the primary issue was whether Univis' scheme for licensing various patent rights violated the Sherman Antitrust Act. However, the sub-issue concerning whether and when Univis parted with its patent monopoly is germane here. Univis Lens Co. (the "Lens Company") was a subsidiary and licensee of the

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53 See supra text accompanying note 54.
54 316 U.S. 241 (1942).
55 35 U.S.C. §§ 271(c), (d) (2000). This may explain why the *Univis* decision seems to wholly ignore the rights now protected by § 271(c).
56 *Univis*, 316 U.S. at 243. Historically, exhaustion doctrine cases dealt with sales of patented inventions, *not* with sales of unpatented elements of patented inventions or processes. See *Adams*, 84 U.S. at 456-57; supra text accompanying notes 54, 58. At least one court recognized this distinction when it stated that "[*]he patent exhaustion doctrine is so strong that it applies even to an incomplete product that has no substantial use other than to be further manufactured into a completed patented and allegedly infringing article." *Cyrix Corp. v. Intel Corp.*, 846 F. Supp. 522, 540 (E.D. Tex. 1994). See also Minebea Co. v. Papst, 13 F. Supp. 2d 35, 44 (D.D.C. 1998) (stating that "[o]ne aspect of the patent exhaustion doctrine provides that when a patent holder sells an incomplete product that has no substantial use other than to be further manufactured into a completed patented and allegedly infringing article, the patent holder cannot claim that the final product infringes his patent" (quoting *Cyrix*, 846 F. Supp. at 540)).
57 See Dawson Chem. Co. v. Rohm & Haas Co., 448 U.S. 176, 186 (1980) (citing *Univis* for the proposition that sales of a chemical useful only in practicing the seller's patented process also conveyed an implied license to practice the process), *See Anton/Bauer, Inc. v. P & G Ltd.*, 329 F.3d 1343, 1350 (Fed. Cir. 2003) (interpreting *Univis* to indicate "that an implied license stems from the exhaustion of a patent right"). See also cases cited infra note 234 (showing judicial disagreement as to whether *Univis* is really an implied license case). It is this form of exhaustion-implied license, that which arises as to unpatented components or elements of patented combinations or processes, respectively, with which this comment is primarily concerned.
58 *Univis*, 316 U.S. at 243. The provisions at issue in *Univis* were §§ 1 and 3 of the Sherman Antitrust Act, *Univis*, 316 U.S. at 243, which was promulgated in 1890, 15 U.S.C. §§ 1–7 (2000) (collectively known as the Sherman Antitrust Act). Section 1 provides that "[e]very contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal." 15 U.S.C. § 1 (2000). Section 3 provides:

> Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is declared illegal.

59 *Univis*, 316 U.S. at 248.
Univis Corporation (the “Corporation”).72 “The Corporation license[d] the Lens Company to manufacture [and sell] lens blanks.”73 The lens blanks were “rough opaque pieces of glass . . . composed of two or more pieces of glass of different refractive power.”74 After the blanks were made, the Lens Company sold them to the Corporation’s “finishing” licensees, who would grind and polish the blanks into finished “multifocal lenses [for use] in eyeglasses.”75 The Corporation held a patent that covered both the method used by the Lens Company to make the blanks and the steps necessary for finishing the blanks.76 The grant of “finishing” licenses was conditioned on the finishers’ agreement to adhere to resale prices set by the Corporation.77

The district court78 had found that the patent claims related to a finished lens and that only licensed finishers could avoid infringement.79 As a result, the court upheld that portion of Univis’ licensing scheme which prescribed the conditions under which a “finishing” license would be granted.80 On appeal,81 the Supreme

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72 Id. at 243.
73 Id.
74 Id. at 244.
75 Id. By the terms of the license agreement, the Lens Company had to pay the Corporation a set royalty of fifty cents per pair of lens blanks sold. Id. The Corporation’s licensing scheme permitted the blanks to be sold to “three classes” of licensees: wholesalers, prescription retailers, and finishing retailers. Id. A wholesaler’s license permitted the licensee to grind and polish the blanks into finished lenses according to the needs of the licensed prescription retailers’ customers. Id. The price at which the finished lenses were sold to the prescription retailers was controlled by the Corporation. Id. Because the prescription retailers did not finish their own lens blanks, the license conferred on them granted a “franchise to prescribe [and] fit Univis lenses” in return for an agreement “to sell finished lenses only to consumers and only at prices prescribed by the corporation.” Id. at 245. A finishing retailer’s license was essentially the same as a wholesaler’s license, the difference being that finishing retailers ground and polished the blanks into finished lenses according to the needs of their own customers. Id. at 244. As with the wholesalers, the price at which the finished lenses were sold to the finishing retailers’ customers was controlled by the Corporation. Id. In spite of this elaborate licensing scheme, the Corporation’s only royalty was the fifty cents that the Lens Company was required to remunerate for each pair of lens blanks that it sold. Id. at 245. Nonetheless, under threat of cancellation for “price cutters,” the license agreements allowed the Corporation to control the sale prices of the lens blanks and the finished lenses at every level at which each was sold. Id. at 244–45.

76 Id. at 248. Whether the Corporation actually held a single “all-encompassing” patent for both stages of the lens manufacturing process is unclear in both the district court, United States v. Univis Lens Co., 41 F. Supp. 258 (S.D.N.Y. 1941), and Supreme Court decisions, United States v. Univis Lens Co., 316 U.S. 241 (1942). However, on appeal to the Supreme Court, Univis conceded that “the invention of only a single lens patent [was] utilized in making each blank and finishing it as a lens.” Id. at 248. As a result, the Court “assume[d] . . ., without deciding, that the patent [was] not fully practiced until the finishing licensee . . . ground and polished the blank so that it [would] serve its purpose as a lens.” Id. at 248–49.

77 Id. at 244–45.
79 Univis, 316 U.S. at 247.
80 Id. Specifically, the district court concluded that “the Corporation could condition its licenses upon” the licensees’ agreement to maintain and adhere to retail prices dictated by the corporation. Id. However, the district court struck down the prescription retailer license agreements that enabled the Corporation to control the resale price of the finished lenses sold by the prescription retailer to its customers. Id.
Court found that “each blank . . . embodie[d] essential features of the patented device and [was] without utility until it [was] ground and polished as the finished lens of the patent.”82 Thus, “the only use to which [a lens blank] could be put and the only object of [its] sale” was for the blank to be finished into a lens.83

The Court held that any sale of an article, “whether patented or unpatented, [confers] the right to use and sell [that article].”84 As a result, where such “an article . . . is capable of use only in practicing [a] patent,” the sale constitutes “a relinquishment of the patent monopoly with respect to the item sold.”85 Thus, notwithstanding the Corporation’s licensing scheme, when the Lens Company sold lens blanks to finishing licensees, the sale itself was “both a complete transfer of ownership of the blank . . . and a license to practice the final stage of the patent procedure.”86 The Court’s analysis

81 The district court had “grant[ed] in part and den[ied] in part the [United States’s] prayer for an injunction” to halt Univis’ licensing scheme. Univis, 316 U.S. at 242–43. Subsequently, the United States appealed directly to the Supreme Court, and Univis cross-appealed on the same issue. Id.
82 Id. at 249.
83 Id.
84 Id.
85 Id.
86 Id. The Court culled this proposition from its decisions in Leitch Manufacturing Co. v. Barber Co., 302 U.S. 458 (1938) and B.B. Chemical Co. v. Ellis, 314 U.S. 495 (1942). Univis, 316 U.S. at 249 (citing Leitch and B.B. Chemical). In Leitch, Barber was the owner of a patent that covered a method of using a bituminous coal emulsion to retard evaporation during the curing of concrete road surfaces. 302 U.S. at 460. Both Barber and Leitch manufactured the emulsion, and it was held to be a widely used, staple article of commerce. Id. Barber sued Leitch for contributory infringement after Leitch sold its own emulsion to a road builder who used it to practice Barber’s patented process. Id. at 459–460. Barber did not grant written licenses to use its patented method, but the Court found that Barber’s method of doing business was such that the law granted permission to do so to those who purchased the coal emulsion from it. Id. at 460–61. Moreover, in bringing suit against Leitch for contributory infringement, the Court stated that Barber was seeking to use its patent “to secure a limited monopoly in the business of producing and selling” the emulsion. Id. at 460. The Court found this to be a prohibited attempt to “extend the [patent] monopoly to unpatented material used in practicing the invention.” Id. at 463. Thus, as pertinent to the analysis in Univis, Leitch stands for the proposition that the rights to use a patented process flow along with the patentee’s sale of an unpatented staple article of commerce used to perform that process. See id. at 460.

In B.B. Chemical, B.B. Chemical was the owner of a patent that covered a method “of reinforcing insoles in shoe manufacture.” 314 U.S. at 496. The patented method required a strip of fabric reinforcing material to be coated in rubber and attached to shoe insoles with an adhesive. Id. B.B. Chemical supplied pre-coated reinforcing material to various shoe manufacturers. Id. The manufacturers could provide their own fabric to be coated or simply pay an extra fee for B.B. Chemical to supply it for them. Id. at 496, 497. B.B. Chemical also supplied the necessary adhesive, as well as patented machines to facilitate its application. Id. at 496–97. Moreover, B.B. Chemical did not grant written licenses to practice its patented process to those who purchased the coated fabric from it. Id. at 497. As a result, under Leitch, the lower courts had found—and the Supreme Court affirmed—that B.B. Chemical’s “sale to manufacturers of the unpatented materials for use by the patented method operated as a license to use the patent with that material alone.” Id. Thus, as pertinent to the analysis in Univis, B.B. Chemical stands for the proposition that the rights to use a patented process flow along with the patentee’s sale of any unpatented article used to perform that process. B.B. Chemical, 314 U.S. at 497–98.
86 Univis, 316 U.S. at 249.
[led] to the conclusion that where one has sold an uncompleted article which, because it embodies essential features of his patented invention, is within the protection of his patent, and has destined the article to be finished by the purchaser in conformity to the patent, he has sold his invention so far as it is or may be embodied in that particular article.87

Thus, the Court held that any sale of the lens blank provided the purchaser with an exhaustion-implied license to practice the Corporation’s patent and finish the blank into a complete lens.88

**B. Bandag: The Doctrine of Equitable Estoppel**

In *Bandag, Inc. v. Al Bolser’s Tire Stores, Inc.*, the CAFC relied in part on the doctrine of equitable estoppel89 to develop its two-part equity-implied license analysis.90 In the context of patent law, the doctrine of equitable estoppel holds that where, as a result of certain conduct by a patentee,91 an alleged infringer has been led to take some action (i.e., to commit the allegedly infringing act), has committed

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87 Id. at 250–51.
88 See id. “Sale of a lens blank by the patentee or by his licensee is thus in itself both a complete transfer of ownership of the blank, which is within the protection of the patent law, and a license to practice the final stage of the patent procedure.” Id. The court also condemned the Corporation’s practice of conditioning the grant of finishing licenses on the licensees’ agreement to sell the finished lenses at fixed prices. Id. As such, the Court found that aspect of the Corporation’s licensing scheme to be an impermissible extension of its patent monopoly and an illegal restraint of trade under the Sherman Antitrust Act. *Univis*, 316 U.S. at 252–54.
89 BLACK’S LAW DICTIONARY, supra note 14, at 551. In general, “[e]stoppel means that [a] party is prevented by his own acts from claiming a right to [the] detriment of [another] party who was entitled to rely on such conduct and has acted accordingly. Id. There are two primary forms of estoppel: equitable and legal. Wang Labs., Inc. *v.* Mitsubishi Elecs. Am., Inc., 103 F.3d 1571, 1581 (Fed. Cir. 1997). “[A] typical equitable estoppel situation [is] one in which (1) the infringer knows of the patent, (2) the patentee objects to the infringer’s activities, (3) but the patentee does not seek relief until much later, (4) thereby misleading the infringer to believe the patentee will not act.” *Wang Labs.*, 103 F.3d at 1581. In contrast, “Illegal estoppel refers to a narrower category of conduct encompassing scenarios where a patentee has licensed or assigned a right, received consideration, and then sought to derogate from the right granted.” Id.
90 750 F.2d 903, 925 (Fed. Cir. 1984).
91 In a pure equitable estoppel analysis, such conduct may include the patentee’s affirmative actions or lack thereof for example, remaining silent on an issue when he should have spoken. See, e.g., Mitchell v. McIntee, 514 P.2d 1357, 1359 (Or. App. 1973) (defining equitable estoppel as “the doctrine by which a person may be precluded by his act or conduct, or silence when it is his duty to speak, from asserting a right which he otherwise would have had”). However, the primary difference between the estoppel analysis in implied license cases and the analysis in equitable estoppel cases is that implied license looks for an affirmative grant of consent or permission to make, use, or sell; i.e., a license. Equitable estoppel, on the other hand, focuses on “misleading” conduct suggesting that the patentee will not enforce patent rights. *Wang Labs.*, 103 F.3d at 1581 (citation omitted).
himself to taking that action, and then does, in fact, take that action, the patentee is estopped from claiming infringement.92

In *Bandag*, Bandag, Inc., a franchiser of tire-retreading facilities, sued Al Bolser's Tire Stores, Inc. ("Bolser") for direct infringement.93 The suit arose after Bolser purchased unpatented equipment94 used in Bandag's patented tire recapping process95 from one of Bandag’s former franchisees.96 The district court had found that Bolser was not an infringer "because the sequence of events by which it had obtained the equipment . . . conferred on Bolser an implied license to use that equipment in the patented process."97

The CAFC found that the expanded exhaustion doctrine articulated in *Univis* was inapplicable "because the claims [in Bandag’s] patent [were] directed to a ‘method of retreading’ and [could not] read on the equipment” Bolser had used to practice the patented process.98 Moreover, the CAFC found two reasons for which Bolser failed to meet its burden of proving that it had an implied license:99 first, the equipment that Bolser purchased had other noninfringing uses,100 and second, the circumstances [of the equipment’s sale to Bolser did not] plainly indicate that the

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92 See Stickle v. Heublein, Inc., 716 F.2d 1550, 1559 (Fed. Cir. 1983) (stating that “[o]ne common thread in cases in which equitable estoppel applies is that the actor committed himself to act, and indeed acted, as a direct consequence of another’s conduct”). Note that “[n]either the CAFC nor the Supreme Court . . . has required a formal finding of equitable estoppel as a prerequisite to a legal conclusion of implied license. . . . Rather the estoppel doctrines serve as guidelines.” Wang Labs., 103 F.3d at 1581 (citation omitted).

93 750 F.2d at 906. Bandag also charged Bolser with trademark infringement and unfair competition as a result of Bolser’s usage of one of Bandag’s registered trademarks or service marks in a Yellow Pages telephone directory. *Id.* at 907. Bandag claimed that Bolser’s Yellow Pages advertisement “misrepresented Bolser as a Bandag franchisee.” *Id.* The CAFC affirmed Bolser’s liability as to both claims. *Id.* at 916.

94 *Id.* at 923. “Though some of the equipment had been manufactured by Bandag, none was covered by the . . . patent [because] the claims of that patent were directed to a method.” *Id.*

95 Because there was some ambiguity in the district court’s characterization of the patent at issue, the CAFC determined that “the protected invention of the . . . patent is, as a matter of law, a method.” *Id.* at 922.

96 *Id.* at 906.

97 *Id.* at 922.

98 *Id.* at 924. *Cf.* Dawson Chem. Co. v. Rohm & Haas Co., 448 U.S. 176, 186 (1980) (applying the *Univis* implied license standard to a *method* of applying an herbicidal chemical). However, unlike in *Bandag* where the claims of the method patent at issue were not directed to the specific equipment used by the alleged infringer, 750 F.2d at 922–24, 926 app. B. in Dawson, the claims of the method patent at issue were directed to the specific chemical used by the alleged infringer, 448 U.S. at 182.

99 *Bandag*, 750 F.2d at 924. “In a suit for patent infringement, the burden of proving the establishment of an implied license falls upon the defendant. The evidence provided by Bolser to meet this burden fail[ed] in at least two respects.” *Id.* (citation omitted).

100 *Id.* “No license can be implied, where as here, the equipment involved has other noninfringing uses, even if only as replacement parts.” *Id.* The district court had found that the equipment that Bolser had purchased, if modified, could have been used to practice processes that did not infringe Bandag’s patent. *Id.* at 923–24. However, the CAFC noted that “the district court found only that modification was required to escape infringement without further addressing the business reasonableness of doing so.” *Id.* at 924. Nonetheless, the CAFC considered the fact that modification was possible in its determination that the equipment did have noninfringing uses. *Id.* at 925. The CAFC also accorded weight to the likelihood that Bolser could have resold the equipment used in the patented process or waited to use the equipment until Bandag’s patent expired. *Id.*
grant of a license should be inferred. As a result, the CAFC reversed the district court and found that Bolser did not have an implied license to practice Bandag's patented process. In subsequent cases, the same two factors that precluded a finding of an implied license in Bandag have become the elements necessary for the CAFC to find an equity-implied license.

C. The Doctrine of Permissible Repair

In the Aro cases, discussed below, the Supreme Court provided its most recent articulation of the doctrine of permissible repair. The doctrine of permissible repair applies to patented combinations of unpatented elements. The doctrine holds that upon purchasing a patented machine or apparatus, the purchaser acquires the right to repair worn components of the machine or apparatus, providing that the repair is not so extensive as to constitute an infringing reconstruction of the patented device. This right is the repair-implied license.

101 Id. “Bolser’s attempt to make out the defense of an implied license fails in a second respect... ‘A mere sale does not import a license except where the circumstances plainly indicate that the grant of a license should be inferred.” Id. (quoting Hunt v. Armour & Co., 185 F.2d 722, 729 (7th Cir. 1950)).

102 Id. at 926.


105 Aro I, 365 U.S. at 339, 342–46. A patented component of a patented combination would not be subject to the doctrine of permissible repair. Id. at 339–40. However, the doctrine would apply to any of the patented component’s unpatented subcomponents. Id. at 339, 342–46.

106 Aro I, 365 U.S. at 345–46. One of the Supreme Court’s earliest articulations of the doctrine of permissible repair occurred in 1850, in the case of Wilson v. Simpson, 50 U.S. (9 How.) 109 (1850). In Wilson, the Court found that a purchaser of the plaintiff’s patented wood-planing machine did not infringe the patent by replacing worn cutting blades. Id. at 123–26. The Court stated that “repairing partial injuries [to a patented device], whether they occur from accident or from wear and tear, is only refitting a machine for use. And it is no more than that, though it shall be a replacement of an essential part of a combination.” Id. at 123. Then, in distinguishing permissible repair from infringing reconstruction, the Court stated that

if, as a whole, [the patented device] should happen to be broken, so that its parts could not be readjusted, or so much worn out as to be useless, then a purchaser cannot make or replace it by another, but he must buy a new one. The doing of either would be entire reconstruction.

Id. at 124. In a more recent statement regarding the threshold of applicability for the doctrine of permissible repair, the CAFC stated that “the standard for permissible repair is not limited to parts that are worn out or broken, but instead extends to ‘readily replaceable’ parts.” Anton/Bauer, 329 F.3d at 1352 n.4 (citing Husky Injection Molding Sys. v. R & D Tool & Eng’g Co., 291 F.3d 780, 787–88 (Fed. Cir. 2002)).

107 See Aro I, 365 U.S. at 345–46. Under the doctrine of permissible repair, a sale of a patented invention carries with it the freedom for the buyer to repair components of that invention as they become worn. Id. That freedom is essentially an implied license for buyers to conduct such repairs. See Universal Elecs., Inc. v. Zenith Elecs. Corp., 846 F. Supp. 641, 645 n.5 (equating the doctrine of permissible repair to a license for the purchaser to maintain the working condition of a patented invention). See also Mark D. Janis, A Tale of the Apocryphal Axe: Repair, Reconstruction, and the Implied License in Intellectual Property Law, 58 Md. L. Rev. 423, 494–527 (1999) (advocating the
1. Aro I: Repair of an Unpatented Component of a Licensed Patented Combination

In Aro I, the patentee, Convertible Top Replacement Co. (“CTR”), sued Aro Manufacturing Co. (“Aro”) for contributory infringement as a result of Aro’s sales of an unpatented fabric component of CTR’s “convertible folding top,” a patented combination of unpatented components. This case specifically addressed those patented combinations that had been made and sold by General Motors, one of CTR’s licensees. Thus, the controlling issue was whether a purchaser of a car that included a licensed embodiment of CTR’s patented combination directly infringed CTR’s patent when he replaced the worn out fabric component.

On appeal, the Supreme Court found that the unpatented fabric had a much shorter life than the other components in the patented combination. Moreover, CTR’s “patent did not confer a monopoly over the fabric or its [specially designed] shape.” The Court found that there was no direct—and thus no contributory— infringement because “mere replacement of individual unpatented parts, one at a time, whether of the same part repeatedly or different parts successively, is no more than the lawful right of the owner to repair his property.” The Court further concluded “that reconstruction of a patented entity, comprised of unpatented elements, is limited to such a true reconstruction of the entity as to ‘in fact make a new article’ after the entity, viewed as a whole has become spent.” Thus, under Aro I, where a patented combination is purchased from a licensed seller, a repair-implied license exists as to the purchaser because the sale conveys the right to repair unpatented elements of the combination.

applicability and discussing the practical implications of using an implied license model to analyze the permissible repair versus impermissible reconstruction distinction).

109 See Aro II, 377 U.S. at 479 (noting that “[the Aro I] decision dealt . . . only with [cars manufactured by] General Motors and not with [those manufactured by] Ford”).

110 Aro I, 365 U.S. at 342. This issue was controlling because, as the Court stated, “it is settled that if there is no direct infringement of a patent there can be no contributory infringement.” Id. at 341.

111 Id. at 337–38. After a bench trial, the district court had found that Aro was guilty of contributory infringement and “enjoined [Aro] from further manufacture, sale or use of [the] replacement fabrics.” Id. at 338. Thereafter, the court of appeals “held that replacement of the fabric constituted reconstruction of the [patented] combination and thus infringed or contributorily infringed [CTR’s] patent.” Id. The court of appeals reached that conclusion after deciding that “the life of the fabric is not so short, nor is the fabric so cheap, that we can safely assume that an owner would rationally believe that in replacing it he was making only a minor repair.” Id. (quoting Aro Mfg. Co. v. Convertible Top Replacement Co., 270 F.2d 200, 202, 205 (1st Cir. 1959)).

112 Aro I, 365 U.S. at 340.
113 Id. at 346.
114 Id. (quoting United States v. Aluminum Co. of Am., 148 F.2d 416, 425 (2d Cir. 1945)).

115 Aro I, 365 U.S. at 343–46. See also Aro II, 377 U.S. 476, 479–80 (1964) (noting that “[the] reconstruction-repair distinction is decisive . . . only when the replacement is made in a structure whose original manufacture and sale have been licensed by the patentee”).
2. Aro II: Repair of an Unpatented Component of an Unlicensed Patented Combination

The facts of Aro II differ in essentially one key respect from the facts of Aro I. Unlike Aro I, where General Motors was licensed to incorporate the patented “convertible folding top” combination into its cars, Aro II addressed the fact that another automobile manufacturer, Ford, had incorporated into its cars unlicensed versions of the patented combination. As in Aro I, the patentee, CTR, sued Aro for contributory infringement as a result of Aro’s sales of the unpatented fabric component of CTR’s patented combination. The issue in Aro II was thus “whether Aro [was] liable for contributory infringement, under 35 U.S.C. § 271(c), with respect to its manufacture and sale of replacement fabrics” for cars made by Ford.

On appeal to the Supreme Court, as in Aro, the threshold question was whether owners of Ford cars, “by replacing the worn-out fabric element of the patented [combination], committed direct infringement.” The Court found that because Ford was unlicensed, it lacked the “authority to make and sell” CTR’s patented combination and it could not, therefore, confer the right to use that combination to its customers. As a result, when Ford’s customers repaired the worn fabric element, they directly infringed the patented combination. The Court then found that Aro knew its fabrics fit the definition of § 271(c) in that (1) they were material parts of CTR’s patented combination; (2) they were especially suited for an infringing use; and (3) they were nonstaple articles of commerce. The Court also found that Aro had “the requisite knowledge that the Ford tops were patented and infringing.” Accordingly, the Court found Aro liable for contributory infringement

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117 Id. at 479.
118 Id. at 481.
119 Id. at 483. After the Court’s decision and remand in Aro I, the district court misinterpreted Aro I to require that CTR’s case be dismissed as to both General Motors and Ford cars. Id. at 480. That decision failed to take into account the status of those manufacturers as respectively licensed and unlicensed by CTR. Id. Subsequently, the court of appeals found that Aro was liable for contributory infringement because Ford and its customers directly infringed the patent when they respectively made and used CTR’s patented combination. Id. at 482.
120 Id. at 483–84.
121 Id. at 484–85.
122 Id. at 487–88. “Aro’s factory manager admitted that the fabric replacements in question not only were specially designed for . . . Ford convertibles but would not, to his knowledge, fit the top structures of any other cars.” Id. at 488 n.7.
123 Id. at 488–91. The Court found that 35 U.S.C. § 271(c) required the alleged contributory infringer, Aro, to have had knowledge that the part it was selling was “especially made or . . . adapted for use” in infringing CTR’s patented combination. Id. at 488 (quoting 35 U.C.C. § 271(c)). Moreover, under the circumstances of the case, the majority held that for Aro to be liable for contributory infringement, it must have also known that the CTR’s combination was patented and that Ford’s use of the combination was an infringement. Id. at 488. The minority, however, felt that § 271(c) required the alleged contributory infringer only to have “knowledge that the component was especially designed for use in a combination and was not a staple article suitable for substantial other use, and not knowledge that the combination was either patented or infringing.” Id. at 491 n.8.
as to any replacement fabric components that it sold to Ford’s customers. Thus, under *Aro II*, where a patented combination is purchased from an unlicensed seller, a repair-implied license does not exist as to the purchaser because the sale does not convey the right to repair unpatented elements of the combination.

III. ANALYSIS

This section will discuss and compare two cases that present analogous scenarios: *Dawson*, which involved a patentee’s §271(c) monopoly right as to the manufacturing and sale of a nonstaple article that was a material part of its patented process; and, *Anton/Bauer*, which involved a patentee’s §271(c) monopoly right as to the manufacturing and sale of a nonstaple article that was a material part of its patented combination. While both scenarios are contemplated by the express language of §271(c), there exists a crucial difference between them. In the former, the United States Supreme Court explicitly articulated and upheld the patentee’s §271(c) monopoly right. However, in the latter, the CAFC relied on the doctrine of implied license to deny the same right. Accordingly, this section will also examine the exhaustion-implied and equity-implied license analyses, discussed in Part II, as they were applied in *Anton/Bauer*. It will be argued that under the unique circumstances of that case, neither form of implied license was appropriate.

A. Dawson: A §271(c) Monopoly Right as to an Unpatented but Essential Element of a Patented Process

One fundamental difference between the introductory parable and its modern equivalent, a contributory infringement suit, is that the issue in the former scenario concerned which of the two women had a right to the *entire* baby. The issue in the

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1. Id. at 491. *Aro*’s liability was limited to those fabric sales that it made as to Ford cars before July 21, 1955. *Id.* at 500. This was because on that date, Ford had executed a release with CTR’s assignee, the Automobile Research Corporation. *Id.* at 493.
2. *See supra* text accompanying note 115.
4. *Anton/Bauer, Inc. v. PAG, Ltd.*, 329 F.3d 1343 (Fed. Cir. 2003), *reh’g and reh’g en banc* denied. These particular scenarios have been chosen for discussion because each is representative of one of the two classes of patents protected from contributory infringement by §271(c). 35 U.S.C. §271(c) (2000). One is the *process* class; that for which contributory infringement is proscribed as to the sale of a material or apparatus that is both a nonstaple and material to performing a patented process. *Id.* This protected class includes only patented processes and provides protection solely for unpatented elements required for their practice. *Id.* The other class is the *combination* class; that for which contributory infringement is proscribed as to the sale of a material and nonstaple component of various forms of patented combinations of unpatented elements and subelements. *Id.* This class includes “patented machine[s], manufacture[s], combination[s], or composition[s]” and provides protection solely for unpatented elements required to practice patents that can be characterized as fitting into one or more of those four categories. *Id.* The *process* class was addressed in *Dawson*, which discussed—but did not directly address—the *combination* class. *See* 448 U.S. 176.
5. *Id.*
latter scenario, however, turns on a more preliminary and seemingly less difficult question: whether the baby should be divided. Unlike the parable, where the answer to this question was but a necessary precursor to justice, here it controls whether the true mother, the patentee, will be permitted to keep her child: the § 271(c) monopoly right.

In *Dawson*, the Supreme Court addressed the question of how the doctrine of patent misuse affects a patentee's ability to recover against an alleged contributory infringer.131 The primary issue before the Court was "whether the owner of a patent [for] a chemical process [was] guilty of patent misuse"; and, if so, whether that party was thus "barred from seeking relief against contributory infringement of its patent rights, if it exploit[ed] the patent only in conjunction with the sale of an unpatented article that constitute[d] a material part of the invention and [was] not suited for commercial use outside the scope of the patent claims."132 In deciding the case, the Supreme Court recognized and articulated the unique right—the § 271(c) monopoly right—possessed by certain patentees as a result of the counterbalancing provisions of §§ 271(c) and 271(d).133

In *Dawson*, the petitioner, Dawson Chemical Co., appealed an adverse ruling that came as a result of a patent infringement suit brought against it by the respondent, Rohm & Haas Co.134 Rohm & Haas was the owner of U.S. Patent No. 3,816,092,135 (the '092 patent) which covered a process for applying the unpatented

131 *Dawson*, 448 U.S. at 179. Before both *Dawson* and the enactment of § 271, judicially-developed doctrines similar to those codified in §§ 271(c) and 271(d) had been used and relied upon with little guidance from the Supreme Court. *Dawson*, 448 U.S. at 179, 180. *See also* Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U.S. 502 (1917) (denying relief for infringement to a patentee who made an illegal attempt to extend his patent monopoly to cover unpatented components necessary to use the patented device). Section 271 was promulgated as a part of the Patent Act of 1952, 28 years before *Dawson* was decided. *Dawson*, 448 U.S. at 179, 180. Congress' purpose for enacting § 271 was "to codify certain aspects of the doctrines of contributory infringement and patent misuse that had previously been developed by the judiciary." *Dawson*, at 179, 180.

132 *Id.*

133 *See id.* at 201 (finding that "[t]he limitations on contributory infringement written into § 271(c) are counterbalanced by limitations on patent misuse in § 271(d). . . . [T]he provisions of § 271(d) effectively confer upon the patentee, as a lawful adjunct of his patent rights, a limited power to exclude others from competition in nonstaple goods." (emphasis added)).

134 *Id.* at 183–85. The trial court granted summary judgment for Dawson after finding that "Rohm & Haas was barred from obtaining relief against infringers of its patent because it had attempted illegally to extend its patent monopoly" by refusing to grant licenses to use its patented process. *Id.* at 183–84. *See also* Rohm & Haas Co. v. Dawson Chem. Co., 191 U.S.P.Q. (BNA) 691 (S.D. Tex. 1976).

Subsequently, the United States Court of Appeals for the Fifth Circuit reversed the trial court's decision. *Dawson*, 448 U.S. at 184–85. *See also* Rohm & Haas Co. v. Dawson Chem. Co., 509 F.2d 685 (5th Cir. 1975). The Court of Appeals found that the chemical required to practice Rohm & Haas' patented process was a nonstaple article of commerce, of the type that § 271(c) was meant to protect from contributory infringement. *Dawson*, 448 U.S. at 184–85. Thus, since Rohm & Haas' refusal to license the use of its patented process "was designed to accomplish only what § 271 contemplated, the [Court of Appeals] ruled that [Dawson's] misuse defense was of no avail." *Dawson*, 448 U.S. at 185.

135 The '092 patent issued to Rohm & Haas on July 11, 1974, after a prosecution period that began in 1958. *Id.* at 181–82. During that time, the application that became the '092 patent was involved in an interference proceeding in the United States Patent and Trademark Office (USPTO).
herbicide, propanil.\textsuperscript{136} Both parties were chemical manufacturers that were capable of making and selling propanil.\textsuperscript{137} Several years before Rohm & Haas obtained the '092 patent, it was discovered that propanil "had properties that made it useful as a 'post-emergence' herbicide particularly well suited for the cultivation of rice."\textsuperscript{138} Since propanil could be sprayed on rice crops after they had begun to grow, it removed the need "for hand weeding or flooding of the rice fields."\textsuperscript{139} The claims of the '092 patent covered the necessary rate and volume of propanil application per acre, as well as the types of weeds killed and certain crops on which propanil could be used.\textsuperscript{140}

\textit{Id.} at 182, 182 n.1. The purpose of the interference proceeding was to determine whether the applicant for the Monsanto Company or the applicant for Rohm & Haas was "the first to invent the process for using propanil [the unpatented chemical at issue] as a herbicide." \textit{Dawson}, 448 U.S. at 182 n.1. Ultimately, the BPAI decided the proceeding in favor of the applicant employed by Rohm & Haas. \textit{Id.}

\textsuperscript{136} Propanil, 3,4-dichloropropionanilide, was not patented, and was, in fact, "unpatentable." \textit{Id.} at 187. The Monsanto Company was the first to attempt to obtain a patent on propanil. \textit{Id.} at 181. In 1957, Monsanto filed various patent applications related to propanil. \textit{Id.} In 1968, "[f]or lengthy proceedings" in the USPTO, a single patent issued to Monsanto. \textit{Id.} However, when Monsanto sued Rohm & Haas (the respondent in \textit{Dawson}) for direct infringement, Monsanto's patent was declared invalid. \textit{Id.} at 181-82. See also Monsanto Co. v. Rohm & Haas Co., 312 F. Supp. 778 (E.D. Pa. 1970) (deciding against Monsanto at the federal district court level); Monsanto Co. v. Rohm & Haas Co., 456 F.2d 592 (3rd Cir. 1972) (affirming the Federal District Court for the Eastern District of Pennsylvania's decision against Monsanto); and Monsanto Co. v. Rohm & Haas Co., 407 U.S. 934 (1972) (ending the \textit{Monsanto} dispute by denying Monsanto's petition for a writ of certiorari). "The District Court held that propanil had been implicitly revealed in prior art dating as far back as 1902, even though its use as a herbicide had been discovered only recently." \textit{Dawson}, 448 U.S. at 182. "Monsanto subsequently dedicated the patent to the public, . . . [which] cleared the way for Rohm & Haas . . . to obtain a patent on the method of process for applying propanil." \textit{Id.}

\textsuperscript{137} \textit{Id.} at 183.

\textsuperscript{138} \textit{Id.} at 181. This meant that if it were "applied in the proper quantities," propanil would kill weeds in certain crops "without adversely affecting the crops themselves." \textit{Id.}

\textsuperscript{139} \textit{Id.}

\textsuperscript{140} The pertinent claims of the '092 patent were as follows:

1. A method for selectively inhibiting growth of undesirable plants in an area containing growing undesirable plants in an established crop, which comprises applying to said area 3,4-dichloropropionanilide at a rate of application which inhibits growth of said undesirable plants and which does not adversely affect the growth of said established crop.

2. The method according to claim 1 wherein the 3,4-dichloropropionanilide is applied in a composition comprising 3,4-dichloropropionanilide and an inert diluent therefor at a rate of between 0.5 and 6 pounds of 3,4-dichloropropionanilide per acre.

3. The method according to claim 1 wherein most of the undesirable plants are destroyed by 3,4-dichloropropionanilide applied thereto without substantial adverse effect on the crop growing therewith.

6. The method according to claim 2 wherein the established crop is monocotyledonous.

8. The method according to claim 2 wherein the undesirable plants include monocotyledonous plants.

9. The method according to claim 2 wherein the undesirable plants include dicotyledonous plants.
Prior to being sued by Rohm & Haas—indeed, before Rohm & Haas obtained the ‘092 patent—Dawson also “manufactured and sold propanil for application to rice crops.” The primary reason for the suit was that Dawson sold its propanil “in containers on which [were] printed directions” for applying the chemical in accordance with the process covered by the ‘092 patent. Moreover, after the ‘092 patent issued, Dawson “did not cease manufacture and sale of propanil . . . despite knowledge that farmers purchasing [its] products would [directly] infringe on the ['092 patent] by [following the patented process to apply] the propanil to their crops.” As a result, Rohm & Haas brought suit against Dawson for both contributory infringement under § 271(c) and inducement of infringement under § 271(b).

As an initial response to the suit, Dawson requested that Rohm & Haas grant licenses to practice the method covered by the ‘092 patent. However, Rohm & Haas refused to grant such licenses, prompting Dawson to raise the defense of patent misuse. At trial, Dawson “argued that Rohm & Haas [had] misused its patent by conveying the right to practice the patented method only to purchasers of its own propanil.” The district court granted Dawson’s motion for summary judgment as to that issue. Thereafter, the court of appeals reversed. The Supreme Court

10. The method according to claim 2 wherein the established crop is a grain crop.
11. The method according to claim 2 wherein the undesirable plants include barnyardgrass [sic].
12. A method of selectively inhibiting the growth of growing, tender, undesirable, annual plants which are susceptible to 3,4-dichloropropionanilide, said undesirable plants growing in an area containing an established monocotyledonous crop which is resistant to 3,4-dichloropropionanilide, which comprises applying to said undesirable plants a composition comprising 3,4-dichloropropionanilide and an inert carrier therefor at a rate of application which inhibits growth of said undesirable plants and which does not substantially affect the growth of said established monocotyledonous crop.


11 Dawson, 448 U.S. at 183.
11 Id.
11 Id.
11 Id. Section 271(b) provides that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. § 271(b) (2000). Rohm & Haas’ inducement of infringement claim under § 271(b) was based on their assertion that by providing instructions to apply the chemical according to the patented process, Dawson induced buyers of its propanil to directly infringe on the ‘092 patent. Dawson, 448 U.S. at 183.

11 Id.
11 Id. at 186. In fact, Rohm & Haas did not grant any express licenses to make or use propanil “either to [other manufacturers,] retailers or . . . end users of the product.” Id.
11 Id. at 183. In addition to the patent misuse defense, Dawson also filed various counterclaims against Rohm & Haas for “antitrust violations” stemming from Rohm & Haas’ allegedly “coercive marketing practices prior to issuance of the [‘092] patent.” Id. at 184 n.3. Dawson also “asserted the invalidity of [the ‘092] patent on a variety of grounds.” Id. at 186 n.5. Neither Dawson’s counterclaims nor its contentions as to the ‘092 patent’s invalidity were addressed by the Supreme Court. Id. at 184 n.3, 186 n.5.

11 Id. at 183.
granted Dawson's petition for a writ of certiorari\textsuperscript{151} to both forestall what it considered to be “a possible conflict in the lower courts and to resolve an issue of prime importance in the administration of the patent law.”\textsuperscript{152}

The Supreme Court adopted the lower courts' findings and supplemented them after accounting for some additional concessions.\textsuperscript{153} Dawson admitted: (1) that propanil fell under the definition of § 271(c); (2) that it knew that its propanil would be used in an infringing manner; and, on the failure of its patent misuse defense, (3) that it would be a contributory infringer.\textsuperscript{154} Rohm & Haas admitted that those customers who purchased propanil from it had an implied license to practice the '092 patent.\textsuperscript{155} The Court's primary focus, then, was on whether Rohm & Haas' actions as to the '092 patent could qualify as “misuse,” and, as a result, effectively bar Rohm & Haas from recovery for contributory infringement under § 271(c).\textsuperscript{156} Rohm & Haas argued that its failure to grant express licenses to practice its patented process fell under a statutory exception to the doctrine of patent misuse as a result of the provisions of § 271(d).\textsuperscript{157} It further argued “that if [such] conduct result[ed] in an extension of the patent right to a control over an unpatented commodity, in [that] instance the extension [had] been given express statutory sanction.”\textsuperscript{158}

The Court began its analysis of the issue with an extensive review of how the contributory infringement and patent misuse doctrines had developed in case law prior to their respective codifications.\textsuperscript{159} The Court noted that after its decision in
B.B. Chemical Co. v. Ellis, it had yet to address “the status of contributory infringement or patent misuse with respect to nonstaple goods,” and that as a result, “some courts and commentators [had] apparently [taken] the view that control of nonstaple items capable only of infringing use might not bar patent protection against contributory infringement.” The Court then discussed two decisions that dealt “a serious, if not fatal, blow” to that view: Mercoid Corp. v. Mid-Continent Investment Co. (Mercoid I) and Mercoid Corp. v. Minneapolis-Honeywell Regulator Co. (Mercoid II). These cases announced the rule that “any attempt to control the

the patentee’s attempt to limit the use of its patented refrigeration device only to solid carbon dioxide made by an exclusive licensee; Leitch Mfg. Co. v. Barber Co., 302 U.S. 458 (1938) (finding patent misuse where a patentee tried to control the sales of an unpatented staple article of commerce used in its patented process); Morton Salt Co. v. G.S. Suppiger Co., 314 U.S. 488 (1942) (linking the doctrine of patent misuse to the equitable doctrine of “unclean hands”); and B.B. Chem. Co. v. Ellis, 314 U.S. 495 (1942) (holding that patent misuse barred relief even if an alleged contributory infringer actively induced infringement).
market for unpatented goods would constitute patent misuse, even if those goods had no use outside a patented invention.”

Significantly, the Court characterized the *Mercoid* cases as collectively “serv[ing] as the point of departure for congressional legislation” as to § 271. Yet, because they “involved questions of control over unpatented articles that were [both] essential to the patented inventions and . . . unsuited for any commercial noninfringing use,” the Court found both the *Mercoid* cases and *Leeds & Catlin Co. v. Victor Talking Machine Co.*, a case of which *Mercoid I* disapproved, to “bear factual similarity” to the dispute. In *Leeds & Catlin*, the Court had enjoined contributory infringement where the alleged infringer manufactured unpatented “phonograph discs specially designed for use in a patented disc-and-stylus combination.”

The Court then focused on the development of § 271 as “corrective legislation” designed to rectify the post-*Mercoid* confusion as to questions of contributory infringement. In its analysis, the Court found that “[v]iewed against the backdrop of judicial precedent . . . the approach that Congress took toward the codification of contributory infringement and patent misuse reveals a compromise between those two doctrines and their competing policies that permits patentees to exercise control

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164 *Dawson*, 448 U.S. at 195.
165 *Id.*
166 213 U.S. 325 (1912).
167 *Dawson*, 448 U.S. at 197 (stating that in *Mercoid I*, the “Court recognized that its reasoning directly conflicted with [*Leeds & Catlin*] . . . and it registered disapproval, if not outright rejection, of that case”).
168 *Id.* at 198.
169 *Id.* at 190. In *Leeds & Catlin*, the patentee, Victor Talking Machine Co. (Victor), was seeking to enforce an earlier injunction prohibiting Leeds & Catlin’s manufacture of unpatented “disc records” used in the patented combination. 213 U.S. at 329–30. Upon examining the claims, the Court found that “[t]he disc [was] not a mere concomitant to the stylus [but rather] it coacted with the stylus to produce sound.” *Leeds & Catlin*, 213 U.S. at 336 (quoting Wilson v. Simpson, 50 U.S. (9 How.) 109, 125 (1850)). Thus, the Court decided that “[t]he license granted to a purchaser of a patented combination is to preserve its fitness for use so far as it may be affected by wear or breakage. Beyond this there is no license.” *Id.* As a result, the Court again upheld the injunction prohibiting Leeds & Catlin from continuing its contributory infringing actions. *Id.* at 337.
170 *Dawson*, 448 U.S. at 199 (stating that “[t]he *Mercoid* decisions left in their wake some consternation among patent lawyers and a degree of confusion in the lower courts” (footnote omitted)).
over nonstaple articles used in their inventions.”\textsuperscript{171} This compromise is embodied in § 271(c), which “identifies the basic dividing line between contributory infringement and patent misuse.”\textsuperscript{172} In § 271(c), contributory infringement is defined in a restrictive manner, distinguishing “between staple and nonstaple articles of commerce” and narrowly defining what can qualify for protection as a nonstaple.\textsuperscript{173}

In construing § 271(c), the Court noted that “[t]he limitations on contributory infringement written into [that section] are counterbalanced by limitations on patent misuse in § 271(d).”\textsuperscript{174} In the Court’s view,

the provisions of § 271(d) effectively confer upon the patentee, as a \textit{lawful adjunct} of his patent rights, a limited power to exclude others from competition in nonstaple goods. A patentee may sell a nonstaple article himself while enjoining others from marketing that same good without his authorization. By doing so, he is able to eliminate competitors and thereby to control the market for that product. Moreover, his power to demand royalties from others for the privilege of selling the nonstaple item itself implies that the patentee may control the market for the nonstaple good; otherwise, his ‘right’ to sell licenses for the marketing of the nonstaple good would be meaningless, since no one would be willing to pay him for a superfluous authorization.\textsuperscript{175}

Thus, the Court concluded, the “sum effect of Rohm & Haas’ actions [in refusing to grant licenses for others to sell propanil] is to suppress competition in the market for an unpatented commodity. But as we have observed, \textit{in this its conduct is no different from that which the statute expressly protects}.”\textsuperscript{176} Moreover, in concluding its examination of the legislative history behind § 271, the Court found that “the \textit{Leeds & Catlin} decision, which did not involve such an offer to licensee, was placed before Congress as an example of the kind of contributory infringement action [§ 271] would allow.”\textsuperscript{177}

The Court then determined that “one aspect of Rohm & Haas’ behavior that [was] not expressly covered by § 271(d),” that of “its linkage of two protected activities—sale of propanil and authorization to practice the patented process—together in a single transaction,” did not result “in any extension of control over

\begin{itemize}
\item \textsuperscript{171} \textit{Id.} at 200. The Court also noted that “the language and structure of [§ 271] lend significant support to Rohm & Haas’ contention that, because § 271(d) immunizes its conduct from the charge of patent misuse, it should not be barred from seeking relief.” \textit{Id.}
\item \textsuperscript{172} \textit{Id.}
\item \textsuperscript{173} \textit{Id.} at 201. The Court also noted that § 271(d) expressly excludes “[t]hree species of conduct from characterization as [patent] misuse”; however, of the acts permitted by that section, “it does not state that [the patentee] must do any of them.” \textit{Id.} Since Dawson, and as a result of the decision in that case, the “species of conduct” enumerated in § 271(d) have increased in number from three to five. \textit{See 35 U.S.C. § 271(d) (2000).}
\item \textsuperscript{174} \textit{Dawson}, 448 U.S. at 201 (emphasis added).
\item \textsuperscript{175} \textit{Id.} at 202 (emphasis added).
\item \textsuperscript{176} \textit{Id.} at 215.
\end{itemize}
unpatented materials beyond what § 271(d) already allow[ed]."178 This was because propanil was "a nonstaple product" whose "herbicidal property is at the heart of [Rohm & Haas'] invention."179 Rohm & Haas' "method of doing business [was] thus essentially the same as the method condemned in the Mercoid decisions, and the legislative history revea[led] that § 271(d) was designed to retreat from Mercoid in [that] regard."180 Thus, because propanil was "a material part of [Rohm & Haas'] invention" and qualified as a nonstaple "article . . . of commerce," the Court determined that Rohm & Haas was free to forfend Dawson's manufacture and sale of propanil as a result of the express provisions of §§ 271(c) and 271(d).181 Accordingly, the Court affirmed the judgment of the court of appeals and found in favor of Rohm & Haas.182

B. Anton/Bauer: The Unpatented but Essential Component of a Patented Combination

As applied in Anton/Bauer, Inc. v PAG, Ltd.,183 the doctrine of implied license worked a more subtle injustice than merely depriving the "true mother" of her "living baby." For, the nature of the modern baby is such that when it is severed, it dies only as to the patentee, its "true mother." Importantly, however, what is conferred to the alleged infringer is neither devoid of life nor use. Rather, any portion of the severed § 271(c) monopoly right conferred to an alleged infringer provides him with a right that was previously within the exclusive dominion of the patentee: the right to make and sell an unpatented but nonstaple component of a patented invention. Unfortunately for the patentee, such a conveyance simultaneously extinguishes his § 271(c) monopoly.

In Anton/Bauer, the CAFC relied on the doctrine of equity-implied license to permit an alleged infringer to usurp a portion of Anton/Bauer's § 271(c) monopoly right as to one component of its patented combination.184 Similar to that in Dawson, the problem presented in Anton/Bauer dealt with the ramifications of selling a product that could only be used to practice Anton/Bauer's patent.185 In this case, however, unlike the propanil used in Rohm & Haas' patented process, the product sold by Anton/Bauer was a specially designed part that constituted one half of a patented combination.186

178 Id. at 202. Because § 271(d) was unclear as to whether it afforded this form of protection to patentees, the Court made its determination only after an extensive examination of the legislative history behind §§ 271(e) and 271(d), and § 271 generally. See Dawson, 448 U.S. at 202–13 (discussing the history and development of the "Act [of 1952] to Revise and Codify the Patent Laws"). The Court "found[ed] nothing in [the legislative history to support [Dawson]'s assertion that [Rohm & Haas'] behavior [fell] outside the scope of § 271(d)." Id. at 213.
179 Id. at 214.
180 Id.
181 Id. at 213–14.
182 Id. at 223.
183 329 F.3d 1343 (Fed. Cir. 2003), reh'g and reh'g en banc denied.
184 See id. at 1350–53.
185 Id. at 1351; Dawson, 448 U.S. at 185–86.
186 Dawson, 448 U.S. at 181–82; Anton/Bauer, 329 F.3d at 1346–47.
The primary issue in Anton/Bauer was whether Anton/Bauer’s own customers had an implied license to practice Anton/Bauer’s patented invention if the patent was for a mated combination of two parts, and Anton/Bauer sold one half of the pair separate from the other, without restriction. Anton/Bauer was the owner of U.S. Patent No. 4,810,204 (the ’204 patent), which covered a combination of two parts, a male and a female “plate.” Anton/Bauer brought suit against PAG as a result of PAG’s manufacture and sale of a product containing the male plate. In its complaint, Anton/Bauer alleged that PAG was liable for inducement of infringement and contributory infringement in violation of §§ 271(b) and 271(c), respectively.

Anton/Bauer “manufacture[d] and [sold] a wide variety of batteries and chargers used in video production . . . devices, such as professional video cameras.” The combination claimed in the ’204 patent facilitated a keyed mechanical and electrical connection between a battery unit, containing the male plate, and either a battery charger or video camera containing the female plate. Moreover, the female plate included a “releasable locking” mechanism to facilitate the rapid connection and release of the two plates. Neither plate was individually claimed in the ’204 patent.


Id. at 1345-46. The pertinent claim of the ’204 patent was as follows:

1. A releasable connection for a battery pack or the like comprising a relatively flat male plate and a relatively flat female plate, said plates being adapted to be releasably locked together in connected position; said female plate including a plurality of keyholes with each having an opening and a depending slot, and at least one elongated terminal, said terminal and keyhole slots being elongate in the same direction; said male plate including a plurality of spaced headed projections with there being one for each keyhole and with each projection having head and leg portions, and at least one elongated mating terminal; said male plate being positioned abutting the female plate with the leg portions of the projections being located in the slots of the associated keyholes and with the one terminal within the mating terminal; releasable locking means on said female plate for engaging at least one of the headed projections in at least one of said keyhole slots to lock said plates in connected position by preventing relative movement between said plates in the direction of said keyhole slots by maintaining the engagement of said locking means with said headed projection until said locking means is released; and safety latch means on said female plate for preventing movement of said releasable locking means upon engagement of said locking means with said headed projection.

Anton/Bauer, 329 F.3d at 1345.

Anton/Bauer, 329 F.3d at 1346. In the context of Anton/Bauer's plates, it is appropriate to define “key” as “a pin, . . . wedge, or other piece inserted in a space to lock or hold parts of a mechanism or structure together.” RANDOM HOUSE WEBSTER'S COLLEGE DICTIONARY 742 (1992) (hereinafter RANDOM HOUSE). Thus, the various projections on the male plate collectively constituted the “pin, . . . wedge, or other piece[s].” Id. When those projections were inserted into the corresponding spaces—the “keyholes or slots,” Anton/Bauer, 329 F.3d at 1346—on the female plate, then the male and female plates would be held together as a single “mechanism or structure,” RANDOM HOUSE, supra.

Anton/Bauer, 329 F.3d at 1346.
Anton/Bauer manufactured and sold both female plates and battery packs containing male plates; however, it sold its female plates directly to video equipment manufacturers who integrated those plates into their devices, which were then sold to the public. Moreover, devices containing the male and female plates were usually not sold together. PAG also manufactured and sold its own battery pack that could "be used in combination with [devices containing] Anton/Bauer's female plate." PAG's battery pack could be so used because it, too, contained a male plate as claimed in the '204 patent.

In assessing Anton/Bauer's motion for a preliminary injunction against PAG, the district court examined and rejected each of PAG's four defenses. First, the court concluded that the doctrine of permissible repair did not give PAG the right to manufacture and sell a device containing the male plate because "the nature and design of the '204 patented combination indicate[d] that replacing a 'female' or 'male plate'... [would] amount[i] to reconstruction of that combination." Second, the court found that the doctrine of implied license did not apply to allow purchasers of a device containing a female plate to complete the patented combination with one of PAG's devices containing a male plate. Third, the court concluded that PAG's

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194 Id. at 1347.
195 Id.
196 Id.
197 Id.
198 Id. See also http://www.pagusa.com (last visited Feb. 18, 2004) (describing many of PAG's battery products).
199 Anton/Bauer, 329 F.3d at 1347.
201 Id. at *5. The district court stated that the particular way the male and female plates combine is the invention. Unlike... the convertible top in Amo, the '204 patented combination is more than the sum total of separate, replaceable parts. It is a mechanical and electrical connection—a locking mechanism containing elements that permit quick and easy separation and rejoining... The particular locking mechanism is the invention. While PAG characterizes the '204 patented combination as a device composed of a battery pack and a camera mount, the '204 patent discloses a broader combination. The invention is the interconnection between 'male' and 'female' plates, regardless of whether a battery is attached to the 'male plate' or a camera is attached to the 'female plate.'
202 Id. at *6 (emphasis added). The court also concluded that "even [if it were to assume that] the '204 patented combination... [had] the capability of becoming 'spent,'... the parts of the '204 patented combination [would] not become spent before the unit as a whole." Id. at *7.
203 Id. at *7–8. The court's findings on this issue were based on the fact that PAG's "battery pack [was] not a 'replacement' for any component of the mechanical and electrical connection disclosed in the '204 patented combination." Id. at *8. Moreover, although Anton/Bauer [did] not expressly restrict the use of its products containing a 'female plate' with otherwise unauthorized parts, the evidence does not suggest that Anton/Bauer's actions regarding the sale of 'female plates' led the end-user to believe it may purchase or use additional non-Anton/Bauer components in order to make the 'female plates' functional.

Id. (citation omitted). See supra text accompanying note 34 (discussing a possible reason for which the district court might have misapplied the CAFC's implied license analysis in Bandag).
battery pack was not a staple article of commerce such that § 271(c) would not apply. Finally, in determining that "Anton/Bauer [was] likely to succeed on the merits of its claims," the court found that PAG had the requisite knowledge or intent for contributory or induced infringement. Thus, the district court granted Anton/Bauer's motion for a preliminary injunction.

PAG, of course, appealed the district court's ruling to the CAFC. On appeal, PAG did not "dispute[] that [its] battery pack, when placed in combination with Anton/Bauer's female plate, [directly infringed] the claims of the '204 patent." The court stated that "in order [for Anton/Bauer] to succeed on its claims of inducement of infringement and contributory infringement, Anton/Bauer must prove that its own customers directly infringe the '204 patent when they use PAG's . . . battery pack in combination with [Anton/Bauer's] female plate." PAG argued that Anton/Bauer's customers could "not directly infringe the '204 patent because they [were] protected by the exhaustion doctrine and by an implied license." Citing Univis, which articulated the expanded exhaustion doctrine, the court first analyzed PAG's exhaustion doctrine defense, stating "[the] sale of an unpatented article exhausts the seller's right to control the future sale and use of that article, but only certain circumstances exhaust the seller's patent right and result in an implied

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203 Anton/Bauer, 2002 WL 1359673, at *8. In its staple/nonstaple analysis, the court found insignificant the fact that PAG's battery pack could also be used noninfringingly in conjunction with the female plates claimed in one of Anton/Bauer's expired patents. Id.
204 Id. at *9. The court's finding was based on "evidence that (1) PAG knew of the '204 patent, (2) end-users of PAG's battery pack[ were] urged by PAG to use [it] with Anton/Bauer mounts, and (3) very few, if any, 'female plates' disclosed in [one of Anton/Bauer's expired patents] exist[ed] in the marketplace." Id.
205 Id. at *10. In deciding in Anton/Bauer's favor, the court also found that Anton/Bauer would endure "irreparable harm" without an injunction, and that there was no "public interest" that should prevail over the grant of an injunction. Id.
206 See Anton/Bauer, 329 F.3d at 1343. It must be noted that the CAFC's decision to grant Anton/Bauer's motion for a preliminary injunction was not directed to the merits of Anton/Bauer's contributory and inducement of infringement claims, but primarily as to the "likelihood of Anton/Bauer's success on the merits" of those claims. Id. at 1348-53 (emphasis added). The Supreme Court has stated that

[the] purpose of a preliminary injunction is merely to preserve the relative positions of the parties until a trial on the merits can be held. . . . [Moreover,] the findings of fact and conclusions of law made by a court granting a preliminary injunction are not binding at trial on the merits.

Univ. of Tex. v. Camenisch, 451 U.S. 390, 395 (1981). However, it seems likely that the nature of such a decision, if based on a sufficiently in-depth analysis of the evidence, could foreshadow difficulty for Anton/Bauer in succeeding on the merits of its claims at trial. See JOHN F. DOBBIN, INJUNCTIONS IN A NUTSHELL 179 (1974) (stating that "generally evidence offered [in the course of injunction proceedings] may be considered as evidence going to the merits of the case for purposes of the final decision"). But cf. Bursten v. Phillips, 351 F.2d 616 (9th Cir. 1965) (stating that "the findings made on motion for preliminary injunction, even though they relate, in whole or in part, to issues going to the merits of the case, are not determinative of those issues at trial").

207 Anton/Bauer, 329 F.3d at 1347.
208 Id. at 1349.
209 Id. On appeal, the court did not address the doctrine of permissible repair "[i]n light of [its] disposition of [the] case and in light of the fact that the parties both [took] the position that [it did] not apply [to the] case." Id. n.2. See also supra text accompanying note 34 (offering a possible explanation as to why both parties, as opposed to just PAG, might have taken such a position).
license.”210 The court read Univis to “suggest that an implied license stems from the exhaustion of a patent right.”211 Thus, when Anton/Bauer sold its “unpatented female plate,” the sale constituted “a complete transfer of the ownership of the plate.”212 Moreover, “the sale extinguished Anton/Bauer's right to control the use of the plate, because the plate [could] only be used in the patented combination, and the combination must be completed by the purchaser.”213

The court then addressed PAG's implied license contention.214 Relying on the two-part equity-implied license analysis that it developed in Bandag, the court found that both elements were satisfied as to Anton/Bauer's female plate.215 First, the parties agreed that there were no noninfringing uses for Anton/Bauer's female plate.216 The court concluded that “Anton/Bauer place[d] on the market one component of a patented combination that [had] no other use than to complete the patented combination with a second unpatented component.”217 Second, the court found that “sales of the female plate [were] authorized sales to Anton/Bauer[s] customers” and that Anton/Bauer did not “place[] express restrictions on the use of the female plates it sold,” either as to manufacturers who integrated the plate into their products or the consumers who purchased those products.218 As a result of its findings, the court concluded that by selling its female plate alone, Anton/Bauer's customers were granted an “implied license to practice the patented combination during the life of the female plate.”219 Therefore, because “there [was] no direct infringement,” there was no “support [for] a claim of either inducement of infringement or contributory infringement.”220

The court then addressed several of Anton/Bauer's ultimately unpersuasive arguments.221 First, the court stated that “when a female plate is purchased from Anton/Bauer, the purchaser receives an implied license to practice the claimed invention . . . regardless of when [or from which party] a male plate [was] acquired.”222 However, the court noted that “no license is granted to use the patented combination upon purchase of [PAG's] battery pack and no infringement by PAG occurs due to the sale.”223 Second, the court stated that “Anton/Bauer could have, if novel,” patented its plates individually, or it could have sold the plates “together as

210 Anton/Bauer, 329 F.3d at 1349–50.
211 Id.
212 Id. at 1351.
213 Id.
214 Id. at 1350, 1351. Citing Met-Coil Systems Corp. v. Korners Unlimited, Inc., 803 F.2d 684, 686 (Fed. Cir. 1986), the first CAFC case to rely on the Bandag equity-implied license analysis, the court stated that “[a] patentee grants an implied license to a purchaser when (1) the patentee sells an article that has no noninfringing uses and (2) the circumstances of the sale plainly indicate that the grant of a license should be inferred.” Anton/Bauer, 329 F.3d at 1350.
215 Id. at 1351.
216 Id. at 1351.
217 Id.
218 Id.
219 Id. at 1351, 1352.
220 Id.
221 Id. at 1351–53.
222 Id. at 1352.
223 Id.
the patented combination.” Finally, the court stated that its decision did not “obviate the applicability of the contributory infringement doctrine in every case. Rather, it merely limit[ed] a patentee’s ability to assert contributory infringement where the patentee has chosen to sell part, but not all, of its patented combination.” As a result of finding that Anton/Bauer would likely fail on the merits of its claims, the court concluded that it need not factor “irreparable harm” or “public interest” considerations into its decision to reverse the district court and repeal Anton/Bauer’s preliminary injunction against PAG.

C. Ignoring the Teachings in Dawson, Anton/Bauer Divided the Baby

This section will compare the Supreme Court’s articulation of the § 271(c) monopoly right in Dawson to the CAFC’s finding in Anton/Bauer. It will be argued that the CAFC’s implied license analysis effectively denied Anton/Bauer’s § 271(c) monopoly right as to its unpatented male plate.

1. A Threshold Matter: Whether a Patent Misuse Defense is Raised is Immaterial to a § 271(c) Analysis

In Dawson, the Supreme Court’s primary focus was on whether Rohm & Haas misused its patent. In Anton/Bauer, PAG did not raise the defense of patent misuse. However, the fact that PAG did not raise such a defense should not have precluded from the Anton/Bauer decision the application of the § 271 analysis developed by Supreme Court in Dawson. Rather, regardless of the defenses that PAG presented, the CAFC should have embarked on the analysis necessary to recognize Anton/Bauer’s § 271(c) monopoly right as to both the male and female plate components of its patented combination.

Sections 271(c) and 271(d) do not always stand alone in their statutory operation. “The limitations on contributory infringement written into § 271(c) are counterbalanced by limitations on patent misuse in § 271(d).” Yet, even where no defense of patent misuse is claimed, the provisions of § 271(c) still operate independently to confer the right to control unpatented articles that fall under the rubric of that section. Indeed, the counterbalancing provisions of § 271(d) only become significant when the defense of patent misuse is raised; § 271(d) simply lists those activities that do not qualify as misuse.

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221 Id. at 1352–53.
222 Id. at 1353.
223 Id.
224 Dawson Chem. Co. v. Rohm & Haas Co., 448 U.S. 176, 187 (1980). Dawson claimed that Rohm & Haas misused its patent either by (1) refusing to grant a license to Dawson, or by (2) linking the use of its patented process to the purchase of only that propanil which Rohm & Haas had manufactured. Id.
225 See Anton/Bauer, 329 F.3d 1343.
226 See Dawson, 448 U.S. at 201.
227 Id. (emphasis added).
228 Id.
Regardless of the defenses that PAG put forth, the *Anton/Bauer* decision simply failed to address strong indications that both components in Anton/Bauer's patented combination individually fell under the protection of § 271(c). Rather than addressing that issue, the CAFC found that PAG was saved from contributory infringement liability by the doctrine of implied license.\(^{232}\) But, the absence of any § 271(c) analysis as to the components of Anton/Bauer's patented combination suggests that the doctrine of implied license was applied blindly.\(^{233}\) If an implied license is to be found at all, whether a § 271 monopoly right exists must be determined as a necessary link in the analytical chain. Without such a determination, the doctrine of implied license simply destroys the § 271 monopoly right, the very same right that should have precluded the doctrine from affecting the outcome of *Anton/Bauer*.

2. The Bandag Equity-Implied License Analysis Fails to Account for the § 271(c) Monopoly Right

In *Dawson*, the Supreme Court relied on the *Univis* exhaustion-implied license analysis to find that Rohm & Haas' customers had an implied license to use Rohm & Haas' propanil to practice its patented process.\(^{234}\) Yet, because propanil was the sole component of the patented process, the conferral of an implied license to its customers did not sever Rohm & Haas' § 271(c) monopoly right as to the propanil: Rohm & Haas received full remuneration for its propanil upon selling it. In addition, because it was the only component of the patented process, payment for the propanil also served as payment for a license, albeit an implied license, to use the patented process. Thus, because of propanil's unique status as the only element necessary to

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\(^{232}\) *Anton/Bauer*, 329 F.3d at 1350–53.

\(^{233}\) It could be argued that the court in *Anton/Bauer* assumed the applicability of § 271(c) to the female plate but dispensed with a § 271(c) analysis as to that component after finding that upon making authorized sales of its female plates, Anton/Bauer parted with its § 271(c) monopoly right under the terms of the expanded exhaustion doctrine. *Id.* at 1349–51. However, no such exhaustion can be said to have occurred as to the male plate. See *id.* As a result, a § 271(c) analysis should have been performed as to that component. Yet, because it lacked such an analysis, the court's finding of an implied license to practice the patented combination unceremoniously (or "blindly") severed Anton/Bauer's almost certain § 271(c) monopoly right as to its male plate and handed the remnants to PAG.

\(^{234}\) *Dawson*, 448 U.S. at 186. "The parties agree . . . that farmers who buy propanil from Rohm & Haas may use it, without fear of being sued for direct infringement, by virtue of an 'implied license' they obtain when Rohm & Haas relinquishes its monopoly by selling the propanil." *Id.* Although the parties stipulated to that effect, the Court cited *Univis*, United States v. Univis Lens Co., 316 U.S. 241 (1942), as standing for that proposition, *Dawson*, 448 U.S. at 186. See also *Met-Coil Sys. Corp. v. Korners Unlimited, Inc.* 628 F. Supp. 130, 133 (W.D. Pa. 1986) (finding that *Univis* "dealt with [an] implied license to complete an uncompleted article"). But see *LG Elecs.*, Inc. v. *Asustek Computer*, Inc., 65 U.S.P.Q. 2d (BNA) 1589, 1597–98 (N.D. Cal. 2002) (rejecting the plaintiff's contention "that *Univis* must be analyzed as an implied license case").

In *Dawson*, the Court's reliance on the *Univis* standard perhaps resulted from the fact that the number of elements required to practice the patented methods in those cases was identical. *Dawson*, 448 U.S. at 181–82. 186: *Univis*, 316 U.S. at 248–49. Similar to Univis' patented finishing process, which required only a single component (an unpatented lens blank), *Univis*, 316 U.S. at 248–49, only a single component was required to practice Rohm & Haas' patented method of exterminating weeds (an unpatented chemical, propanil). *Dawson*, 448 U.S. at 181–82.
practice the patented process, whenever propanil was sold, Rohm & Haas was compensated for its entire patent monopoly.

However, in Anton/Bauer, although the CAFC cited Univis for the contention that Anton/Bauer exhausted its rights to control its female plate upon selling that device,235 the case was decided with the CAFC’s equity-implied license analysis.236 The origins of that analysis can be traced to Bandag, where the CAFC decided that an alleged infringer did not have an implied license to practice a patented process.237 Unlike the Univis analysis as applied to those patented processes that may be fully practiced using only a single key element, the Bandag analysis, when applied to patented combinations, fails to account for the possibility that each component of the scrutinized combination is subject to a § 271(c) monopoly right on an individual basis.238

First, the Bandag analysis mandates that the component at issue must not have any “noninfringing uses.”239 But, by definition, if a component falls under the protection of § 271(c), and is thus subject to a § 271(c) monopoly right, that component will never have any noninfringing uses.240 The fact that a component has no noninfringing uses, however, does not guarantee the protection provided by § 271(c); rather, such a determination serves to satisfy only one of several conditions that will make a component subject to a § 271(c) monopoly right.241 Second, the Bandag analysis mandates that the circumstances of the sale should give rise to an inference that a license should be granted.242 In Anton/Bauer, the court found such circumstances because Anton/Bauer failed to place express restrictions on its female plates when sold.243 However, like the propanil in Dawson, which had no other use but in practicing Rohm & Haas’ patented process,244 it was not unreasonable for

235 Anton/Bauer, 329 F.3d at 1351. The court stated that Anton/Bauer’s “sale of the unpatented female plate... [was] a complete transfer of ownership of the plate. In effect, the sale extinguished[d] Anton/Bauer’s right to control the use of the plate, because the plate [could] only be used in the patented combination and the combination must be completed by the purchaser.” Id. Essentially, the court followed the holding in Univis on that issue. See Anton/Bauer, 329 F.3d at 1351.

236 Anton/Bauer, 329 F.3d at 1350–51. “A patentee grants an implied license to a purchaser when (1) the patentee sells an article that has no noninfringing uses and (2) the circumstances of the sale plainly indicate that the grant of a license should be inferred.” Id. at 350.

237 Bandag, Inc. v. Al Bolser’s Tire Stores, Inc., 750 F.2d 903, 924–25 (Fed. Cir. 1984). The evidence provided by [the alleged infringer] to meet [the] burden [of establishing an implied license] fails in at least two respects. First, no license can be implied, where, as here, the equipment involved has other noninfringing uses, even if only as replacement parts. ... [Second, a] mere sale does not import a license except where the circumstances plainly indicate that the grant of a license should be inferred. Id.

238 However, potential counter-arguments exist. See supra text accompanying note 233.

239 Bandag, 750 F.2d at 924.

240 See 35 U.S.C. § 271(c) (2000) (providing protection for those unpatented components of patented combinations that are, among other qualifications, “not... suitable for substantial noninfringing use”).

241 See id.

242 Bandag, 750 F.2d at 925.

243 Anton/Bauer, Inc. v. PAG, Ltd., 329 F.3d 1343, 1351 (Fed. Cir. 2003). “[T]here is no evidence that Anton/Bauer places express restrictions on the use of the female plates it sells or that it requires that manufacturers to whom it sells female plates expressly restrict the grant of a license upon sale of the finished camera product that incorporates the plate.” Id.

Anton/Bauer to eschew such restrictions for the simple reason that both of its plates likely fell under the protection of § 271(c).245 Accordingly, the problem created by the Bandag analysis is that it fails to account for the fact that each unpatented element of a patented combination might be protected by § 271(c).246 Certainly, not all elements of patented combinations qualify for such protection.247 However, as in Anton/Bauer, where each plate clearly fell under the rubric of § 271(c), there is no reason for the patentee to place express restrictions on the sale of such components because the § 271(c) monopoly right protects the patentee from competition as to both components.248

Like the Univis exhaustion-implied license analysis applied to propanil, the only circumstances under which a license should be implied to complete a patented combination are when each of those components falling under the protection of § 271(c) are purchased from the patentee. This standard insures that patentees in a similar position to Anton/Bauer—where different components of a patented invention necessarily must be sold to different customers at different points in the chain of commerce in order to make commercial distribution of the invention economically viable—are permitted to reap the benefits of their patent regardless of any product-specific limitations that may encumber its commercialization. Yet, it seems that the Anton/Bauer decision ignored any such standard and, in so doing, the CAFC penalized Anton/Bauer precisely because of such a product-specific limitation. The nature of Anton/Bauer's invention, in conjunction with Anton/Bauer's decision to sell its male and female plates separately, led the CAFC to apply the Bandag equity-implied license analysis such that the holding was contrary to that which would have been garnered if the court had applied the Univis exhaustion-implied license analysis in Dawson. The CAFC’s rigid application of the Bandag equity-implied license analysis under the factual circumstances of Anton/Bauer simply ignored the § 271(c) monopoly right that Anton/Bauer was entitled to. Consequently, the CAFC’s decision did nothing less than divide the baby.

245 Anton/Bauer, 329 F.3d at 1347 (finding that “Anton/Bauer's female plates are designed exclusively for use in the '204 patent, and [that] it [was] undisputed that their use in that combination [was] also their sole use”). Also, in its equity-implied license analysis, the CAFC determined that “Anton/Bauer place[d] on the market one component of a patented combination that [had] no other use than to complete the patent combination with a second unpatented component.” Id. at 1351. Thus, because of the “keyed” design of the parts, it seems clear that neither component—not just the female—had any use but as one half of the patented combination. See Anton/Bauer, 329 F.3d at 1351.
247 See id.
248 A counter argument to this assertion is that there may be legitimate instances where principles of equity apply such that a patentee is estopped from asserting a § 271(c) monopoly right as to certain unpatented components of his patented combination. However, in the absence of any other factors to indicate that estoppel should apply, it seems highly unreasonable that a mere failure to place restrictions on the sale of an otherwise statutorily protected component alone could indicate the requisite circumstances under which the patentee implicitly assents to parting with his § 271(c) monopoly right as to that component.
IV. PROPOSAL

The first part of this section will discuss a possible solution to the problem created by the *Bandag* equity-implied license analysis as applied in *Anton/Bauer*: the addition of an intermediate step to account for the § 271(c) monopoly right. The proposed solution is a general solution. As such, it would apply to all scenarios involving patented combinations of unpatented components where one or more of those components fall under the protection of § 271(c). The second part of this section will conclude with a brief discussion concerning how the doctrine of permissible repair might have factored into the *Anton/Bauer* decision in light of the analysis put forth in the first section.

A. A § 271(c) Analysis as an Intermediate Step in the Bandag Equity-Implied License Analysis

The *Bandag* equity-implied license analysis would more properly account for a patentee's § 271(c) monopoly right through the introduction of a § 271(c) analysis as an intermediate step. This new implied license analysis—the § 271(c)-implied license analysis—would apply in those situations where an alleged contributory infringer claimed that it was protected from contributory infringement liability as a result of an implied license: specifically, an implied license granted to the patentee's customers. Moreover, the proposed § 271(c)-implied license analysis would apply only to patented combinations where one or more of the unpatented constituents might qualify for § 271(c) protection. Finally, the unique aspect of the proposed § 271(c)-implied license test is that unless each unpatented component of a patented combination is subjected to the analysis, the test may fail to take into account the § 271(c) monopoly right and thus will yield the same result as the original *Bandag* test. This modification shifts the *Bandag* test from an invention-level analysis to a...

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249 The *Bandag* equity-implied license analysis was developed in a direct infringement case, which may explain why the § 271(c) monopoly right was left wholly absent from its analysis. Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 921–22 (Fed. Cir. 1984). As developed in *Bandag*, the equity-implied license analysis was used to ascertain whether the purchaser of components necessary to practice a patented method acquired a license as a function of the sale. *Id.* at 924–26. The CAFC determined that the expanded exhaustion doctrine developed in *Univis* did not apply to the facts of that case because the patent covered “a method of retreading [tires]” and therefore could not “read on the equipment” that the alleged infringer had used to practice the patented method. *Id.* at 924. Yet, in combination as an apparatus, the equipment that the alleged infringer had purchased could only be used to practice the patented method. *Id.* at 923–24. As a result, because the various pieces of equipment were not claimed together as a combination for practicing the patented method, the individual components of the apparatus would not have been subject to a § 271(c) monopoly right. See 35 U.S.C. § 271(c) (2000). However, the apparatus as a whole would have been subject to such a right. *See id.* (providing protection against contributory infringement as to any “material or apparatus for use in practicing a patented process”).

250 *Anton/Bauer*, 329 F.3d at 1349. “Absent direct infringement of the claims of a patent, there can be neither contributory infringement nor inducement of infringement.” (quoting Carborundum Co. v. Molten Metal Equip. Innovations, Inc., 72 F.3d 872, 876 n.4 (Fed. Cir. 1995)).
component-level analysis. As such, the proposed analysis only grants an implied license to practice a patented combination where an implied license (here, a partial implied license) is found as to each part of the combination that individually is protected under § 271(c).

In order to effectively account for the § 271(c) monopoly right as to each component of a patented combination, a § 271(c) analysis should be introduced between the first and second stages of the Bandag equity-implied license analysis. Currently, the first requirement of the Bandag analysis is that the component for which an implied license is sought must have “no noninfringing uses.” Conveniently, this requirement is nearly identical to one of the elements necessary for a component to qualify for § 271(c) protection. However, in order to achieve total identity, this element of the Bandag analysis should be changed to an inquiry of whether the component to be analyzed has “substantial noninfringing uses.” Thus, the inquiry could be answered in the affirmative, then, similar to the Bandag analysis, no implied license could be granted. However, if the inquiry could be answered in the negative, the analysis would proceed to the proposed intermediate stage where the existence vel non of a § 271(c) monopoly right would be determined.

The proposed intermediate stage of the analysis inquires as to whether the unpatented component being scrutinized is subject to the protection of § 271(c). If the § 271(c)-implied license analysis has proceeded to this second analytical stage, then the first condition necessary for § 271(c) protection has been satisfied: the component is “not . . . suitable for substantial noninfringing use.” Thus, the inquiry turns to whether the scrutinized component satisfies the remaining conditions for § 271(c) protection. First, because the § 271(c)-implied license analysis is suitable only for use with patented combinations, one condition of § 271(c) is automatically satisfied: Section 271(c) specifically provides protection for unpatented components of patented combinations. Second, the scrutinized component must be a “material part of the [patented combination].” Third, the scrutinized component must “be especially made or especially adapted for use in an infringement of [the patented

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251 See, e.g., Anton/Bauer, 329 F.3d at 1350–51 (applying the Bandag equity-implied license analysis to determine not whether an alleged infringer had a right to make and sell an unpatented component of a patented combination, but whether third parties had a right to freely practice the patented combination as whole).  
252 Id. at 1350.  
256 In Bandag, the court found that the equipment sold to the alleged infringer did have several noninfringing uses. Id. at 924–25. The court stated that “[a]lthough the minimum, to avoid infringing the [patented method, the alleged infringer] could have resold the equipment it obtained from [one of the patentee’s then terminated franchises] or on a piecemeal basis.... The possibility also existed to modify some of the equipment.” Id. However, the court did not expound upon the financial propriety of any of its suggestions for avoiding infringement. Id. at 924.  
257 The Latin phrase vel non is an expression meaning “or not” or “[o]r the absence of it.” BLACK'S LAW DICTIONARY 1552 (7th ed. 1999).  
259 Id.  
260 Id.
Finally, the scrutinized component cannot be “a staple article or commodity of commerce.”

If any one of the conditions for § 271(c) protection are not satisfied, then the scrutinized component is, of course, not protected by § 271(c), and the analysis proceeds as it otherwise would under Bandag. Specifically, the inquiry will turn to address whether the circumstances of the component’s sale give rise to an indication that a license should be inferred. If, at the conclusion of the analysis, a court determines that a given component of a patented combination is subject to an implied license, then that license should be characterized as partial. As such, only if a partial implied license is found as to each and every component of a patented combination can an implied license be found as to the combination as a whole.

However, determining that an implied license should be inferred as to a given component after it has been found not subject to § 271(c) protection is not the only path leading to a partial implied license. Even if all of the conditions necessary for § 271(c) protection are satisfied, then the inquiry will proceed in the same manner as it would if one or more of those conditions were unsatisfied—with one crucial exception. At this point in the analysis, it will have been determined that the scrutinized component falls under the protection of § 271(c). Therefore, in order to account for the patentee’s § 271(c) monopoly right as to that component, the second Bandag factor must be modified. Accordingly, the circumstances surrounding the sale of a component protected by § 271(c) will not provide a plain indication that a license

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261 Id.
262 Id.
264 This stage in the analysis will capture any component of a patented combination that does not merit § 271(c) protection. These components will likely fall into two categories. The first category is comprised of common (i.e., unpatentable) unpatented components, such as many threaded fasteners, springs or other ubiquitous mechanical parts. The second category is comprised of any patented components that may be subelements of a patented combination.

Since the first category contains components that are unpatentable, and which, therefore, likely could not qualify for § 271(c) protection, it is unlikely that any set of circumstances surrounding their sale will prevent a finding of a partial implied license as to those components. In contrast, because those components in the second category are patented, and therefore subject to protection from direct infringement under 35 U.S.C. § 271(a), the surrounding circumstances analysis will necessarily be more involved. Realistically, however, the protection afforded by § 271(a) likely will preclude a court from finding that a partial implied license should be granted as to any patented component of a patented combination. See Anton/Bauer, Inc. v. PAG, Ltd., 329 F.3d 1343, 1352–53 (Fed. Cir. 2003) (stating that if one of the two unpatented components had been patented, protection for the appellee’s patented combination would have been improved).
265 While determining whether “each and every component of a patented combination” is subject to a partial implied license might sound like a tall order, such an inquiry likely will be necessary only as to certain “crucial” components of patented combinations. Such components might include, for example, the male and female plates in Anton/Bauer, 329 F.3d at 1346–47, or patented subelements of patented combinations. In contrast, because common (i.e., unpatentable) unpatented components almost always would be subject to a partial implied license, see supra text accompanying note 264, the need to evaluate the § 271(c) status of each of those parts is largely obviated. This assumes, however, that the parties will agree that such items are truly “common” components.
should be inferred unless that component was purchased from the patentee or one of his chosen successors in interest: a grantee, express licensee, or another customer.266

Thus, if the scrutinized component is protected by § 271(c) and was purchased from the patentee or a party who has given some consideration for some amount of control over that component, this inquiry will yield a partial implied license as to that component. Importantly, the “partial” nature of the implied license is merely to facilitate a temporary analytical construction. As such, the partiality of the license will dissolve upon subjecting each component of the patented combination to the proposed test. If the circumstances surrounding the sale of each and every component are found to be appropriate in light of each component’s § 271(c) status, as determined in the proposed intermediate stage of the analysis, then the partial implied license as to each element will merge into a “full” implied license to practice the patented combination.267

B. Anton/Bauer and the Doctrine of Permissible Repair

Had the proposed §271(c)-implied license analysis been applied to Rohm & Haas’ unpatented propanil in Dawson, the result of that case would have remained the same.268 However, had the proposed analysis been utilized in Anton/Bauer, those

266 Anton/Bauer, 329 F.3d at 1352. See Dawson Chem. Co. v. Rohm & Haas Co., 448 U.S. 176, 201 (1980). One or more of the latter three terms could be used to characterize a video camera manufacturer who integrated into its products Anton/Bauer’s female plate. Anton/Bauer, 329 F.3d at 1352. Only the final term would apply to consumers who purchased those camera products. Id. While Anton/Bauer may not expressly choose those consumers, presumably, Anton/Bauer would have chosen to deal with the manufacturer of the products purchased. As a result, those consumers, too, could be considered Anton/Bauer’s successors in interest. Id. “If the original purchaser [of the female plate] is a manufacturer, then [any] implied license [that might be found as to that component] is passed on to the customer when the customer buys the camera with female plate from the manufacturer.” Id. The proposed analysis comports with that in Dawson because the purpose of § 271(c) is to provide the patentee with what amounts to a monopoly as to any unpatented component of his patented combination that falls within the statutory rubric. See Dawson, 448 U.S. at 201.

267 While it might be argued that the goal of the proposed analysis is simply to provide a method of proving the pre-determined conclusion that Anton/Bauer was decided incorrectly, such an argument would underestimate the magnitude of the CAFC’s subtle doctrinal shift in Anton/Bauer. The goal of this comment’s proposal is to highlight the necessity of modifying the CAFC’s equity-implied license analysis to account for the § 271(c) monopoly right. This right plainly exists on the face of 35 U.S.C. § 271(c) and was reinforced by the Supreme Court’s findings in Dawson. However, as applied in Anton/Bauer, the CAFC’s equity-implied license analysis simply ignored this right when it essentially “gave away” to an alleged infringer the rights to sell a key component of Anton/Bauer’s patented combination. See Anton/Bauer, 329 F.3d at 1351.

268 See Dawson, 448 U.S. 176. Specifically, the proposed analysis would have found Dawson nonetheless to be liable for contributory infringement of Rohm & Haas’ patented process. If the proposed analysis is applied to the propanil in Dawson, an unpatented component of a patented process, the test produces essentially the same result as the Univis exhaustion-implied license analysis relied upon in Dawson. See Dawson, 448 U.S. at 186.

First, Rohm & Haas’ propanil had no noninfringing uses, substantial or otherwise. Id. at 185–86; 35 U.S.C. § 271(c) (2000). Second, § 271(c) specifically provides protection for unpatented “material[s] . . . for use in practicing a patented process,” such as propanil. Dawson, 448 U.S. at 182. Third, because propanil was the only active element of Rohm & Haas’ herbicidal process, it
customers who purchased from Anton/Bauer only one of the plates necessary to practice the patented combination would not have had an implied license to complete the combination with a non-Anton/Bauer plate. As a result, in the absence of any other successful defenses, PAG would have been liable for contributory infringement of Anton/Bauer’s patented combination.269

269 If the proposed analysis is applied to each of the two plates in Anton/Bauer, the test would fail to yield an implied license to practice the patented combination as to those consumers who did not buy from either Anton/Bauer or one of Anton/Bauer’s video-industry customers devices collectively containing both a male and a female plate. See Anton/Bauer, Inc. v. PAG, Ltd., 329 F.3d at 1343 (Fed. Cir. 2003). As a result, PAG’s liability for contributory infringement would ripen when those consumers directly infringed the ‘204 patent by making the patented combination. See id. at 1349.

The following example demonstrates the § 271(c)-implied analysis as applied either to Anton/Bauer’s male or female plate. Since neither has any function but to be used in combination with the other, id. at 1347, the analysis will yield the same result as to both. First, neither plate had any noninfringing uses, substantial or otherwise. Id. at 1351: 35 U.S.C. § 271(c) (2000). The fact that Anton/Bauer’s female plate could successfully be combined with PAG’s male plate does not change this conclusion. If it were otherwise, alleged contributory infringers, such as PAG, would never be found liable for contributory infringement because once such a party actually made and sold the accused component, the patentee thereafter would be unable to satisfy the final element of § 271(c); for, at that point in time, the accused component would be “suitable for substantial noninfringing use.” 35 U.S.C. § 271(c). Second, § 271(c) specifically provides protection for unpatented “component[s] of a patented . . . combination,” id., such as Anton/Bauer’s male and female plates. Anton/Bauer, 329 F.3d at 1346–47. Third, because Anton/Bauer’s male and female plates could only be used together, each constituted a “material part of the [patented combination].” Anton/Bauer, 329 F.3d at 1347: 35 U.S.C. § 271(c). The existence of the materiality element is further evidenced by the fact that in the absence of only one of the plates, the claims of the ‘204 patent could not be met. See U.S. Patent No. 4,810,204 (issued Mar. 7, 1989), available at http://patft.uspto.gov/netehml/ srchnum.htm (last visited Jan. 30, 2004). Fourth, while PAG did not directly admit that its male plate was “especially made or especially adapted for use in an infringement of” Anton/Bauer’s patented combination, it did concede that when its male plate was placed with Anton/Bauer’s female plate, “all of the limitations of the claims of the ‘204 patent” were satisfied. Anton/Bauer, 329 F.3d at 1347: 35 U.S.C. § 271(c). Finally, because both plates had no other use except in combination with each other, it is unlikely that the CAFC could have found either to be “a staple article or commodity of commerce.” Anton/Bauer, 329 F.3d at 1347: 35 U.S.C. § 271(c). Thus, the proposed analysis yields
However, if PAG had been cognizant of the proposed analysis, perhaps it would have chosen to put forth a more involved defense based upon the doctrine of permissible repair. Yet, even if the Anton/Bauer court had been called to address such a defense, PAG nonetheless would have been liable for contributory infringement because any male plates that PAG supplied to consumers would have led to an “impermissible reconstruction” of Anton/Bauer’s patented combination.

V. CONCLUSION

Whether any of the various analytical paths discussed in this comment can lead to an implied license depends upon the unique facts of individual cases. However, as applied in Anton/Bauer, the Bandag equity-implied license deprived Anton/Bauer of the right to enforce its rights under § 271(c) as to the unpatented male plate component of its patented combination. Moreover, Anton/Bauer lost its monopoly as to the manufacturing and sale of its patented combination.

The solution articulated in this comment provides a way for courts to augment their equity-implied license analyses. In the absence of such a solution, the day may come when the CAFC finds that “the grant of a license to practice a patented combination may be inferred from the sale of any part (no matter how minor) of [a patented] combination.” After Anton/Bauer, an alleged infringer—like the nefarious false mother of the parable—has every reason to advocate that a contributory infringement suit be resolved in the same harsh way that King Solomon so wisely eschewed: by dividing the baby. However, in light of the solution presented in this comment, there is at least a glimmer of hope that King Solomon’s wisdom will be an integral part of future judicial decisions involving the doctrine of contributory infringement and the modern baby, the § 271(c) monopoly right.

the conclusion that Anton/Bauer’s male and female plates were protected by § 271(c) and were thus subject to respective § 271(c) monopoly rights.

As for the last element of the § 271(c)-implied license analysis, exclusive customers of Anton/Bauer would be granted an implied license to practice the patented combination because (1) the circumstances of those sales necessarily indicate that both plates were purchased from either Anton/Bauer or one of its video-industry customers, and (2) the result of the analysis would supply Anton/Bauer’s customers with a “partial” implied license as to each plate. Yet, because in this scenario a partial implied license attaches to both the male and the female plate (the only components necessary to fully practice the patented combination) each partial license would combine to yield a fully ripened implied license. Therefore, exclusive customers of Anton/Bauer would be permitted to practice the patented combination. Finally, this result is no different than that which the Univis exhaustion-implied license analysis would have provided in Dawson if Rohm & Haas’ patented process had required the use of not just one, but two chemicals, providing that both chemicals, like propanil, would have qualified individually for protection under § 271(c).

271 Id. at 345–46.
272 Already, methods to avoid the practical implications of the Anton/Bauer decision are being devised. See Christopher D. Joslyn, The Impact of the Patent Exhaustion and Implied License Doctrines on License Negotiations, 10 No. 1 INTELL. PROP. STRATEGIST 3 (2003) (providing suggestions as to how patent licenses may be drafted to avoid the risks posed by the Anton/Bauer decision).
273 Anton/Bauer, 329 F.3d at 1352 n.3.