
NOTE

License to Collude: Patent Pools, the Patent Misuse Doctrine, and *Princo*

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INTRODUCTION

The goal behind laws granting patent monopolies is one of the clearest in American jurisprudence: to promote the progress of science and the useful arts.¹ Despite the Founding Fathers' aversion to monopolies, they recognized that patents could advance innovation and benefit the public, which justified including an explicit grant of a monopoly in the Constitution.² However, the power of a patent monopoly is strong and patent holders may abuse such power for personal gain.³ Thus, the patent misuse doctrine arose as an equitable tool to police abuse of patent monopoly power.⁴

Courts have consistently applied patent misuse to certain kinds of anticompetitive behaviors.⁵ For example, extending a patent's term or

¹ U.S. CONST. art. I, § 8, cl. 8; EDWARD C. WALTERSCHEID, *TO PROMOTE THE PROGRESS OF USEFUL ARTS: AMERICAN PATENT LAW AND ADMINISTRATION, 1798-1836*, at 56-57 (1998); Letter from James Madison to Thomas Jefferson (Oct. 17, 1788), *reprinted in* 1 *THE REPUBLIC OF LETTERS* 566 (James Morton Smith ed., 1995).

² *Graham v. John Deere Co.*, 383 U.S. 1, 5-10 (1966) (noting that constitutional patent grant is both power and limitation and highlighting Thomas Jefferson's aversions to monopolies but recognition of need for encouragement to invent); BRUCE W. BUGBEE, *THE GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW* 166 n.5 (1967); James Madison, *Monopolies, Perpetuities, Corporations, Ecclesiastical Endowments*, in *Aspects of Monopoly One Hundred Years Ago*, *HARPER'S MAG.*, Mar. 1914, at 489 (published posthumously) ("Monopolies tho' in certain cases useful ought to be granted with caution, and guarded with strictness agst abuse. The Constitution of the U.S. has limited them to two cases, the authors of books, and of useful inventions, in both which they are considered as compensation for a benefit actually gained to the community as a purchase of property which the owner might otherwise withhold from public use.").

³ *See Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 666 (1944) (explaining how without limits patents can be readily manipulated for economic control); Joe Potenza et al., *Patent Misuse — The Critical Balance, a Patent Lawyer's View*, 15 *FED. CIR. B.J.* 69, 71 (2005) (noting that courts should use the patent misuse doctrine to protect the balance between the constitutional grant of patent monopolies and the incentive to invent and disclose inventions). *But see* *Ill. Tool Works Inc. v. Indep. Ink, Inc.*, 547 U.S. 28, 45 (2006) (holding that market power will not be presumed with possession of patent, thus increases probability of satisfying misuse exception with tying).

⁴ *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 516 (1917) (holding that the patentee of a moving picture machine could not limit machine purchasers to use of the patentee's films or to other restrictions); Mark A. Lemley, *The Economic Irrationality of the Patent Misuse Doctrine*, 78 *CALIF. L. REV.* 1599, 1608-13 (1990) (describing the history of the patent misuse doctrine as a common law equitable affirmative defense to infringement and noting the key feature of the doctrine includes benefit to any infringer); *cf.* *Henry v. A.B. Dick Co.*, 224 U.S. 1, 53 (1912) (White, J., dissenting) (criticizing majority's allowance of patentee to expand the right beyond that granted by statute).

⁵ *Carbice Corp. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 33-34 (1931) (holding

requiring the purchase of nonpatented items with a patented item is patent misuse.⁶ However, because of congressional action and increasingly complicated business arrangements, determining precisely what behaviors qualify as misuse continues to challenge the courts.⁷

Princo Corp. v. ITC highlights the difficulties courts experience in applying the patent misuse doctrine. The Federal Circuit in *Princo* examined the scope of the patent misuse doctrine in the context of complicated business arrangements known as patent pools.⁸ Patent pools are a long-used, but increasingly popular business arrangement in which a number of players in a particular industry contribute patents covering their technologies to a pool.⁹ All pool-members may then use these technologies, following particularized licensing agreements, without the threat of infringement.

In *Princo*, Princo Corp. (“Princo”) accused U.S. Philips Corp. (“Philips”) of patent misuse for impermissibly using the power of one patent to suppress another patent of a member of a patent pool.¹⁰ The patent pool included two competing technologies, one developed by Philips and another by Sony, but licensing agreements of the pool to manufacturers did not allow use of the Sony technology.¹¹ Philips

that tying an unpatented nonstaple article of dry ice to a patented refrigeration method was an attempt to exclude competitors and constituted an unreasonable use of the patent); *Va. Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1997) (noting that *per se* patent misuse includes tying arrangements and extension of patent terms by requiring post-expiration royalties); *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 704, 708-09 (Fed. Cir. 1992) (noting that price fixing and tying restrictions accompanying the sale of patented goods is *per se* illegal but that field-of-use restrictions are not necessarily patent misuse); *USM Corp. v. SPS Tech., Inc.*, 694 F.2d 505, 510 (7th Cir. 1982) (discussing resale price maintenance, tying, requiring royalties beyond patent term, and calculating royalties on patented items by sales of unpatented end products as patent misuse); *Compton v. Metal Prods., Inc.*, 453 F.2d 38, 44-45 (4th Cir. 1971) (holding that patentee’s restriction of manufacture or sale of equipment related to licensed product for royalty term was impermissible tying and patent term extension); *see also* *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1372 (Fed. Cir. 1998) (holding that patent misuse includes tying, enforced package licensing or price restraints, and extended royalty terms).

⁶ *Princo Corp. v. Int’l Trade Comm’n*, 616 F.3d 1318, 1327 (Fed. Cir. 2010).

⁷ Robert P. Merges, *Intellectual Property and the Costs of Commercial Exchange: A Review Essay*, 93 MICH. L. REV. 1570, 1573-74 (1995).

⁸ *Princo*, 616 F.3d at 1322-23.

⁹ *See* U.S. DEP’T OF JUSTICE & FED. TRADE COMM’N, ANTITRUST ENFORCEMENT AND INTELLECTUAL PROPERTY RIGHTS: PROMOTING INNOVATION AND COMPETITION 57 (2007), available at <http://www.justice.gov/atr/public/hearings/ip/222655.htm>.

¹⁰ *Id.* at 1323-25.

¹¹ *Id.* at 1322.

contended that the suppression of the Sony patent was required to uphold an industry standard.¹² However, Princo argued in response that Philips deliberately included but did not license the Sony patent in the pool to remove it from competing with its own patents, and that this is impermissible misuse.¹³ The Court of Appeals for the Federal Circuit applied the patent misuse doctrine narrowly and found no misuse.¹⁴ The Federal Circuit narrowed the patent misuse doctrine to include only limited behaviors previously recognized as patent misuse.¹⁵

This Note argues that the *Princo* court erred in narrowing the patent misuse doctrine by improperly applying Supreme Court precedent and conducting improper statutory construction.¹⁶ Part I describes patent pools and the patent misuse doctrine's intersection with antitrust law, and orients *Princo* within relevant case law.¹⁷ Part II discusses *Princo*'s background, procedural history, holding, and dissenting opinion.¹⁸ Part III argues that *Princo* erred by limiting the patent misuse doctrine's applicability.¹⁹ First, *Princo* inappropriately relied on antitrust law in direct contravention of Supreme Court and Federal Circuit precedent.²⁰ Second, *Princo* impermissibly expanded § 271(d) of the Patent Act to include behaviors the statute was not intended to encompass.²¹ Third, the *Princo* court's allowance of technology suppression defeats the constitutional goals of patent protection.²² Given these arguments, the Supreme Court should apply fundamental patent law principles to find that technology suppression in any licensing agreement amounts to patent misuse and thus reverse the Federal Circuit's decision.²³

¹² *Id.* at 1323-25.

¹³ Corrected Princo Corp. and Princo America Corp.'s Response to Philips' Petition for Rehearing En Banc at 2-5, *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318 (Fed. Cir. 2010) (No. 2007-1386).

¹⁴ *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318, 1340 (Fed. Cir. 2010).

¹⁵ *Id.* at 1331-40.

¹⁶ *See infra* Part III.

¹⁷ *See infra* Part I.

¹⁸ *See infra* Part II.

¹⁹ *See infra* Part III.

²⁰ *See infra* Part III.A.

²¹ *See infra* Part III.B.

²² *See infra* Part III.C.

²³ *See infra* Part III.

I. BACKGROUND

The patent misuse doctrine arose in the late 1800s to prevent patent holders from extending their monopolies beyond a patent's scope.²⁴ The doctrine was predominantly used as a defense to patent infringement.²⁵ Judicial rulings and congressional action caused the doctrine's scope to expand and contract over time. Courts have asserted that the patent misuse doctrine is a separate area of law from antitrust laws and thus implicates different goals and relies on different precedent.²⁶ Congressional action, while establishing exemptions to the doctrine, such as allowing product tying to those without market power, has not limited the patent misuse doctrine's scope beyond these codified exemptions.²⁷ Thus, while the scope of the misuse doctrine has changed over time and continues to be debated and modified, its doctrinal distinctness from antitrust is maintained.²⁸

A. *The Patent Misuse Doctrine*

Patent misuse began as an affirmative defense to patent infringement claims based on the tort doctrine of unclean hands.²⁹ Following doctrine from English Chancery courts, courts may not grant relief when the party seeking relief violates an equitable principle of fairness or justice, and therefore has "unclean hands."³⁰ In the patent infringement context, courts must deny relief for patent infringement

²⁴ Robin C. Feldman, *The Insufficiency of Antitrust Analysis for Patent Misuse*, 55 HASTINGS L.J. 399, 403 (2003) (noting that defendants saw the abuse of patent monopolies as end-runs around incipient antitrust laws).

²⁵ ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 366 (5th ed. 2010); Feldman, *supra* note 24, at 403 (noting that three types of early suits invoked misuse: antitrust violations, breach of contract, and defenses to infringement).

²⁶ Feldman, *supra* note 24, at 403-04; Potenza et al., *supra* note 3, at 69, 73. See *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318, 1329 n.2.

²⁷ 35 U.S.C. § 271 (2000); *Princo*, 616 F.3d at 1350-51 (Dyk, J., dissenting); Feldman, *supra* note 24, at 400.

²⁸ *Princo*, 616 F.3d at 1329 n.2; *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 668 (Fed. Cir. 1986); See Lemley, *supra* note 4, at 1614-20.

²⁹ Potenza et al., *supra* note 3, at 69, 75 (noting that the equitable doctrine of unclean hands is the basis for patent misuse and predates the Sherman Antitrust Act); see *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 186 (1980) (noting petitioner's defense that Rohm & Haas had unclean hands); *Morton Salt Co. v. G.S. Suppiger, Co.*, 314 U.S. 488, 492-494 (1942) (linking patent misuse to the unclean hands equitable doctrine); Lemley, *supra* note 4, at 1608-13.

³⁰ BLACK'S LAW DICTIONARY 286 (9th ed. 2009).

if the complaining party has unclean hands from impermissibly expanding its patent grant.³¹ Accordingly, being guilty of patent misuse by impermissibly expanding a patent grant can result in a patent owner's losing the right to sue for infringement.³²

The first prominent patent misuse case was *Motion Picture Patents Co. v. Universal Film Manufacturing Corp.*³³ In *Motion Picture Patents*, the Supreme Court found patent misuse after the plaintiff required that purchasers of its patented film equipment also buy its films, an activity known as "tying."³⁴ The Court held that tying a nonstaple item to a patented item constituted an impermissible use of a patent monopoly.³⁵ The Court's finding relied on patent law policy goals, not antitrust law, which limited the patent holder's rights to the patented invention.³⁶

A series of Supreme Court cases following *Motion Picture Patents* expanded the interpretation of what constituted misuse to defeat patent infringement claims and attempted to define the parameters of the doctrine more clearly.³⁷ For example, *Morton Salt v. Suppiger* explicitly held that patent misuse does not require antitrust violations and emphasized the patent goal of promoting innovation.³⁸ The Court noted that asserting a patent in an infringement suit further validates the patent and should not be allowed if the patent itself is misused.³⁹ They held this to be the case even if the defendant in the infringement suit was not subject to the alleged behavior underlying the charge of

³¹ *Id.*; see, e.g., *Morton Salt*, 314 U.S. at 492-94 (granting infringers the right to assert patent misuse as defense to infringement and grounding patent misuse in the equitable concepts of clean hands and public policy).

³² DONALD S. CHISUM, CHISUM ON PATENTS § 19.04 (2010).

³³ *Motion Picture Patents Co. v. Universal Film Mfg. Corp.*, 243 U.S. 502, 516 (1917).

³⁴ *Id.* at 506-07.

³⁵ *Id.* at 518.

³⁶ *Id.* at 516, 519; see Feldman, *supra* note 24, at 406-07. See generally Feldman, *supra* note 24, at 409 (noting that *Motion Picture Patents* was Court's first attempt to reconcile patent and antitrust law).

³⁷ *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 140 (1969); *Mercoird Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 666 (1944); *Morton Salt Co. v. G.S. Suppiger, Co.*, 314 U.S. 488, 491-494 (1942); *Leitch Mfg. v. Barber Co.*, 302 U.S. 458, 459-63 (1938); *Carbice Corp. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 28-35 (1931).

³⁸ *Morton Salt*, 314 U.S. at 494; see Feldman, *supra* note 24, at 411 (noting that the *Morton Salt* Court's allowance of plaintiff standing that would not have been possible under antitrust law demonstrated an extension of patent misuse beyond antitrust).

³⁹ *Morton Salt*, 314 U.S. at 493-94.

patent misuse.⁴⁰ In *Carbice Corp. v. American Patents Development Corp.*, the Court applied the misuse doctrine to police increasingly complex behaviors under the patent grant.⁴¹ Notably, the Supreme Court upheld the foundational patent law doctrines as promoting innovation.⁴²

The Federal Circuit has also ruled on the question of patent misuse.⁴³ While the Federal Circuit both expanded and contracted the patent misuse doctrine, the court consistently based patent misuse in patent law.⁴⁴ The court acknowledged the balance between granting monopolies and the promotion of invention inherent in the constitutional mandate for a patent grant.⁴⁵

⁴⁰ *Id.* at 492-94.

⁴¹ *Carbice*, 283 U.S. at 29-36 (rejecting the charge of contributory infringement by a tied product competitor under the assertion of implied use of a patented invention).

⁴² *Zenith Radio*, 395 U.S. at 140; *Mercoïd*, 320 U.S. at 665-68; *Morton Salt*, 314 U.S. at 492-94.

⁴³ *See, e.g.*, *Monsanto Co. v. McFarling*, 363 F.3d 1336 (Fed. Cir. 2004) (holding that the licensing requirement preventing replanting of second-generation seeds did not constitute impermissible tying of the second-generation to patented first-generation seeds); *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340 (Fed. Cir. 1998) (holding that anticompetitive or even wrongful commercial behavior does not necessarily constitute patent misuse); *Va. Panel Corp. v. MAC Panel Co.*, 133 F.3d 860 (Fed. Cir. 1997) (holding that sending infringement notices to potential infringers did not impermissibly expand the scope or time of a patent grant); *B. Braun Med., Inc. v. Abbott Labs., Inc.*, 124 F.3d 1419 (Fed. Cir. 1997) (holding that the lower court erred in instructing the jury to find misuse with any restrictions on sales of product); *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 707 (Fed. Cir. 1992) (holding that notices for “single use only” of a patented device did not constitute misuse); *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 668 (Fed. Cir. 1986) (holding that tying of an unpatented machine to a patented process was misuse); *Windsurfing Int'l v. AMF, Inc.*, 782 F.2d 995, 1001-02 (Fed. Cir. 1986) (holding that requiring acknowledgement of trademarks when licensing a patented windsurfer was not misuse because actions did not have anticompetitive effect).

⁴⁴ *See* *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318, 1329 n.2 (Fed. Cir. 2010); *C.R. Bard*, 157 F.3d at 1372; *B. Braun*, 124 F.3d at 1426; *Mallinckrodt*, 976 F.2d at 703-04; *Senza-Gel*, 803 F.2d at 665 (stating that the court was bound to adhere to existing Supreme Court guidance in the area until otherwise directed by Congress or by the Supreme Court).

⁴⁵ *Potenza et al.*, *supra* note 3, at 69, 81 (noting that although the courts' scope of a patent grant has been a swinging pendulum, courts have nonetheless acknowledged that misuse implicates policy considerations relating to patent grants). *See generally* *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-51 (1989) (noting that patents encourage creation and disclosure of new, useful, and nonobvious technological advances in return for the exclusive right to practice the invention for a limited time); *Mercoïd*, 320 U.S. at 665-66 (holding that the patent monopoly grant is limited and cannot exceed the public purpose of promoting science and the useful arts).

Despite its acknowledgement of the doctrine's grounding in patent law, however, the Federal Circuit has increasingly relied on concepts from antitrust law to rule on misuse.⁴⁶ The most notable case in which the Federal Circuit required evidence of anticompetitive behavior for finding patent misuse was *Windsurfing International, Inc. v. AMF, Inc.*⁴⁷ The court held that requiring a licensee to acknowledge the validity of the patentee's trademarks does not restrain competition in the relevant market.⁴⁸ This lack of competition led the court to conclude that there was no misuse, given the court's requirement that misuse must include impermissible broadening of the patent grant "with anticompetitive effect."⁴⁹ *Windsurfing* demonstrates the court's application of antitrust doctrines to patent misuse. It first determines that the license is not *per se* anticompetitive and then applies the factual analysis of the "rule of reason" from antitrust law to determine if the behavior unlawfully restrained competition in the relevant market.⁵⁰ Although the court retreated somewhat from *Windsurfing's* holding in later decisions, the Federal Circuit continues to apply doctrines from antitrust law in the determination of patent misuse.⁵¹

⁴⁶ See, e.g., *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318, 1331, 1353 (Fed. Cir. 2010) (Dyk, J., dissenting); *Monsanto*, 363 F.3d at 1341 (holding that if *per se* misuse is not found, misuse can only be found under a rule of reason analysis); *C.R. Bard*, 157 F.3d at 1373 (holding that the patent misuse doctrine is restricted to a handful of specific practices and does not encompass general "wrongful" behavior); *Va. Panel*, 133 F.3d at 869 (citing antitrust laws and holding that if a practice is not declared *per se* misuse or *per se* not misuse, it must be analyzed using the rule of reason); *B. Braun*, 124 F.3d at 1426-27 (holding that lower the court erred instructing jury to find misuse with any restrictions on sales of product and on remand must use the rule of reason); *Mallinckrodt*, 976 F.2d at 707 (holding that actions that are not *per se* violations of a patent must be decided using the rule of reason); *Windsurfing*, 782 F.2d at 1001 (holding that requiring the acknowledgement of trademarks when licensing a patented windsurfer was not misuse because the actions did not have anticompetitive effect).

⁴⁷ *Windsurfing*, 782 F.2d at 1001.

⁴⁸ *Id.* at 1002 (noting that because trademark rights have procompetitive effects, under only the most rare of circumstances could this assertion, separately or in a license, form the basis of patent misuse).

⁴⁹ *Id.* at 1001.

⁵⁰ *Id.* at 1001-02.

⁵¹ *Id.*; see *Monsanto*, 363 F.3d at 1341 (holding that if *per se* misuse is not found, misuse can only be found under a rule of reason analysis); *Va. Panel*, 133 F.3d at 868-69; *B. Braun*, 124 F.3d at 1426-27; *Mallinckrodt*, 976 F.2d at 707; Feldman, *supra* note 24, at 419-23. *But see* *Senza-Gel v. Seiffhart*, 803 F.2d 661, 668 (holding that the patentee's act may constitute patent misuse without rising to the level of antitrust violation).

B. *Congressional Action Limiting the Patent Misuse Defense*

Congress acted twice to limit the applicability of the patent misuse affirmative defense, resulting in § 271(d)(1)-(5) of the Patent Act.⁵² Both enactments codified exemptions to the patent misuse doctrine.⁵³ In 1952, Congress overhauled the Patent Act by adding § 271(d)(1)-(3).⁵⁴ The added provisions exempted three types of behavior from patent misuse — charging royalties, licensing, and suing for infringement — and thereby provided greater protection for patent holders.⁵⁵ Under the 1952 exemptions, patent owners can derive revenue from other sources using their patented inventions such as licensing their patents and enforcing their patent rights against infringers.⁵⁶

In 1988, Congress codified the Supreme Court holding in *Dawson Chemical Co. v. Rohm & Haas Co.* in § 271(d)(4)-(5).⁵⁷ In *Dawson Chemical*, Rohm & Haas sued several manufacturers for infringing their patented method of applying a chemical to inhibit undesirable plants from growing in rice crops.⁵⁸ The sued companies asserted the patent misuse defense, claiming that Rohm & Haas illegally abused its patent monopoly by forcing farmers to purchase both the unpatented chemical and the patented application process.⁵⁹ The Supreme Court ultimately rejected this patent misuse defense and found patent infringement.⁶⁰ The Court construed § 271(d) as granting patent holders the right to control nonstaple goods capable only of use in a patented process as long as such goods “are essential to that invention’s advance over prior art.”⁶¹ Accordingly, the Court held that Rohm & Haas’s requirement of a licensee to also purchase a nonstaple item did not constitute patent misuse because the nonstaple items are capable of use only in Rohm & Haas’ patented application process.⁶²

⁵² 35 U.S.C. § 271(d)(1)-(5) (2000).

⁵³ *Id.*

⁵⁴ *Id.* § 271(d)(1)-(3).

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.* § 271(d)(4)-(5); *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 201 (1980).

⁵⁸ *Dawson Chem.*, 448 U.S. at 181.

⁵⁹ *Id.*

⁶⁰ *Id.* at 184, 223.

⁶¹ *Id.*

⁶² *Id.*

In the Patent Misuse Reform Act of 1988, Congress codified *Dawson Chemical's* holding by expanding the exemptions to patent misuse.⁶³ With the addition of § 271(d)(4)-(5), Congress exempted a patentee's refusal to license inventions from charges of patent misuse.⁶⁴ It also exempted tying arrangements from patent misuse on the condition that the patentee does not have market power in the relevant market.⁶⁵ As a result, after both congressional actions, five exemptions emerged in § 271(d) to charges of patent misuse, thereby limiting the use of the defense.⁶⁶

C. Expressio Unius Est Exclusio Alterius

Because § 271(d) of the Patent Act is a list of items, it can invoke the canon of *expressio unius est exclusio alterius*, or negative implication.⁶⁷ This canon states that expressly including one thing implies the exclusion of the other.⁶⁸ For example, when Congress

⁶³ 35 U.S.C. § 271(d)(4)-(5) (2000); Potenza et al., *supra* note 3, at 69, 79 (discussing the recent Supreme Court pronouncement on patent misuse, noting *Dawson Chemical's* conclusion that tying did not extend § 271(d) over unpatented materials and overruling of *Mercoïd*).

⁶⁴ *Id.* § 271(d)(4)-(5).

⁶⁵ *Id.*

⁶⁶ *Id.*; *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 188-93 (1980); Potenza et al., *supra* note 3, at 69, 79.

⁶⁷ *Frank G. v. Bd. of Educ.*, 459 F.3d 356, 359 (2d Cir. 2006) (defining *expressio unius est exclusio alterius* as that express statutory mention of certain things impliedly excludes others not mentioned); *Watt v. GMAC Mortg. Corp.*, 457 F.3d 781, 783 (8th Cir. 2006) (defining *expressio unius est exclusio alterius* as expression of one thing excludes others not expressed); *Duke v. Univ. of Tex. at El Paso*, 663 F.2d 522, 526 (5th Cir. 1981) (holding that the maxim embodies sensible insight into customary language usage and expresses the common experience learning that when people say something they do not mean something else); *United States v. Macia*, 157 F. Supp. 2d 1369, 1371 (S.D. Fla. 2001) (noting that the plain language of a statute must hold and that inclusion of one means exclusion of others); *Mukaddam v. Permanent Mission of Saudi Arabia*, 111 F. Supp. 2d 457, 471 n.103 (S.D.N.Y. 2000) (holding the court may apply the common law maxim *expressio unius* aiding statutory construction and reasonably inferring intent to exclude a particular result from Congress's failure expressly proscribing); *Rivera ex rel. Brigoni v. Apfel*, 99 F. Supp. 2d 358, 366 (S.D.N.Y. 2000) (defining *expressio unius est exclusio alterius* as expression of the particular must mean exclusion of the general); *United States v. Gardner*, 534 F. Supp. 2d 655, 659 (W.D. Va. 2008) (holding that when a statute includes some items of an associated group and excludes others, the court presumes that Congress purposefully omitted the excluded items); C. SANDS, STATUTES AND STATUTORY CONSTRUCTION § 47.24 (4th ed. 1973).

⁶⁸ BLACK'S LAW DICTIONARY 661-62 (9th ed. 2009); *see, e.g., Nat'l Ass'n of Home Builders v. Defenders of Wildlife*, 551 U.S. 644, 677-78 (2007) (holding that the Endangered Species Act does not contain unmentioned exception for nondiscretionary

explicitly enumerates certain exemptions to a general prohibition, one should not imply additional exemptions — inclusion of the exemptions implies exclusion of others.⁶⁹ As applied to patent law, the statute's licensing exemption to patent misuse should not imply an exemption for technology suppression.

There are limitations to the *expressio unius* canon, and it garners inconsistent support in the courts, with critics opining that courts use it opportunistically.⁷⁰ Strong evidence of legislative intent, including direct legislative history, can narrow the canon's applicability.⁷¹ Further, *expressio unius* only applies to situations in which an excluded item is part of a commonly associated group or series.⁷² Only

agency action); *United States v. Smith*, 499 U.S. 160, 167 (1991) (quoting *Andrus v. Glover Constr. Co.*, 446 U.S. 608, 616-17 (1980)) (holding that the Ninth Circuit erred in including a third exception to Congress's express creation of two exceptions under the Federal Tort Claims Act); *Watt*, 457 F.3d at 783 (defining *expressio unius est exclusio alterius* as expression of one thing excludes others not expressed); *Jama v. INS*, 329 F.3d 630, 634 (8th Cir. 2003) (stating that court does not lightly assume that Congress has omitted from its adopted text requirements that it nonetheless intends to apply); *Fireman's Fund Ins. Co. v. England*, 313 F.3d 1344, 1349-50 (Fed. Cir. 2002) (holding that the list of exemptions to the Anti-Assignment Act excludes securities transactions); *United States v. Pettus*, 303 F.3d 480, 484-85 (2d Cir. 2002) (holding that term imprisonment in the Sentencing Reform Act does not include other types of confinement that are not in prison); see also *In re Bell*, 225 F.3d 203, 214 (2d Cir. 2000) (holding that the enumerated exceptions to the Bankruptcy Code do not include convening a meeting of creditors); *Gardner*, 534 F. Supp. 2d at 659; *Macia*, 157 F. Supp. 2d at 1371.

⁶⁹ BLACK'S LAW DICTIONARY 661-62 (9th ed. 2009); see *Nat'l Ass'n of Home Builders*, 551 U.S. at 677-78; *Smith*, 499 U.S. at 167; *Andrus v. Glover Constr. Co.*, 446 U.S. 608, 616-17 (1980) (holding that Congress's list of exceptions to Buy Indian Act does not include negotiation of road construction and repair projects); *Fireman's Fund*, 313 F.3d at 1349-50; *Pettus*, 303 F.3d at 484-85; see also *U.S. v. Neal*, 249 F.3d 1251, 1255 (10th Cir. 2001) (holding that under normal statutory construction, court does not assume that failure to include item in statute is oversight that court may correct); *In re Bell*, 225 F.3d at 214.

⁷⁰ BLACK'S LAW DICTIONARY 661-62 (9th ed. 2009); RICHARD A. POSNER, *THE FEDERAL COURTS: CRISIS AND REFORM* 282 (1985). See generally *Watt*, 457 F.3d at 783 (noting that doctrines such as *expressio unius est exclusio alterius* are often subordinated to courts' interpretations of the statute's dominant purpose); *Carolina Med. Sales, Inc. v. Leavitt*, 559 F. Supp. 2d 69, 77-78 (D.D.C. 2008) (holding that *expressio unius* results in contorted interpretation of Congress nowhere else suggested in the statute and at odds with the amendments' broad-based cost-saving statutory scheme).

⁷¹ *Chicksaw Nation v. United States*, 534 U.S. 84, 94 (2001); *Harrison v. N. Trust Co.*, 317 U.S. 476, 477-81 (1943); *Perlin v. Hitachi Capital Am. Corp.*, 497 F.3d 364, 370 (3d Cir. 2007) (noting that the canon of negative implication is only a guide and can be defeated by contrary indications).

⁷² See *Perlin*, 497 F.3d at 370; *Carolina Med. Sales*, 559 F. Supp. 2d at 78 (noting that *expressio unius* does not apply to every statutory listing or grouping, only when

in these cases may courts determine that Congress intended to exclude the unmentioned items.⁷³ The *expressio unius* canon is relevant in the *Princo* decision in that the court addresses elements both included and excluded by § 271.⁷⁴

D. Patent Pools

Patent owners use their patents for many types of business arrangements.⁷⁵ One type of arrangement, called the patent pool, involves a consortium of two or more patent owners agreeing to cross-license patents relating to a particular technology.⁷⁶ A patent pool arrangement allows companies to unite patents that all contribute to a single technology.⁷⁷

Patent pools exist for the purposes of developing standards for technologies and reducing the possibility of infringement actions.⁷⁸ Patentees may also use patent pools to legitimately overcome “blocking patents” — patented technologies that are required for use in later-patented technologies.⁷⁹ Such patents can block the use of the later technology if a license cannot be obtained.⁸⁰

Patent pools complicate the relationship between patentee and licensee, add a layer of complexity to a patent misuse analysis, and make possible new forms of misuse.⁸¹ Courts do not permit patent

members are part of an associated group or series); *Rivera*, 99 F. Supp. 2d at 366 (noting that *expressio unius* is not a rule of law, it is a maxim to guide statutory interpretation and is not an excuse to avoid hard analysis).

⁷³ *Id.*

⁷⁴ *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318, 1331 (Fed. Cir. 2010) (Dyk, J., dissenting).

⁷⁵ *Merges*, *supra* note 7, at 1573-74.

⁷⁶ 60 AM. JUR. 2D *Patents* § 1058 (2010); see Richard J. Gilbert, *Antitrust for Patent Pools: A Century of Policy Evolution*, 2004 STAN. TECH. L. REV. 3, 3-4 (2004).

⁷⁷ Steven C. Carlson, *Patent Pools and the Antitrust Dilemma*, 16 YALE J. ON REG. 361, 395 (1999).

⁷⁸ *Id.*; see Gilbert, *supra* note 76, at 13.

⁷⁹ *Carpet Seaming Tape Licensing Corp. v. Best Seam Inc.*, 694 F.2d 570, 580 (9th Cir. 1980) (noting that the presence of blocking patents should provide some justification to patent pools and suggests an intent requirement for violation of the Sherman Act does not exist); see Carlson, *supra* note 77, at 361; Gilbert, *supra* note 76, at 13.

⁸⁰ *Carpet Seaming*, 694 F.2d at 580 (noting that the presence of blocking patents should provide some justification to patent pools and suggests an intent requirement for violation of the Sherman Act does not exist); see Carlson, *supra* note 77, at 361; Gilbert, *supra* note 76, at 13.

⁸¹ *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318, 1354-55 (Fed. Cir. 2010) (Dyk, J., dissenting).

pools to dominate markets by restricting licenses.⁸² Patent pools, however, may fix royalty rates and sue for infringement.⁸³ The patent pool in *Princo v. ITC* demonstrates the use of these complicated relationships to generate new forms of misuse.⁸⁴

II. *PRINCO V. ITC* — RESTRICTING THE PATENT MISUSE DOCTRINE

The Federal Circuit, sitting en banc, in *Princo v. ITC* significantly restricted the availability of the patent misuse doctrine to defendants in patent infringement cases.⁸⁵ *Princo* involved the development of technologies for writable and rewritable compact discs (“CD-R/RW”).⁸⁶ Both Philips and Sony independently developed and patented a method to record location of information on compact discs (“CDs”) to make them usable for recording data.⁸⁷ Philips developed an analog method called Raaymakers; Sony developed a digital method called Lagadec.⁸⁸

In the late 1980s, Philips and Sony entered into a patent pool along with two other manufacturers (Taiyo Yuden and Ricoh) to license their CD-R/RW technologies.⁸⁹ This patent pool also developed standards to ensure that rewriteable CDs manufactured by different companies would be compatible with machines that read earlier read-only CDs.⁹⁰ The standards were compiled into two publications known informally as the Orange Book.⁹¹ Although all four companies contributed patents to the pool and received royalties, Philips was responsible for licensing all the patents required to implement the Orange Book standard.⁹²

As part of developing the Orange Book standard, Philips and Sony agreed to use Philips’ analog location technology instead of Sony’s

⁸² 54 Am. Jur. 2d *Monopolies and Restraints of Trade* § 125 (2010).

⁸³ *Id.* See *Carpet Seaming*, 694 F.2d at 580 (noting that the presence of blocking patents should provide some justification to patent pools and suggests that the intent requirement for a Sherman Act violation does not exist); Carlson, *supra* note 77, at 361; Gilbert, *supra* note 76, at 13.

⁸⁴ *Princo*, 616 F.3d at 1354-55 (Dyk, J., dissenting).

⁸⁵ *Id.* at 1321-22 (majority opinion).

⁸⁶ *Id.* at 1322.

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Id.* at 1343.

digital method.⁹³ The Orange Book standard did not include the Lagadec digital technology, but the licensed patent pool included the Lagadec patent.⁹⁴ Consequently, Orange Book technology licensees were required to pay fees on all patents in the pool, including the Lagadec technology.⁹⁵

Subsequent licensing agreements with manufacturers involving the patent pool included field-of-use provisions restricting licensees to using only those patents necessary for the Orange Book standard, which did not include the Lagadec technology.⁹⁶ However, because the Lagadec patent was in the pool, Sony could not independently license it.⁹⁷ As a result, these licensing agreements prevented manufacturers from using the Lagadec digital technology and effectively suppressed its use by anyone.⁹⁸

The present suit arose when Princo, a manufacturer of Orange Book technology CDs, ceased paying licensing fees to the pool, but continued to use the patent pool's technologies.⁹⁹ Philips filed a complaint with the International Trade Commission ("ITC").¹⁰⁰ The company alleged that Princo violated sections of the Tariff Act by importing CDs that infringed Philips's patents.¹⁰¹ In the ITC proceedings, Princo raised patent misuse as an affirmative defense¹⁰² on the ground that Philips's requirement that licensees pay royalties on all Orange Book technologies, notwithstanding licensee requirements, constituted illegal patent tying.¹⁰³

The ITC denied Philips relief because it found that Philips engaged in patent misuse by forcing licensees to pay for "nonessential" patents in the mandatory package license.¹⁰⁴ Philips appealed, and a Federal Circuit panel ruled in Philips's favor on the tying allegations (Philips I).¹⁰⁵ The case was remanded to the ITC to determine if there were other activities that constituted misuse, and then returned to the

⁹³ *Id.* at 1322.

⁹⁴ *Id.*

⁹⁵ *Id.*

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Id.* at 1322-23.

¹⁰⁰ *Id.* at 1323.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.* at 1324.

¹⁰⁵ *Id.*

Federal Circuit (Philips II).¹⁰⁶ The Philips II panel upheld the Philips I decision, ruling that no tying existed in this case.¹⁰⁷ It also rejected Princo's argument that Philips engaged in the misuse of requiring royalties on products that do not use what is taught in the patent, i.e. requiring royalties on Lagadec even when manufacturers did not use Lagadec technology.¹⁰⁸ The court believed that the Lagadec technology "reasonably might be necessary to manufacture Orange Book disks."¹⁰⁹ The court also held, however, that the Philips-Sony agreement to suppress Lagadec might constitute patent misuse by eliminating competition or by price fixing.¹¹⁰ Thus, the court, while rejecting several arguments for misuse, left the door open for the suppression of Lagadec to constitute patent misuse.

Philips, Princo, and the ITC all filed petitions for Federal Circuit rehearing en banc.¹¹¹ The court heard only one issue: whether the Sony-Philips agreement to suppress Lagadec constituted patent misuse and, therefore, defeated the patent infringement claim against Princo.¹¹² The court specifically addressed whether a patentee misuses its patent by inducing a licensee not to license an alternate and competing technology.¹¹³

A majority of the Federal Circuit, sitting en banc, held that Philips's actions with the Orange Book technology did not constitute patent misuse.¹¹⁴ The court ruled that patent misuse is a narrow doctrine because of the broad rights that the Patent Act grants.¹¹⁵ The court pointed out, for example, that the Patent Act allows patentees the right to refuse to license a technology and the right to charge royalties on its use.¹¹⁶ The court asserted that even anticompetitive behavior is not misuse if it extends beyond the scope of a discrete list of behaviors that courts have previously held to be misuse.¹¹⁷

¹⁰⁶ Princo Corp. v. Int'l Trade Comm'n, 563 F.3d 1301 (Fed. Cir. 2009).

¹⁰⁷ Princo Corp. v. Int'l Trade Comm'n, 616 F.3d 1318, 1325 (Fed. Cir. 2010).

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

¹¹⁰ *Id.* at 1326.

¹¹¹ *Id.* at 1325-26.

¹¹² *Id.* at 1326.

¹¹³ *Id.* at 1330.

¹¹⁴ *Id.* at 1328.

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *Id.* at 1328-29. *See generally* C.R. Bard, Inc. v. M3 Systems, Inc., 157 F.3d 1349, 1367 (Fed. Cir. 1998) (holding that fraud in obtaining a patent is a classical ground of invalidity or unenforceability of patent); USM Corp. v. SPS Techs., Inc., 694 F.2d 505, 511 (7th Cir. 1982) (holding that to prove tying prima facie unlawful under antitrust

The court further held that the § 271(d) patent misuse exemptions narrow the doctrine of patent misuse.¹¹⁸ It argued that the negative implication of § 271(d) — what patent misuse is not, rather than what it is — demonstrates Congress's intent to narrow the doctrine's availability.¹¹⁹ The court presented statements from drafters of the 1988 amendments demonstrating a desire to limit the punishing impact of the doctrine on innovators.¹²⁰ The court also held that patent misuse requires anticompetitive effects based on Federal Circuit and Supreme Court precedent.¹²¹ Because there was no evidence that the Lagadec technology was a viable competitor to the Orange Book, there was no anticompetitive effect and, therefore, no misuse.¹²²

Finally, the court asserted the infringement suit in *Princo* was for Philip's analog method of data recording, the Raaymakers patent, not Sony's digital Lagadec technology.¹²³ The agreement between Sony and Philips restricting the separate Lagadec patent did not involve the Raaymakers patent and, thus, did not constitute patent misuse because patent misuse involves only the patent in suit (Raaymakers), not any others.¹²⁴

In sum, the *Princo* decision substantially narrowed the patent misuse defense by holding that the doctrine applies only to a discrete list of impermissible behaviors.¹²⁵ These behaviors include tying, fixing resale prices of patented items, royalty extension, licensing fees based on unpatented items, and limits on licensees making competing

laws, the plaintiff has to show that there is economic power in the market for tying product); *Kolene Corp. v. Motor City Metal Treating, Inc.*, 440 F.2d 77, 84 (6th Cir. 1971) (holding that with tying patents, successful prosecution of an infringement suit against a noncompetitor is a powerful aid to maintenance of the attempted monopoly of the unpatented article); *McCullough Tool Co. v. Well Surveys, Inc.*, 395 F.2d 230, 238 (10th Cir. 1968) (holding that patent misuse can only be applied to patents in suit).

¹¹⁸ 35 U.S.C. § 271(d) (2000); *Princo*, 616 F.3d at 1329.

¹¹⁹ *Princo*, 616 F.3d at 1329.

¹²⁰ *Id.* at 1330.

¹²¹ *Id.* at 1328, 1334 (citing *Windsurfing Int'l v. AMF, Inc.*, 782 F.2d 995, 1001-02 (Fed. Cir. 1986)); *U.S. Philips Corp. v. Int'l Trade Comm'n (Philips I)*, 424 F.3d 1179, 1184 (Fed. Cir. 2005); *Monsanto Co. v. McFarling*, 363 F.3d 1336, 1341 (Fed. Cir. 2004); *Va. Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 868 (Fed. Cir. 1997); *B. Braun Med., Inc. v. Abbott Labs., Inc.*, 124 F.3d 1419, 1426 (Fed. Cir. 1997); and *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 708 (Fed. Cir. 1992).

¹²² *Princo*, 616 F.3d at 1338.

¹²³ *Id.* at 1333.

¹²⁴ *Id.*; see *Kolene Corp. v. Motor City Metal Treating, Inc.*, 440 F.2d 77, 84 (6th Cir. 1971) (holding that misuse must be of patents in suit).

¹²⁵ *Princo*, 616 F.3d at 1328-29.

products.¹²⁶ While the Federal Circuit and earlier appellate courts narrowed the doctrine in some cases, *Princo* represents the most prominent patent misuse restriction to date.¹²⁷

The dissenting judges found that suppression of the Lagadec technology was patent misuse.¹²⁸ First, they argued that Supreme Court and Federal Circuit precedent required finding Philips's behavior to constitute misuse.¹²⁹ Citing several Supreme Court cases, the dissent asserted that license agreements to fix prices and suppress competition from alternative technologies constituted misuse.¹³⁰ Second, the dissent argued that commercial viability is not a necessary condition for a finding of patent misuse — Lagadec need not be directly useful in the market for its suppression to constitute misuse.¹³¹ Third, the dissent disagreed with the majority's interpretation of § 271(d)'s legislative history.¹³² The dissent argued that the legislative history of § 271(d) did not support the majority's proposition that broad antitrust violations did not constitute patent misuse.¹³³ In particular, the dissent noted that Representative Kastenmeier, the sponsor of the provisions that became § 271(d)(4)-(5), explicitly mentioned that the patent misuse doctrine has been applied to a wide variety of circumstances including covenants not to

¹²⁶ *Id.* at 1328-29, 1333 (citing *USM*, which argues that patent misuse should be subsumed entirely within antitrust law); see *Dawson Chem. v. Rohm & Haas Co.*, 448 U.S. 176, 188-93 (1980); *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 133-40 (1969) (forbidding measuring of royalties by sales of unpatented end products containing patented items); *Brulotte v. Thys Co.*, 379 U.S. 29, 33-34 (1964) (forbidding patentee to require licensees to pay royalties beyond the expiration of the patent); *Morton Salt Co. v. G.S. Suppiger, Co.*, 314 U.S. 488, 489-94 (1942); *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 517-18 (1917); *Bauer & Cie v. O'Donnell*, 229 U.S. 1, 57 (1913) (holding that resale price maintenance by patentees was condemned as misuse); *Stewart v. Mo-Trim, Inc.*, 192 U.S.P.Q. 410, 412 (S.D. Ohio 1975) (forbidding licensees to make any items competing with patented item).

¹²⁷ *Princo*, 616 F.3d at 1356 (Dyk, J., dissenting).

¹²⁸ *Id.* at 1341-57.

¹²⁹ *Id.*

¹³⁰ *Id.* at 1345-46; *United States v. U.S. Gypsum*, 333 U.S. 364, 387-88 (1948); *SCM Corp. v. Xerox*, 645 F.2d 1195, 1204 (2d Cir. 1981); *Compton v. Metal Prods., Inc.*, 453 F.2d 38, 40 (4th Cir. 1971); *Berlenbach v. Anderson & Thompson Ski Co.*, 329 F.2d 782, 784 (9th Cir. 1964); *Nat'l Lockwasher Co. v. George K. Garrett Co.*, 137 F.2d 255, 237 (3d Cir. 1943); *Krampe v. Ideal Indus.*, 347 F. Supp. 1384, 1387 (N.D. Ill. 1972); *Park-In Theatres v. Paramount Richards Theatres*, 90 F. Supp. 730, 734 (D. Del. 1950).

¹³¹ *Princo*, 616 F.3d at 1342-43 (Dyk, J., dissenting).

¹³² *Id.* at 1350-51.

¹³³ *Id.* at 1351.

compete, which would include Philips's agreement with Sony to suppress Lagadec.¹³⁴ Finally, the dissent disagreed with the majority that the Raaymakers and Lagadec patents were separate and that agreements to suppress Lagadec did not involve the patent in suit (Raaymakers).¹³⁵ Thus, the dissent would find patent misuse for Philips's suppression of the Lagadec patent.¹³⁶

III. ANALYSIS

Princo's dissent correctly recognized that the majority erred in holding that suppression of the Lagadec patent was not patent misuse.¹³⁷ First, the Federal Circuit failed to uphold binding precedent by relying solely on antitrust law, and not patent law, to arrive at its holdings.¹³⁸ Second, the court erred in the statutory interpretation of § 271(d)'s enumerated patent misuse exemptions by failing to apply the canon of negative implication.¹³⁹ When a statute includes some items of an associated group and excludes others, the court should presume that Congress purposefully omitted the excluded items.¹⁴⁰ Finally, the court's narrow ruling regarding the scope of the patent misuse doctrine frustrates patent law's principal goal — encouraging innovation.¹⁴¹ The suppression of any technology cannot further the goals of innovation, and the courts should prohibit such behavior.¹⁴²

A. *Princo Erred by Relying on Antitrust Law as a Basis for Patent Misuse*

The Federal Circuit in *Princo* relied heavily on concepts of antitrust law and strongly narrowed the impact of patent law in determining patent misuse.¹⁴³ *Princo* erred because the doctrine of patent misuse clearly arose out of patent law, not antitrust law.¹⁴⁴ Supreme Court and

¹³⁴ *Id.*

¹³⁵ *Id.* at 1345-46.

¹³⁶ *Id.*

¹³⁷ *See infra* Part III; *see also Princo*, 616 F.3d at 1356-57 (Dyk, J., dissenting).

¹³⁸ *See infra* Part III.A.

¹³⁹ *See infra* Part III.B; *see also* NORMAN J. SINGER & J.D. SHAMBIE SINGER, SUTHERLAND STATUTES AND STATUTORY CONSTRUCTION § 47:23 (7th ed. 2010).

¹⁴⁰ *United States v. Gardner*, 534 F. Supp. 2d 655, 659 (W.D. Va. 2008); SINGER & SINGER, *supra* note 139, at § 47:23.

¹⁴¹ U.S. CONST. art. I, § 8, cl. 8.; *Princo*, 616 F.3d at 1356-57 (Dyk, J., dissenting); *see infra* Part III.C.

¹⁴² *Princo*, 616 F.3d at 1356-57 (Dyk, J., dissenting).

¹⁴³ *Id.* at 1329 (majority opinion).

¹⁴⁴ *Transparent-Wrap Mach. Corp. v. Stokes & Smith Co.*, 329 U.S. 637, 647-48

Federal Circuit precedent clearly maintain the distinction between the two bodies of law, despite attempts by scholars and some courts to merge them.¹⁴⁵

1. *Princo's* Erroneous Reliance on Antitrust Law

Two arguments by the *Princo* court illustrate its erroneous reliance on antitrust law.¹⁴⁶ First, the court utilized the rule of reason approach to analyze the Philips business arrangement — a principle developed from antitrust doctrine.¹⁴⁷ While reluctantly noting that the patent misuse doctrine is separate from antitrust law, the *Princo* majority disregarded the separation and ruled based on antitrust principles.¹⁴⁸ Specifically, the court applied the antitrust rule of reason approach to determine whether Philips's patent arrangements constituted patent misuse.¹⁴⁹ This approach follows from the concept that only well-known anticompetitive behaviors are deemed *per se* anticompetitive, with everything else falling under the rule of reason.¹⁵⁰

(1947) (noting that under antitrust law, tying that reduces competition is impermissible, but conditioning a patent license on assignment by licensee of improvement patents is not); *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488, 492, 494 (1942) (holding that appeals to antitrust Clayton Act are not necessary to find impropriety because tying is opposed to public policy under the constitutional patent grant); *Potenza et al.*, *supra* note 3, at 69, 81.

¹⁴⁵ *Carbice Corp. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 34 (1931) (holding that tying is analogous to use of a patent as an instrument for restraining commerce which was condemned under the Sherman Anti-Trust Law); *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1372 (Fed. Cir. 1988) (holding that patent misuse is viewed as a broader wrong than antitrust violation because of the economic power that may be derived from a patentee's right to exclude); *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 665 (Fed. Cir. 1986) (holding ultimately that the court must adhere to existing Supreme Court guidance basing its ruling on patent principles, not recent economic theory proposed by commentators and courts); *USM Corp. v. SPS Techs, Inc.*, 694 F.2d 505, 512 (7th Cir. 1982); S. REP. NO. 100-83, at 67 (1987).

¹⁴⁶ *Princo*, 616 F.3d at 1329.

¹⁴⁷ *Id.* at 1334, 1337; see PHILLIP E. AREEDA & HERBERT HOVENKAMP, ANTITRUST LAW, ¶ 100a, at 345-46 (2001) (describing the rule of reason test); PETER CHARLES HOFFER, THE LAW'S CONSCIENCE 177-78 (1990); Feldman, *supra* note 24, at 419.

¹⁴⁸ *Princo*, 616 F.3d at 1329.

¹⁴⁹ *Id.* at 1324.

¹⁵⁰ *Id.* at 1334-35; *Potenza et al.*, *supra* note 3, at 69, 98. See *Arizona v. Maricopa Cnty. Med. Soc'y*, 457 U.S. 332, 343-44 (1982) (holding that any behavior outside of price fixing, division of markets, group boycotts, and tying arrangements is analyzed using the rule of reason); *Cont'l T.V., Inc. v. GTE Sylvania Inc.*, 433 U.S. 36, 50 n.16 (1977) (holding that *per se* rules of illegality are appropriate only with practices that have pernicious effect on competition and lack any redeeming virtue).

The antitrust rule of reason is based solely on the impact of the contested behavior on competition.¹⁵¹ It weighs the market power of the technology, the anticompetitive effects, and the evidence for greater anticompetitive versus pro-competitive effects.¹⁵² The *Princo* majority first asserted that patent pools and horizontal licensing agreements often have procompetitive, and not anticompetitive, effects and under the rule of reason would not be held to be misuse.¹⁵³ It then further held that even if the horizontal licensing agreement between Sony and Philips did suppress Lagadec, the issue was irrelevant because Lagadec would not have been a competitor to Raaymakers even if it had been marketed.¹⁵⁴ The *Princo* court's limiting of *per se* misuse and reliance on the rule of reason derives from antitrust law and is improper.¹⁵⁵

Second, *Princo* required that a suppressed technology compete individually in the market for a valid patent misuse defense.¹⁵⁶ The court ruled that Lagadec could not compete with Raaymakers individually in the market and, therefore, the agreement was not patent misuse.¹⁵⁷ The court held that anticompetitive effect is necessary to sustain a patent misuse defense.¹⁵⁸ This is an explicit

¹⁵¹ *Maricopa Cnty.*, 457 U.S. at 343 & n.13 (defining rule of reason for Sherman Act case); *Va. Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1997) (citing rule of reason for patent misuse case from Sherman Act (antitrust) cases, requiring unreasonable restraint of competition); *Feldman*, *supra* note 24, at 422.

¹⁵² *State Oil Co. v. Khan*, 522 U.S. 3, 10 (1997) (noting that rule of reason requires consideration of specific information about relevant business, its condition before and after restraint, and restraint's history, nature, and effect); *Maricopa Cnty.*, 457 U.S. at 343 & n.13 (defining rule of reason for Sherman Act case); *Va. Panel*, 133 F.3d at 869; *Feldman*, *supra* note 24, at 422.

¹⁵³ *Princo*, 616 F.3d at 1336.

¹⁵⁴ *Id.* at 1336-37.

¹⁵⁵ *Maricopa Cnty.*, 457 U.S. at 343 & n.13; see *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 676 (Fed. Cir. 1986) (rejecting the approach in *Windsurfing* that only well-known behaviors constitute *per se* misuse); *Feldman*, *supra* note 24, at 423-24 (reporting interesting discussion on aborted congressional intent to codify use of antitrust rule of reason for all patent misuse by Senators DeConcini and Leahy).

¹⁵⁶ *Princo*, 616 F.3d at 1334, 1337 (rejecting *Princo*'s argument to urge the court to overrule the line of Federal Circuit authority holding that patent misuse requires a showing that the patentee's conduct had anticompetitive effects).

¹⁵⁷ *Id.* at 1334-40 (noting the ITC's findings that Lagadec was not a viable potential competitor to technology embodied in the Raaymakers patents).

¹⁵⁸ *Id.* at 1334 (citing *Windsurfing Int'l v. AMF, Inc.*, 782 F.2d 995, 1001-02 (1986)); *U.S. Philips Corp. v. Int'l Trade Comm'n (Philips I)*, 424 F.3d 1179, 1184 (2005); *Monsanto Co. v. McFarling*, 363 F.3d 1336, 1341 (2004); *Va. Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 868 (Fed. Cir. 1997); *B. Braun Medical, Inc. v. Abbott Labs., Inc.*, 124 F.3d 1419, 1426 (Fed. Cir. 1997); and *Mallinckrodt, Inc. v. Medipart*,

extension of the rule of reason, which requires the showing of anticompetitive effect.¹⁵⁹

Antitrust law and patent law overlap in many areas.¹⁶⁰ Some argue that the rule of reason analysis for evaluating a patent misuse defense is proper based on prior case law.¹⁶¹ The Federal Circuit has applied the rule of reason to determine the existence of patent misuse in several past cases.¹⁶² For example, the court held that a licensing provision restricting users of a patented item to a single use was not misuse because it lacked an anticompetitive effect, which is not justifiable under the rule of reason.¹⁶³ These critics, therefore, argue that the rule of reason analysis based on prior antitrust case law is proper.¹⁶⁴

This argument fails, however, because the Supreme Court has consistently held that the patent misuse doctrine is an equitable defense derived from patent law and is distinct from antitrust law.¹⁶⁵ The Court has regularly noted that patent misuse protects against broader wrongs than simple anticompetitive behavior.¹⁶⁶ In fact, the

Inc., 976 F.2d 700, 708 (Fed. Cir. 1992).

¹⁵⁹ State Oil Co. v. Khan, 522 U.S. 3, 10 (1997); *Maricopa Cnty.*, 457 U.S. at 343 & n.13; *Va. Panel*, 133 F.3d at 869.

¹⁶⁰ MERGES ET AL., *supra* note 25, at 416-18; Feldman, *supra* note 24, at 399; Lemley, *supra* note 4, at 1608-13.

¹⁶¹ *Princo*, 616 F.3d at 1334. See *Addamax Corp. v. Open Software Found., Inc.*, 152 F.3d 48, 52 (1st Cir. 1998) (holding that joint venture enterprises are rarely judged under *per se* treatment but instead under the rule of reason because they have productive effect on economy); *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1373 (Fed. Cir. 1998); *Windsurfing Int'l v. AMF, Inc.*, 782 F.2d 995, 1001-02 (1986).

¹⁶² *C.R. Bard*, 157 F.3d at 1373; see *Mallinckrodt*, 976 F.2d at 708-09.

¹⁶³ *Mallinckrodt*, 976 F.2d at 708.

¹⁶⁴ See *Princo*, 616 F.3d at 1334; Lemley, *supra* note 4, at 1608-13.

¹⁶⁵ See *e.g.*, *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 140 (1969) (holding that conditions for patent misuse may not violate Sherman or Clayton Acts); *Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 666 (1944) (noting that a patent may be diverted from its statutory purpose without violating antitrust laws); *Morton Salt Co. v. G.S. Suppiger*, 314 U.S. 488, 491-94 (1942) (holding that consideration of the Clayton Act is unnecessary to determine patent misuse).

¹⁶⁶ See *Mercoid*, 320 U.S. at 666; *Morton Salt* 314 U.S. at 491-94; *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 516 (1917) (emphasizing that while tying from an antitrust perspective is improper because it extends a monopoly's scope, it is also improper from a patent perspective); *C.R. Bard*, 157 F.3d at 1372 ("Patent misuse is viewed as broader wrong than antitrust violation because of economic power that may be derived from patentee's right to exclude."); *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 670 & n. 14 (Fed. Cir. 1986) ("the law of patent misuse in licensing need not look to consumer demand (which may be nonexistent) but need look only to the nature of the claimed invention as the basis for determining whether a product is a necessary concomitant of the invention or an entirely separate

majority in *Princo* cites several quotes from *Zenith Radio*, a seminal Supreme Court patent misuse case, that demonstrate that the misuse doctrine encompasses any activity which impermissibly broadens the patent grant.¹⁶⁷ In general, even if some behavior does not rise to the level of anticompetitive behavior, courts may still find patent misuse.¹⁶⁸ Thus, both *Princo*'s reliance on a rule of reason standard and evidence of anticompetitive effect derive from antitrust law and were in error.¹⁶⁹ Appropriately grounding patent misuse in patent law requires no showing of anticompetitive effect.¹⁷⁰ Had the *Princo* court done so, it would have held that Philips's technology suppression constituted misuse because of Philips's wider violation of patent principles.¹⁷¹

2. Patent Misuse Should Follow the Trajectory Taken by Copyright Misuse from Their Common Origin and Not Require Anticompetitive Effect

The Federal Circuit's reliance on antitrust principles in its interpretation of the patent misuse doctrine was not a foregone conclusion as shown by an examination of the distinct path of the copyright misuse doctrine taken by copyright law.¹⁷² Although patent

product”).

¹⁶⁷ *Princo*, 616 F.3d at 1327, 1331 (quoting *Zenith Radio*, 395 U.S. at 136-38, “[T]here are established limits which the patentee must not exceed in employing the leverage of his patent to control or limit the operations of the licensee” and “not within the reach of the monopoly granted by the Government”).

¹⁶⁸ *Zenith Radio*, 395 U.S. at 140 (holding that if there was patent misuse, “it does not necessarily follow that the misuse embodies the ingredients of a violation of either § 1 or § 2 of the Sherman Act.”); *Princo*, 616 F.3d at 1356-57 (Dyk, J., dissenting); *C.R. Bard*, 157 F.3d at 1372 (“Patent misuse is viewed as broader wrong than antitrust violation because of economic power that may be derived from patentee’s right to exclude.”). *But see C.R. Bard*, 157 F.3d at 1373 (“Although the defense of patent misuse indeed evolved to protect against ‘wrongful’ use of patents, the catalog of practices labeled ‘patent misuse’ does not include general notion of ‘wrongful’ use.”).

¹⁶⁹ *See Princo*, 616 F.3d at 1356-57 (Dyk, J., dissenting); *C.R. Bard*, 157 F.3d at 1372; *see also Zenith Radio*, 395 U.S. at 140.

¹⁷⁰ *See Zenith Radio*, 395 U.S. at 140; *Princo*, 616 F.3d at 1356 (Dyk, J., dissenting); *C.R. Bard*, 157 F.3d at 1372.

¹⁷¹ *United States v. Univis Lens Co.*, 316 U.S. 241, 251-52 (1942) (holding that the particular method whereby a patent monopoly is extended is immaterial when construing patent law, giving effect to public policy limiting granted monopolies strictly to the statutory grant); *Princo*, 616 F.3d at 1356 (Dyk, J., dissenting); Feldman, *supra* note 24, at 401.

¹⁷² *See generally Stone & McCarrick, Inc. v. Dugan Piano Co.*, 220 F. 837, 841-43 (5th Cir. 1915) (holding that advertisements making false or misleading statements

and copyright laws differ in many respects, they both derive from the same clause in the Constitution.¹⁷³ Because they are based in similar policy considerations, they should have similar misuse doctrines.¹⁷⁴ Notably, however, copyright law differs from that of patent law in that it does not rely on antitrust principles and has hewed much more closely to its public policy origin.¹⁷⁵

The Supreme Court, in *Morton Salt v. Suppiger*, set the foundation for the judicial doctrines of patent and copyright misuse.¹⁷⁶ In *Morton Salt*, the Court held that the patent misuse doctrine served public policy by denying patent monopoly rights to those who abused the patent grant.¹⁷⁷ Although the case dealt exclusively with patents, the Court in dicta noted that these equitable principles apply to intellectual property generally.¹⁷⁸ The Court cited two copyright cases in which courts could apply the equitable doctrine of misuse in light of a party's unclean hands.¹⁷⁹

Later appellate court decisions, while noting anticompetitive issues, upheld the notion that copyright misuse is based in equity and furthers policy beyond antitrust issues.¹⁸⁰ For example, in *Alcatel v. DGI Technologies, Inc.*, the Fifth Circuit held that a company's agreement forcing licensees to use its copyrighted software only on its own equipment was an "unclean" license and constituted copyright

are not subject to copyright protection because they deceive the public); *Edward Thompson Co. v. Am. Law Book Co.*, 122 F. 922, 922-26 (2d Cir. 1903) (denying plaintiff relief under copyright infringement holding plaintiff performed the same act as was accusing defendant); Brett Frischmann & Dan Moylan, *The Evolving Common Law Doctrine of Copyright Misuse: A Unified Theory and its Application to Software*, 15 BERKELEY TECH. L.J. 865, 882-83 (2000) (describing the *Morton Salt* decision as not arising from antitrust).

¹⁷³ U.S. CONST. art. I, § 8, cl. 8; see MERGES ET AL., *supra* note 25, at 416-18. See generally Frischmann & Moylan, *supra* note 172, at 882 (discussing origins of copyright misuse in patent case *Morton Salt*).

¹⁷⁴ See *supra* note 172 and accompanying text.

¹⁷⁵ See *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488 (1942) (noting that the misuse doctrine can be applied to copyright); *Edward Thompson Co.*, 122 F. at 922-26; *Stone & McCarrick*, 220 F. at 841-43; Frischmann & Moylan, *supra* note 172, at 882-83 (discussing the origins of copyright misuse).

¹⁷⁶ *Morton Salt*, 314 U.S. at 493-94.

¹⁷⁷ *Id.* at 491-92.

¹⁷⁸ *Id.* at 494.

¹⁷⁹ *Id.*; *Stone & McCarrick*, 220 F. at 841-43; *Edward Thompson Co.* 122 F. at 922-26.

¹⁸⁰ *Alcatel USA, Inc. v. DGI Techs., Inc.*, 166 F.3d 772, 792-95 (5th Cir. 1999); *Practice Mgmt. Info. Corp. v. Am. Med. Ass'n*, 121 F.3d 516, 521 (9th Cir. 1997); *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 978 (4th Cir. 1990).

misuse.¹⁸¹ This was the case even if the agreement did not prevent a competitor from developing a competing technology. The common foundation of the two misuse doctrines provides a rare opportunity to compare the trajectories of legal development and examine an alternative if one trajectory proves unsatisfactory.

Although patent and copyright misuse laws do differ in some respects, there is little justification for developing two distinct misuse standards.¹⁸² Patent misuse does have a statutory basis for requiring a showing of anticompetitive effect under § 271(d)(5).¹⁸³ However, the anticompetitive effect requirement applies to only one type of misuse — tying — and does not extend to all other activities that may be considered misuse.¹⁸⁴ Despite this limited statutory difference in requiring anticompetitive effect evidence and the common judicial origin in principles of equity for both copyright and patent misuse doctrines, the patent misuse doctrine has strayed from its public interest origin.¹⁸⁵ Based on misuse's origin in equity, precedent, and the example of copyright law, courts should not require a showing of anticompetitive effect for patent misuse.¹⁸⁶ The *Princo* court's improper application of a strict anticompetitive test for patent misuse deviates from precedent as the example of copyright law demonstrates.

B. *The Princo Court Erred by Misconstruing § 271(d) of the Patent Act*

The Federal Circuit in *Princo* also erred in its statutory interpretation of § 271(d).¹⁸⁷ The court noted Congress's efforts to

¹⁸¹ *Alcatel*, 166 F.3d at 793-94.

¹⁸² See *Lasercomb*, 911 F.2d at 973-74; MERGES ET AL., *supra* note 25, at 416; Frischmann & Moylan, *supra* note 172, at 882.

¹⁸³ 35 U.S.C. § 271(d)(5) (2000). See *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318, 1329 (Fed. Cir. 2010). See also Frischmann & Moylan, *supra* note 172, at 883 (discussing the origins of copyright misuse in patent the case *Morton Salt*).

¹⁸⁴ See 35 U.S.C. § 271(d)(5); *Princo*, 616 F.3d at 1350 (Dyk, J., dissenting); *infra* Part III.B.

¹⁸⁵ See *Lasercomb*, 911 F.2d at 973-74; MERGES ET AL., *supra* note 25, at 416; Frischmann & Moylan, *supra* note 172, at 882.

¹⁸⁶ See *Alcatel* 166 F.3d at 792-95; *Practice Mgmt.*, 121 F.3d at 516; *Lasercomb*, 911 F.2d at 973-74; *In re Napster, Inc., Copyright Litigation*, 191 F. Supp. 2d 1087, 1102-03 (ND Cal. 2002).

¹⁸⁷ *Princo*, 616 F.3d at 1329-31. But see Feldman, *supra* note 24, at 423-24 (noting that intended restrictions on using misuse doctrine were substantially reduced and ended up pertaining only to patent tying). See generally *Trayco, Inc. v. United States*, 994 F.2d 832, 836 (Fed. Cir. 1993) (“Where Congress explicitly enumerates certain exceptions to a general prohibition, additional exceptions are not to be implied in the absence of evidence of contrary legislative intent.” (quoting *Andrus v. Glover Constr. Co.*, 446 U.S. 608, 616-17 (1980))).

exempt certain behaviors from the patent misuse doctrine with the enactment of the 1952 and 1988 amendments.¹⁸⁸ The court inferred that Congress's intent was to narrow the doctrine's applicability through exemptions¹⁸⁹ and held that patent misuse should be limited to a discrete list of behaviors that prior cases recognized as misuse.¹⁹⁰

With this sentiment, the court violated the canon of *expressio unius est exclusio alterius* and impermissibly expanded § 271(d)'s statutory scope to exempt behaviors that the statute did not contemplate.¹⁹¹ Specifically, the Court expanded the list of five exempted behaviors to include the *Princo* situation — the suppression of a technology under a patent pool licensing agreement.¹⁹² The court tried to support this expansion with the illogical proposition that the § 271(d) list of what patent misuse is not (licensing, royalties, etc.) implied that other unnamed behaviors are also not patent misuse (e.g., suppression of Lagadec).¹⁹³

The *Princo* majority argued that Congress intended to exclude suppression of competing technologies from the charge of patent

¹⁸⁸ *Princo*, 616 F.3d at 1329-30; see 35 U.S.C. § 271 (2000).

¹⁸⁹ *Princo*, 616 F.3d at 1329-31.

¹⁹⁰ *Id.* at 1328-30; see *Dawson Chem. v. Rohm & Haas Co.*, 448 U.S. 176, 188-93 (1980); *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 133-40 (1969) (forbidding measuring of royalties by sales of unpatented end products containing patented items); *Brulotte v. Thys Co.*, 379 U.S. 29, 29-34 (1964) (forbidding patentee to require his licensees to pay royalties beyond the expiration of the patent); *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488, 491 (1942); *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 517-18 (1917); *Bauer & Cie v. O'Donnell*, 229 U.S. 1, 17 (1913) (holding that resale price maintenance by patentees was condemned as misuse); *Stewart v. Mo-Trim, Inc.*, 192 U.S.P.Q. 410, 411-13 (S.D. Ohio 1975) (forbidding licensees to make any items competing with patented item).

¹⁹¹ *Princo*, 616 F.3d at 1329-31. See generally *Duke v. Univ. of Tex. at El Paso*, 663 F.2d 522, 526 (5th Cir. 1981) (holding the maxim embodies sensible insight into customary language usage and expresses common experience learning that when people say something they Frank G. v. Bd. of Educ., 459 F.3d 356, 370 (2d Cir. 2006) do not mean something else).

¹⁹² See generally *Princo*, 616 F.3d at 1329-31 (holding that suppression of competing technology must be supported by evidence of competing force); *Frank G. v. Bd. of Educ.*, 459 F.3d 356, 370 (2d Cir. 2006) (defining *expressio unius est exclusio alterius* as that express statutory mention of certain things impliedly excludes others not mentioned); *Mukaddam v. Permanent Mission of Saudi Arabia*, 111 F. Supp. 2d 457, 471 n.103 (S.D.N.Y. 2000) (holding the court may apply the common law maxim *expressio unius* aiding statutory construction and reasonably inferring intent to exclude a particular result from Congress's failure expressly proscribing); *Rivera ex rel. Brigoni v. Apfel*, 99 F. Supp. 2d 358, 366 (S.D.N.Y. 2000) (defining *expressio unius est exclusio alterius* as expression of particular must mean exclusion of general).

¹⁹³ See generally *supra* note 192.

misuse when it enacted § 271(d).¹⁹⁴ The *Princo* court noted the congressional record that indicated § 271(d)'s exemptions restrict the patent misuse doctrine to only those behaviors having anticompetitive effect.¹⁹⁵ It cites in particular Representative Kastenmeier's remarks, which listed behaviors he considered to constitute patent misuse.¹⁹⁶ Not included in this list is concerted refusal to license among horizontal competitors.¹⁹⁷ Further, suppression of competing technologies under a licensing agreement is not commonly associated with the group of excluded items in § 271(d).¹⁹⁸ Because both technologies and business relationships are continuing to increase in complexity, Congress cannot necessarily envision all uses of patents.¹⁹⁹ Thus, *expressio unius* could be argued to not apply to a universe of elements that do not obviously group together, and legislative history indicates congressional intent to limit patent misuse.²⁰⁰

However, this argument fails because § 271(d)'s list of exempt behaviors from patent misuse encompasses uncontroversial and widely employed behaviors.²⁰¹ Suppressing technologies under the aegis of a licensing agreement is not a widely accepted practice, and Congress did not likely consider it when enacting § 271(d).²⁰² *Princo*

¹⁹⁴ See *Princo*, 616 F.3d at 1329-31; *Perlin v. Hitachi Capital Am. Corp.*, 497 F.3d 364, 370 (3rd Cir. 2007); *Carolina Med. Sales, Inc. v. Leavitt*, 559 F. Supp. 2d 69, 77-78 (D.D.C. 2008) (noting that *expressio unius* does not apply to every statutory listing or grouping, only when members are part of associated group or series).

¹⁹⁵ *Princo*, 616 F.3d at 1329-31.

¹⁹⁶ *Id.*; 134 CONG. REC. H10646, 10648 (daily ed. Oct. 20, 1988) (statement of Rep. Kastenmeier).

¹⁹⁷ See 35 U.S.C. § 271(d) (2000); 134 CONG. REC. H10646, 10648 (daily ed. Oct. 20, 1988) (statement of Rep. Kastenmeier).

¹⁹⁸ 35 U.S.C. § 271(d). See *Princo*, 616 F.3d at 1350-51 (Dyk, J., dissenting); Charles Allen Black, *The Cure for Deadly Patent Practices: Preventing Technology Suppression and Patent Shelving in the Life Sciences*, 14 ALB. L.J. SCI. & TECH. 397, 436-37 (2004).

¹⁹⁹ See *Princo*, 616 F.3d at 1348-49 (Dyk, J., dissenting); Gilbert, *supra* note 76, at 23; Merges, *supra* note 7, at 1573-74.

²⁰⁰ See *Princo*, 616 F.3d at 1329-31. See generally *Frank G. v. Bd. of Educ.*, 459 F.3d 356, 370 (2d Cir. 2006) (noting that *expressio unius est exclusio alterius* only applies when statute identifies series of two or more terms that go "hand in hand"); *Carolina Med. Sales v. Leavitt*, 559 F. Supp. 2d 69, 78 (D.D.C. 2008) (noting that *expressio unius* only applies to statutory listings or groupings when members are part of associated group or series).

²⁰¹ 35 U.S.C. § 271; see *Princo*, 616 F.3d at 1326-29. See generally *supra* note 192.

²⁰² See Potenza et al., *supra* note 3, at 69, 73 (providing history of cases alleging patent misuse); *supra* note 192 and accompanying text.

erred by presuming that Congress intended to exclude technology suppression from patent misuse.²⁰³

Princo's reliance on Representative Kastenmeier's list of behaviors considered patent misuse also displays the same flaw as the court's interpretation of § 271(d).²⁰⁴ Specifically, it infers that an enumerated list includes a wider universe of behaviors by extension of Representative Kastenmeier's sentiment. Representative Kastenmeier never indicated that the suppression of technology should be exempt from the patent misuse defense.²⁰⁵ The court's misinterpretation of Representative Kastenmeier's statement represents a clear flaw in statutory construction and violates the *expressio unius* canon.²⁰⁶ Consequently, the *Princo* court erred in relying on and misrepresenting Representative Kastenmeier's list of behaviors, as they did with interpreting § 271(d), by extending patent misuse to include technology suppression.²⁰⁷

C. *The Suppression of Technologies Violates Foundational Policy Goals of Granting Patents*

Granting private patent monopolies in exchange for a public benefit is one of the most explicit constitutional requirements of a quid pro quo.²⁰⁸ Patent rights are not natural rights but tools for encouraging invention and innovation.²⁰⁹ Patents grant inventors rights to exclude

²⁰³ See *Princo*, 616 F.3d at 1329-30; *supra* note 192 and accompanying text.

²⁰⁴ See *Princo*, 616 F.3d at 1330-31; 134 CONG. REC. H10646, 10648 (daily ed. Oct. 20, 1988) (statement of Rep. Kastenmeier); *supra* note 192 and accompanying text.

²⁰⁵ 134 CONG. REC. H10646, 10648 (daily ed. Oct. 20, 1988) (statement of Rep. Kastenmeier); see also *Princo*, 616 F.3d at 1330-31.

²⁰⁶ 134 CONG. REC. H10646, 10648 (daily ed. Oct. 20, 1988) (statement of Rep. Kastenmeier); BLACK'S LAW DICTIONARY 661-62 (9th ed. 2009); see *Princo*, 616 F.3d at 1330-31; *supra* sources at note 192.

²⁰⁷ 134 CONG. REC. H10646, 10648 (daily ed. Oct. 20, 1988) (statement of Rep. Kastenmeier); see *Princo*, 616 F.3d at 1329-31. *But see* Feldman, *supra* note 24, at 423-24 (noting that the intended restrictions on using the misuse doctrine were substantially reduced and ended up pertaining only to patent tying). See generally *Trayco, Inc. v. United States*, 994 F.2d 832, 836 (Fed. Cir. 1993) (noting that where a statute expressly enumerates the requirements on which it is to operate, additional requirements are not to be implied).

²⁰⁸ U.S. CONST. art. I, § 8, cl. 8; see MERGES ET AL., *supra* note 25, at 29; Michael B. Folsom & Steven D. Lubar, *Introduction to THE PHILOSOPHY OF MANUFACTURES* at xxvii-xxviii (Folsom & Lubar, eds., 1982) (showing evidence that early United States patent acts significantly stimulated invention).

²⁰⁹ MERGES ET AL., *supra* note 25, at 133-34 (noting that patent rights are modeled on utilitarian principles, not natural rights). *But see* Adam Mossoff, *Rethinking the Development of Patents: An Intellectual History 1550-1800*, 52 HASTINGS L.J. 1255, 1257

others for a limited time so that the public may ultimately benefit.²¹⁰ Public benefit arises both through the disclosure of inventions and bringing them to the marketplace.²¹¹ These goals have been clear throughout statutory and case law.²¹² The Federal Circuit's allowance of technology suppression under the guise of a patent pool violates this mandate of encouraging innovation.²¹³

The *Princo* court rejected Princo's patent misuse defense of Philips' suppression of Lagadec building largely on two facts.²¹⁴ First,

(2001) (discussing natural rights as playing important role in development of patent system). See generally WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* (2003) (arguing for an economics rationale to intellectual property law).

²¹⁰ U.S. CONST. art. I, § 8, cl. 8; see *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-51 (1989) (noting that patents encourage creation and disclosure of new, useful, and nonobvious technological advances in return for an exclusive right to practice the invention for a limited time); *Vitamin Technologists v. Wis. Alumni Research Found.*, 146 F.2d 941, 944 (9th Cir. 1944) (stating that public interest not private use is dominant in the patent system); *MERGES ET AL.*, *supra* note 25, at 29; James Madison, *Monopolies, Perpetuities, Corporations, Ecclesiastical Endowments*, *HARPER'S MONTHLY MAGAZINE*, Mar. 1914, at 489 ("The Constitution of the [United States] has limited [monopolies] to two cases, the authors of Books, and of useful inventions, in both which they are considered as compensation for a benefit actually gained to the community as a purchase of property which the owner might otherwise withhold from public use.").

²¹¹ U.S. CONST. art. I, § 8, cl. 8; *MERGES ET AL.*, *supra* note 25, at 29; see Edward C. Walterscheid, *Patents and the Jeffersonian Mythology*, 29 *J. MARSHALL L. REV.* 269, 274-75 (1995) (discussing early United States patent doctrine and James Madison's endorsement of patents for promoting ingenuity). *But see* *Picard v. United Aircraft Corp.*, 128 F.2d 632, 643 (2d Cir. 1942) (noting that the achievement of the patent system may be to promote investment in inventions, not inventions themselves); Rebecca S. Eisenberg, *Patents and the Progress of Science: Exclusive Rights and Experimental Use*, 56 *U. CHI. L. REV.* 1017, 1036-38 (1989) (arguing that patent monopolies are important for innovation, or investment subsequent to invention to bring inventions into practice).

²¹² See, e.g., *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510-11 (1917) (noting that the primary purpose of patent laws is not the creation of private fortunes but to stimulate inventors' efforts); *Pennock v. Dialogue*, 27 U.S. 1, 19 (1829) (holding that patents are to encourage invention, following from English tradition); *United States v. Studiengesellschaft Kohle, m.b.H.*, 670 F.2d 1122, 1127 (D.C. Cir. 1981) (noting origin of U.S. patent laws to stimulate invention and reward innovation).

²¹³ See *Princo v. Int'l Trade Comm'n*, 616 F.3d 1318, 1355-57 (Fed. Cir. 2010) (Dyk, J., dissenting); *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1536 (Fed. Cir. 1995) (noting that the patent laws' goal is fostering technological progress, investment in research and development, capital formation, entrepreneurship, innovation, national strength, and international competitiveness for public).

²¹⁴ *Princo*, 616 F.3d at 1328-30.

§ 271(d)(5) requires market power to find misuse through patent tying.²¹⁵ Second, patentees have the statutory ability to suppress their own technologies.²¹⁶ While these facts are true, the court's interpretation of these facts is incorrect and results in a decision contrary to public policy.²¹⁷

Section 271(d)(5) does require market power to find patent misuse through patent tying.²¹⁸ However, extending § 271(d)(5) beyond patent tying to require anticompetitive effects for finding any misuse, including technology suppression, thwarts the fundamental goal of promoting innovation.²¹⁹ Requiring anticompetitive effects allows patentees to suppress technologies if those technologies are not current market competitors.²²⁰ Innovations that are not market competitors, however, may provide the building blocks for future innovations.²²¹ These innovations, although not current competitors, may later become competitive in the marketplace.²²² As a consequence, technologies that currently cannot out-compete alternatives may still provide substantial benefits to researchers creating novel technologies.²²³

²¹⁵ *Princo*, 616 F.3d at 1328-30; see 35 U.S.C. § 271(d)(5) (2000).

²¹⁶ *Princo*, 616 F.3d at 1328-30; see 35 U.S.C. § 271(d)(5).

²¹⁷ See *Princo*, 616 F.3d at 1355 (Dyk, J., dissenting); see also Feldman, *supra* note 24, at 400. But see Lemley, *supra* note 4, at 1614-20 (arguing that the misuse doctrine does not always promote public policy).

²¹⁸ 35 U.S.C. § 271(d)(5); see Feldman, *supra* note 24, at 420-21; see also *Princo*, 616 F.3d at 1346 (Dyk, J., dissenting).

²¹⁹ U.S. CONST. art. I, § 8, cl. 8; *Princo*, 616 F.3d at 1355-57 (Dyk, J., dissenting).

²²⁰ *Princo*, 616 F.3d at 1355-57 (Dyk, J., dissenting); Feldman, *supra* note 24, at 400; Marshall Leaffer, *Patent Misuse and Innovation*, 10 J. HIGH TECH. L. 142, 158 (2010) (noting that patent misuse can take into account optimal incentives for innovation, whereas antitrust cannot).

²²¹ The Federal Circuit itself in its earlier panel decision of *Princo* recognized the changing roles of inventions in rapidly evolving fields such as computer technology. See *Princo*, 616 F.3d at 1356-57 (Dyk, J., dissenting); *U.S. Philips Corp. v. Int'l Trade Comm'n*, 424 F.3d 1179, 1196 (Fed. Cir. 2005) (noting that characterizing a patent as essential or nonessential is challenging in fast-developing fields).

²²² See *Princo*, 616 F.3d at 1356-57 (Dyk, J., dissenting); Leaffer, *supra* note 220, at 156-57 (noting that patents do not necessarily result in market power); see also Robert P. Merges, *Reflections on Current Legislation Affecting Patent Misuse*, 70 J. PAT. & TRADEMARK OFF. SOC'Y 793, 793 (1988) (stating that often very limited markets for patented technology make it difficult to apply antitrust laws' consumer-demand definition of a relevant market).

²²³ *Princo*, 616 F.3d at 1356-57 (Dyk, J., dissenting); see Leaffer, *supra* note 220, at 158-59 (noting the extreme difficulty in proving patent holder market power in early stages of market evolution that the holder is nonetheless destined ultimately to control).

Princo held that because Lagadec did not compete in the marketplace with Raaymakers, the patent pool suppressing Lagadec was not illegal.²²⁴ The evidence, however, was not conclusive that the Lagadec technology could not be competitive in the future.²²⁵ In fact, researchers identified various other technological problems that the Lagadec patent may solve, and the patent itself reflected these solutions.²²⁶ While it is unknown whether Lagadec would spur innovation in the future, the potential that it could is a foundational goal of granting patent monopolies.²²⁷ Thus, *Princo* erred by requiring current marketability to justify the court's interference to prevent technology suppression.²²⁸

Second, the *Princo* court held that suppression of Lagadec was permissible because of the broad powers accompanying a patent grant.²²⁹ It is true that under statutory right patentees may suppress their own invention by refusing to bring it to market, although this position is not without detractors.²³⁰ Even given the right to suppress one's own invention, however, the *Princo* court erred by allowing the presumption of broad patent rights to exclude many behaviors, including technology suppression through patent pools, from charges of patent misuse.²³¹ The court effectively allowed suppressing

²²⁴ *Princo*, 616 F.3d at 1330-34.

²²⁵ *Id.* at 1356 (Dyk, J., dissenting).

²²⁶ *Id.* at 1357.

²²⁷ *Princo*, 616 F.3d at 1356 (Dyk, J., dissenting) (noting numerous examples of technology that were erroneously thought likely to fail in their early stages such as electric light bulb, telephone, radio, telegraph, and television); see CHRISTOPHER CERF & VICTOR S. NAVASKY, *THE EXPERTS SPEAK: THE DEFINITIVE COMPENDIUM OF AUTHORITATIVE MISINFORMATION* 225-27 (1998) (noting early disappointment in Thomas Edison's light bulb).

²²⁸ *Princo*, 616 F.3d at 1356 (Dyk, J., dissenting).

²²⁹ *Id.* at 1328-30 (majority opinion).

²³⁰ 35 U.S.C. § 271(d)(4) (2000); *Special Equip. Co. v. Coe*, 324 U.S. 370, 378 (1945) (noting that suppression of a patented invention still benefits the public through disclosure and eventual use after the expiration of the patent grant); *Cont'l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405, 424 (1908); *Pennock v. Dialogue*, 27 U.S. 1, 6 (1829) (noting that patentees may abandon inventions). *But see Special Equip.*, 324 U.S. at 382-83 (Douglas, J., dissenting) ("It is a mistake to conceive of a patent as but another form of private property . . . The result is that suppression of patents has become commonplace. Patents are multiplied to protect an economic barony or empire, not to put new discoveries to use for the common good."); *Picard v. United Aircraft Corp.*, 128 F.2d 632, 645 (2d Cir. 1942) (Frank, J., concurring); Kurt M. Saunders, *Patent Nonuse and the Role of Public Interest as a Deterrent to Technology Suppression*, 15 Harv. J. L. & Tech. 389, 397 (2002).

²³¹ See U.S. CONST. art. I, § 8, cl. 8; *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510-11 (1917) (noting that primary purpose of patent laws is

another's invention because one can suppress one's own invention.²³² Compulsory licensing for all — patentees and patent pools alike — might best fulfill the constitutional goal of promoting innovation.²³³ But permitting patentees to refuse to bring their inventions to market at least satisfies a monetary reality.²³⁴ Bringing an invention to market is generally very expensive and inaccessible to many inventors.²³⁵ There is little public benefit, though, in allowing the suppression of another's technology in patent pools, particularly with additional contractual protections.²³⁶

Princo erred by permitting the suppression of Sony's technology in the patent pool.²³⁷ The appropriate application of patent principles requires consideration of the effects of patent-related business

not creation of private fortunes but to stimulate inventors' efforts); *Pennock*, 27 U.S. at 19 (holding that patents are to encourage invention, following from English tradition).

²³² Cf. 35 U.S.C. § 271(d) (allowing patentee to refuse to license or permit use of the patent)); *Princo*, 616 F.3d at 1355 (Dyk, J., dissenting) (discussing the difference between agreeing that Sony would not compete and suppressing technology); Black, *supra* note 198, at 433-34 (discussing the perils of technology suppression).

²³³ U.S. CONST. art. I, § 8, cl. 8; see Paris Convention for the Protection of Industrial Property art. 5(A), Mar. 20, 1883, available at http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html#P123_15283 (providing each treaty nation the right to take legislative measures to force compulsory licenses to prevent the abuses which might result from exclusive patent rights); Black, *supra* note 198, at 433-34 (arguing that compulsory licenses could solve the problem of suppression of life-saving drugs by companies to maintain profits); Saunders, *supra* note 230, at 434-35. *But see* Shanker A. Singham, *Competition Policy and the Stimulation of Innovation: TRIPS and the Interface Between Competition and Patent Protection in the Pharmaceutical Industry*, 26 BROOK. J. INT'L L. 363, 390-91 (2001) (arguing that compulsory licenses weaken patent rights and often result in higher drug prices).

²³⁴ See *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393 (2006); Singham, *supra* note 232, at 372-73 (noting that even for large pharmaceutical firms, bringing an invention to market is extremely costly). *But see* Black, *supra* note 198, at 398 (describing companies suppressing patented technologies on life-saving drugs or treatments to maintain profits for other marketed drugs).

²³⁵ See INVENTION COSTS AND MANUFACTURING COSTS, http://www.inventionstatistics.com/Invention_Costs.html (summarizing costs of many inventions and providing many helpful links) (last visited Sept. 29, 2011); see also Singham, *supra* note 233, at 233 (noting that the costs of bringing inventions to market are very costly even for large firms in the pharmaceutical industry).

²³⁶ See *Princo*, 616 F.3d at 1356 (Dyk, J., dissenting). *But see* Singham, *supra* note 233, at 372-73. See generally Black, *supra* note 198, 436-37 (discussing the dangers of patented technology suppression).

²³⁷ See *Princo*, 616 F.3d at 1356 (Dyk, J., dissenting); Leaffer, *supra* note 220, at 145 (pointing out that current complex licensing agreements may often hamper optimal investment in innovation).

arrangements on innovation.²³⁸ Therefore, the Supreme Court should reverse the *Princo* holding because of its negative effect on innovation.²³⁹

CONCLUSION

The Federal Circuit erred in *Princo* by drastically narrowing the patent misuse doctrine.²⁴⁰ First, the court incorrectly based the doctrine on antitrust rather than patent law principles.²⁴¹ Second, the court inappropriately interpreted § 271(d) of the Patent Act, thereby impermissibly expanding its reach to business arrangements not previously contemplated.²⁴² Third, *Princo*'s allowance of a licensing agreement to suppress technologies defeats the policy goals of fostering innovation.²⁴³ Accordingly, the Supreme Court should reverse *Princo* and hold that Philips's use of the Raaymakers patent to suppress the Lagadec technology is patent misuse.²⁴⁴

²³⁸ *Princo*, 616 F.3d at 1339; Feldman, *supra* note 24, at 400 (pointing out that antitrust law addresses anticompetitive effects, but does not address other harms such as innovation burdens from patent thickets or defensive patent waste); Leaffer, *supra* note 220, at 157 (noting that antitrust focuses only one market while patent misuse should encompass the whole patent system).

²³⁹ See *Princo*, 616 F.3d at 1339-41 (Dyk, J., dissenting). See generally Black, *supra* note 198 (discussing the perils of technology suppression, and, in particular, the failure of antitrust law to police negative the consequences of technology suppression).

²⁴⁰ *Princo*, 616 F.3d at 1341 (Dyk, J., dissenting); see *supra* Part III.

²⁴¹ See Feldman, *supra* note 24, at 400; *supra* Part III.A (arguing that *Princo* court erred by incorrectly relying on antitrust instead of patent law to find no misuse).

²⁴² See *Nat'l Ass'n of Home Builders v. Defenders of Wildlife*, 551 U.S. 644, 677-78 (2007); *United States v. Smith*, 499 U.S. 160, 167 (1991) (quoting *Andrus v. Glover Constr. Co.*, 446 U.S. 608, 616-17 (1980)); *Fireman's Fund Ins. Co. v. England*, 313 F.3d 1344, 1349-50 (Fed. Cir. 2002); *United States v. Pettus*, 303 F.3d 480, 484-85 (2d Cir. 2002); *In re Bell*, 225 F.3d 203, 214 (2d Cir. 2000); *supra* Part III.B.

²⁴³ *Princo*, 616 F.3d at 1346 (Dyk, J., dissenting); see *supra* Part III.C.

²⁴⁴ See *Princo*, 616 F.3d at 1346 (Dyk, J., dissenting); see also U.S. CONST. art. I, § 8, cl. 8; *Potenza et al.*, *supra* note 3, at 69, 71 (stating that patent misuse should not be viewed simply as an extension of antitrust law and should consider patentee's behavior on innovation as well as competition).