

April 1982

Intellectual Property - Patents, Trademarks and Copyrights

Michael D. McCoy

Follow this and additional works at: <https://scholarship.kentlaw.iit.edu/cklawreview>

 Part of the [Law Commons](#)

Recommended Citation

Michael D. McCoy, *Intellectual Property - Patents, Trademarks and Copyrights*, 58 Chi.-Kent L. Rev. 479 (1982).

Available at: <https://scholarship.kentlaw.iit.edu/cklawreview/vol58/iss2/9>

This Article is brought to you for free and open access by Scholarly Commons @ IIT Chicago-Kent College of Law. It has been accepted for inclusion in Chicago-Kent Law Review by an authorized editor of Scholarly Commons @ IIT Chicago-Kent College of Law. For more information, please contact dginsberg@kentlaw.iit.edu.

INTELLECTUAL PROPERTY—PATENTS, TRADEMARKS AND COPYRIGHTS

MICHAEL D. MCCOY*

The ten decisions by the Seventh Circuit in the intellectual property field during the 1980-81 term did not mark any significant departures from previous decisions, although the court did hold that a district court does not have the authority to compel a patentee to seek a reissue patent prior to a judicial determination. The cases covered diverse topics. Only two cases involved the more traditional issues of patent validity or infringement. The remaining patent cases related to declaratory judgment jurisdiction, licensee validity challenges and post-challenge royalties, the *res judicata* effect of consent decrees, attorney's fees, and the dischargeability in bankruptcy of patent infringement. A copyright case dealt with forfeiture under the 1909 Act, and a trademark case dealt with the descriptiveness of a service mark.

PATENTS

Validity & Infringement Saunders v. Air-Flo Co.

*Saunders v. Air-Flo Co.*¹ involved two patents issued to Saunders for a baffle to reduce wind resistance in tractor-trailer trucks and single chassis trucks.² The patented baffle is mounted on top of the cab of the tractor or truck and diverts air flow away from the front of the trailer or van so that it will reattach smoothly to the sides of the trailer or van. Thus, air drag is reduced, increasing fuel efficiency.

The northern district court of Indiana³ invalidated the patents as anticipated under section 102(a)⁴ and obvious under section 103⁵ of title 35 of the United States Code. The Seventh Circuit reversed, hold-

* Partner, Neuman, Williams, Anderson & Olson, Chicago, Illinois. B.S., University of Illinois; J.D., IIT/Chicago Kent College of Law.

1. 646 F.2d 1201 (7th Cir. 1981) (Fairchild, J., with Castle & Swygert, JJ.).

2. United States Patent No. 3,241,876, entitled "Apparatus for Reducing Linear and Lateral Wind Resistance in a Tractor-Trailer Combination Vehicle," 824 OFFICIAL GAZ. PAT. OFF. 1432 (1966); United States Patent No. 3,309,131, entitled "Means for Reducing Linear Wind Resistance in Single Chassis Type Vehicles," 836 OFFICIAL GAZ. PAT. OFF. 613 (1967).

3. *Saunders v. Air-Flo Co.*, 435 F. Supp. 298 (N.D. Ind. 1977) (Sharp, J.).

4. 35 U.S.C. § 102 (1976) provides in part:

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or de-

ing the two patents valid and remanded for further proceedings on the issue of infringement.

With respect to the issue of obviousness, the Seventh Circuit acknowledged the tripartite factual test enunciated in *Graham v. John Deere Co.*⁶ and addressed each part, including secondary considerations. Structural differences between the patented baffle and existing fairings, deflectors, barriers and conduits were noted and discussed, but the court's primary focus was on the functional differences between the prior art and the claimed invention. In so doing, the Seventh Circuit confirmed its earlier rulings that combination patents are not required to exhibit synergism.⁷

Although the district court did not specify what it considered to be the pertinent art or the level of ordinary skill in the art, the Seventh Circuit stated:

We view the pertinent art as the design of trucks and trailers and the level of ordinary skill as that of an educated engineer with experience in such design, although not an expert in aerodynamics.

We are to consider whether the Saunders solution would have been obvious to a hypothetical person addressing the same problem,

scribed in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent,

Henceforth, all statutory citations are to title 35 of the United States Code unless otherwise indicated.

5. 35 U.S.C. § 103 (1976) provides:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. 383 U.S. 1 (1966). In *Graham*, the Supreme Court stated:

While the ultimate question of patent validity is one of law, . . . the § 103 condition, which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries. Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.

Id. at 17-18 (citation omitted).

7. 646 F.2d at 1208, (citing *Republic Indus., Inc. v. Schlage Lock Co.*, 592 F.2d 963, 969 (7th Cir. 1979)). See also *Dual Mfg. & Eng'g, Inc. v. Burris Indus.*, 619 F.2d 660, 662 n.3 (7th Cir. 1980) ("This court . . . made it clear that synergism is not the *sine qua non* of patentability but rather that the analysis of *Graham v. John Deere Co.*, . . . will be the exclusive means by which to measure nonobviousness under 35 U.S.C. § 103.").

"Synergism" refers to the combined actions of two or more agents that produces a greater effect than that of the sum of each action considered separately. See Crossan, *Patent Law: Synergism Rejected*, 56 CHI. KENT L. REV. 339 n.3 (1980).

possessing that degree of skill, and having all the prior art at hand.⁸

The Seventh Circuit viewed the scope and content of the prior art as follows: a) that streamlining a truck to minimize air resistance would lower drag and improve fuel efficiency; b) that connecting a full fairing from a tractor to a trailer would accomplish streamlining but was impractical because it prevented the tractor from turning independently of the trailer (disclosed in University of Maryland studies); c) that a barrier would create a low pressure area behind it and prevent the passage of air; d) that a baffle, such as a bug deflector, would cause air to separate or deflect from a surface and might increase air drag; and e) that a conduit could be constructed on top of a tractor to divert the air flow away from the face of a trailer by channeling the air flow (disclosed in Stamm United States Patent No. 2,863,695).⁹ The court also observed that streamlining, fairings and conduits had been used with trucks, that baffles had been used on automobiles and that all of these were used to alter air flow.¹⁰

The Seventh Circuit next discussed the differences between the prior art and the claims of the patent. After carefully considering the functional aspects of the prior art,¹¹ the court expressly rejected the district court's use of "fairing" and "deflector" as interchangeable terms,¹² and Air-Flo's contention that "baffle" was equally interchangeable.¹³ Instead, dictionary definitions and expert testimony were relied upon to establish that a fairing was a streamlining device that created a new surface for air flow, while a deflector detached air flow and directed it outward.¹⁴ The court noted that Saunder's baffle differed functionally from the prior art because it obstructed air flow. And, although baffles also deflect air flow, the court concluded that "there are very significant differences in many respects, such as abruptness, turbulence, and resulting low pressure area."¹⁵

In addition to functional differences, the court of appeals examined claimed structural differences between the patented baffle and

8. 646 F.2d at 1207 (footnote and citation omitted).

9. *Id.* at 1204, 1206-07. See 737 OFFICIAL GAZ. PAT. OFF. 409 (1958).

10. *Id.* at 1207.

11. Although the court relied upon functional features to distinguish the prior art from the claimed invention, it abandoned functional features in determining infringement. See text accompanying notes 23-26 *infra*.

12. 646 F.2d at 1206.

13. *Id.* at 1206 n.8.

14. *Id.* at 1205-06. See also *id.* at 1204 n.7, where the court defined "fairing" as "a smooth contoured surface designed to provide streamlining by keeping air flow attached to its surface from the tractor roof to the trailer roof." *Id.*

15. *Id.* at 1206.

the prior art, notably a specified range of height and position. These differences were utilized to distinguish Saunder's baffle from 1) conduits, which channeled air flow; 2) automobile bug deflector baffles, which were much shorter in relation to the windshield downstream; and 3) barriers, which were at least as high as the obstruction downstream.¹⁶

Thus, the Seventh Circuit relied on both functional and structural differences to support its finding of nonobviousness. The court concluded by stating:

The University of Maryland [streamlining] and Stamm [conduit] devices differed from Saunders in that they are not baffles. Whether or not the bug deflectors reduced air drag of an automobile, they were designed for other objectives. Although the known principles referred to are consistent with the reduction of air drag produced by Saunders, there is no evidence that anyone previously sought to reduce the air drag of a tractor-trailer combination by placing a baffle atop a tractor cab, or any equivalent arrangement.¹⁷

With respect to relevant secondary indicia of nonobviousness, the district court found that "any commercial success achieved by [plaintiff] was the result of sales promotion and of outside factors . . ." and thus, discounted it.¹⁸ The Seventh Circuit did not disturb this finding.

In discussing the failure of others to solve the same problem, the Seventh Circuit noted that others who presumably possessed "a substantial degree of pertinent skill" addressed the problem but did not come up with a solution.¹⁹ Specifically, the court relied on 1) the University of Maryland studies where no attempt was made to test a baffle, 2) the absence of the disclosure of a baffle in any of the prior art patents that addressed the problem and 3) expert testimony indicating that the patentee had utilized "a turbulent, high drag device [to] end up with a net savings."²⁰

The Seventh Circuit held the trial court's finding of anticipation erroneous because the trial court considered only the similar air deflecting function of the prior art without regard to differences in structure or operation. As the Seventh Circuit noted, functionality is only a portion of the correct test: "A previous patent . . . anticipates a purported invention only where, except for insubstantial differences, it contains all of the same elements operating in the same fashion to perform an iden-

16. *Id.* at 1206-07.

17. *Id.* at 1207.

18. *Id.* at 1208.

19. *Id.*

20. *Id.* (quoting the expert).

tical function.”²¹ Relying on the substantial differences in elements, operation and function that were noted in its discussion of the obviousness issue, the Seventh Circuit overturned the trial court’s finding of anticipation.²²

Remanding for further proceedings on infringement, the Seventh Circuit held one finding of the trial court clearly erroneous and affirmed another, but appears to have been inconsistent in doing so. Claims 1 and 2 recite a baffle “forwardly convexed in a horizontal plane.” The accused device, similar to a V-shaped snow plow, has concave side portions, but when “[c]onsidered as a unit” the point is forward of the two ends.²³ Thus, the court of appeals determined that the district court erred in considering only discrete portions of the accused device. However, whether this broad standard was applied to a second limitation is open to question.

Claims 3 and 4 recite, in combination with a tractor-trailer vehicle, a baffle “having its lower edge in substantially air impervious relation therewith, for diverting the substantially entire air flow relatively widely in a manner to avoid entry of the air stream into the gap”²⁴ Plaintiff’s expert testified to his understanding of “air impervious” as follows:

It means that the surface—the bottom is not truly—truly attached or absolutely impervious like exactly matched to the top of the cab of the truck.

But it means that as far as the air is concerned, there is little air flow, or maybe no air flow through there, that it just acts impervious to the air.²⁵

In addition, test results showed that a small gap did not affect the plaintiff’s device or change the pattern of air flow. Nevertheless, the Seventh Circuit did not disturb the district court’s finding that the accused device was not mounted in a substantially air impervious relation:

Given the ordinary meaning of ‘impervious,’ the lack of any insight provided in the patent into the concept of ‘substantially air impervious relation,’ and given the Smith [expert] testimony, we think the district court did not err in finding that the Air-Flo shield was not mounted in a substantially air impervious relation to the tractor roof.

21. *Id.* at 1203 (citing *Popeil Bros., Inc. v. Schick Elec., Inc.*, 494 F.2d 162, 164 (7th Cir. 1974)). *Accord*, *Reynolds Metals Co. v. Aluminum Co. of America*, 609 F.2d 1218, 1220 (7th Cir. 1979), *cert. denied*, 446 U.S. 989 (1980); *Illinois Tool Works, Inc. v. Sweetheart Plastics, Inc.*, 436 F.2d 1180, 1182-83 (7th Cir.), *cert. dismissed*, 403 U.S. 942 (1971).

22. 646 F.2d at 1203.

23. *Id.* at 1209.

24. *Id.* at 1202 n.5.

25. *Id.* at 1209.

Accordingly, Air-Flo did not infringe claims 3 and 4 of '876.²⁶ In so holding, the Seventh Circuit appears to have ignored the requirement in the patent that the baffle be in combination with the tractor roof and the fact that the word "substantially" precedes the word "impervious." Moreover, the court also ignored the phrase in the claim that immediately follows the "air impervious" recitation which provides the "insight" that the court stated was missing: "for diverting the substantially entire air flow"²⁷

Nonobviousness

Sauer Machine Co. v. Corrugated Finishing Products, Inc.

Nonobviousness, one of the prerequisites to obtaining a patent under section 103,²⁸ is one of the most litigated issues in patent law. In *Sauer Machine Co. v. Corrugated Finishing Products, Inc.*,²⁹ the Seventh Circuit reversed a district court finding of obviousness and held that a combination patent for an anvil cover was nonobvious and valid.³⁰ The Seventh Circuit found that the district court erred because it "did not give sufficient weight to the innovation achieved in Sauer's new design."³¹

Corrugated cardboard is cut by a rotating wheel with knife-like dies on the edges that cut against a rotating cylindrical anvil. The anvil is covered with a rubbery polyurethane strip that fits around it like a sleeve. In an effort to minimize wear of the anvil cover, it axially freewheels around the circumference of the anvil so that the dies will strike it at random locations, thus evenly distributing the wear.³²

One prior art design for an anvil cover was disclosed in an earlier patent to Sauer, the same inventor of the patent in suit.³³ It involved cover halves with T-shaped ribs that extended radially inwardly and fit into complementary circumferential T-shaped slots in the anvil. The mating edges of each cover half fit flush against each other but were not

26. *Id.* at 1210.

27. *See id.* at 1202 n.5.

28. 35 U.S.C. § 103 (1976). For the statute's text, *see* note 5 *supra*.

29. 642 F.2d 203 (7th Cir. 1981) (Wisdom, J., sitting by designation from the Fifth Circuit Court of Appeals, with Bauer & Cudahy, JJ.).

30. United States Patent No. 3,522,754, entitled "Reinforced Freewheeling Resilient Cover For Rotary Die-Cutting Anvil." 877 OFFICIAL GAZ. PAT. OFF. 103 (1970).

31. 642 F.2d at 206.

32. *Id.* at 204-05.

33. United States Patent No. 3,274,873, entitled "Rotary Anvil Construction." 830 OFFICIAL GAZ. PAT. OFF. 1412 (1966). The opinion erroneously cites United States Patent No. 3,724,873, entitled "Three-Wheeled Vehicle." 909 OFFICIAL GAZ. PAT. OFF. 230 (1973). *See* 642 F.2d at 205.

connected or locked together. In use, this prior art cover would warp and bow, causing the T-shaped rib to disalign and jam in the mating slot, preventing freewheeling.³⁴

The solution to the foregoing problem was the configuration of the patent in suit. It disclosed and claimed the substitution of a rib designed to fit into a U-shaped slot, *i.e.*, a “T” without the upper arms, and the addition of “interlocking” means between the mating edges of each half of the cover.³⁵

In overturning the district court’s finding that the patent was obvious under section 103,³⁶ the Seventh Circuit distinguished other patents using ribs for freewheeling anvils because they did not disclose any particular technique for freewheeling, and they did not solve the warping and jamming problems:

The French patent teaches the feasibility and desirability of a free-wheeling anvil cover, as opposed to one fixed to the anvil, but it does not purport to patent any particular technique for permitting free-wheeling. The design example in the French patent features a dovetail rib-and-slot method similar in principle and operation to the T-rib design. Both teach the use of a rib of arbitrary shape to preserve lateral and radial stability while allowing circumferential motion; neither solves the warping and jamming problem inherent in the arbitrary rib technique.³⁷

Sauer’s patent was found to be an “innovation” because it separated the functions of the rib:³⁸

The innovation of the new Sauer patent is to split the rib’s two functions—that is, to use the rib and slot only to keep the anvil cover from slipping off sideways (lateral stability), and to rely instead on a new feature (joined ends) to prevent the cover from flying outward (radial stability). The new design thus eliminates the key feature of the old designs—the arbitrary-shaped rib—because it (sic) jams after short use.³⁹

The Seventh Circuit did not state whether a cover having interlocking ends alone was obvious. But, it did hold that Sauer’s combination of the U-shaped rib with joined ends resulted in a patentable combination, notwithstanding the separate prior art disclosures of the

34. 642 F.2d at 205.

35. *Id.*

36. 35 U.S.C. § 103 (1976). For the statute’s text, *see* note 5 *supra*.

37. 642 F.2d at 206. It is unclear whether the court meant that the French patent did not claim any particular technique or did not disclose any particular technique. Based upon the court’s description of the “features” of the French patent, it is believed the court considers the entire French disclosure, rather than just the claims, to be within the pertinent prior art. This construction would be in accordance with 35 U.S.C. § 102(a), (b) (1976).

38. 642 F.2d at 206.

39. *Id.*

individual elements of the claimed invention:⁴⁰

Here, the main focus of the patent at issue is on a new technique for freewheeling: the *combination* of a U-shaped rib with joiner of the cover ends. The particular type of end joint is unimportant; any connection will serve the purpose so long as it holds together adequately. The inventor, after stating the need for some kind of end joint, went further and described a particular one. Supposing that the described joint is obvious, however, it does not taint the patentability of the concept of *U-rib-plus-joined-ends* as a freewheeling technique. The specification of a lug-and-recess joint is, at worst, surplus detail, in the same way that it would be surplus detail to stipulate that the new anvil cover should be red.⁴¹

The Seventh Circuit further stated, in support of its holding, that an invention is not always an "astonishing breakthrough," that the improvement may include "nothing new," and that "nearly every invention can be reduced to a combination or packet of old, known things."⁴²

In support of its finding of nonobviousness, the Seventh Circuit also noted the huge commercial success of the Sauer patent, which spoke with "force" in this instance.⁴³ The new design brought about a tenfold improvement in cover life, reduced down time to replace the covers rapidly displaced prior art covers and was not adopted by others until it was disclosed by Sauer.⁴⁴

Lack of Authority of a District Court to Compel a Patentee to Seek a Reissue Patent

Johnson & Johnson, Inc. v. Erickson & Co.

Through the 1977 amendments to the reissue procedure, a patentee is permitted to apply for a reissue of his patent when he becomes aware of prior art or other information relevant to patentability that was not previously considered by the Patent and Trademark Office.⁴⁵ The Seventh Circuit held in *Johnson & Johnson, Inc. v. Erickson & Co.*⁴⁶ that a district court did not have the power to compel a patentee

40. Claims 4-12 of the patent in suit recite the combination of a rib and interlocking lugs, but none of them specifies the configuration of the rib. Claims 1-3 include recitations of a reinforcing means that was not referred to by the Seventh Circuit. They do not recite the combination of a rib and interlocking lugs. *Id.* at 205 n.1.

41. 642 F.2d at 207 (emphasis added).

42. *Id.* at 206 & n.2.

43. *Id.* at 206, 207. Although the Seventh Circuit referred to the commercial success of the Sauer "patent," the facts cited to support its commercial success finding relate to the advantages of the device disclosed in the patent.

44. *Id.* at 208.

45. See 42 Fed. Reg. 5588, 5594-95 (1977), codified at 37 C.F.R. § 1.175 (1981).

46. 627 F.2d 57 (7th Cir. 1980) (Sprecher, J., with Bauer & East, JJ.).

that is a party in a pending infringement action to apply for a reissue patent as a condition precedent to the adjudication of the pending action. The court stated that these amendments were for the sole benefit of the patentee,⁴⁷ and thereby reversed the district court's decision.

Johnson & Johnson brought an infringement action against Erickson on a patent relating to a two-paste composite dental restorative system to fill cavities in teeth.⁴⁸ Erickson denied infringement and alleged invalidity on numerous grounds, including undisclosed prior art and inequitable conduct in the Patent and Trademark Office. Erickson sought a declaratory judgment of invalidity and noninfringement. After some discovery, Erickson moved to compel Johnson & Johnson to apply for a reissue and the district court granted the motion.⁴⁹

The Seventh Circuit first acknowledged that several district courts had compelled reissue proceedings⁵⁰ while other courts had denied motions to initiate nonvoluntary reissue proceedings.⁵¹ The court then recounted some basic precepts concerning patents and the courts: that the seventeen year right to exclude others from making, using or selling the invention is "a right and not a matter of grace or favor;"⁵² that a patent is a property right⁵³ of which the patentee cannot be deprived without due process of law;⁵⁴ that Congress has declared that a "patent shall be presumed valid;"⁵⁵ and that "Congress has vested original and exclusive jurisdiction of civil actions relating to patents in the district courts."⁵⁶ The court continued, "Consequently, [t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the Courts of the United States and not in

47. *Id.* at 60.

48. United States Patent No. 3,926,906. 941 OFFICIAL GAZ. PAT. OFF. 1358 (1975).

49. 627 F.2d at 58-59.

50. *See, e.g.*, Sheller Globe Corp. v. Mobay Chemical Corp., 204 U.S.P.Q. 1052 (E.D. Mich. 1980); Coe Laboratories, Inc. v. St. Charles Mfg. Corp., 206 U.S.P.Q. 1014 (N.D. Ill. 1980); Slimfold Mfg. Co. v. Kinkead Indus., Inc., 206 U.S.P.Q. 1012 (N.D. Ga. 1980); Choat v. Rome Indus., Inc., 480 F. Supp. 387 (N.D. Ga. 1979); *In re Yarn Processing Patent Validity Litigation*, 448 P.T.C.J. 7 (S.D. Fla. 1979); K-Jack Eng'r Co. v. Pete's Newsrack, Inc., 205 U.S.P.Q. 696 (C.D. Cal. 1978); Lee-Boy Mfg. Co. v. Puckett, 202 U.S.P.Q. 573 (N.D. Ga. 1978).

51. *See, e.g.*, Cooper Indus. Inc. v. J&J Fabrics, Inc., 531 P.T.C.J. A-12 (S.D. Ga. 1981); Milliken Research Corp. v. Dan River, Inc., 206 U.S.P.Q. 1028 (W.D. Va. 1980); Goodwall Constr., Inc. v. Southern Bell Tel. and Tel. Co., 503 F. Supp. 153 (N.D. Ga. 1980); RCA Corp. v. Applied Digital Data Systems, 467 F. Supp. 99 (D. Del. 1979); Bielomatik Leuze & Co. v. Southwest Tablet Mfg. Co., 204 U.S.P.Q. 226 (N.D. Tex. 1979); Antonious v. Kamata-Ri & Co., 204 U.S.P.Q. 294 (D. Md. 1979); E.C.H. Will v. Freundlich-Gomez Mach. Corp., 201 U.S.P.Q. 476 (S.D. N.Y. 1978).

52. 627 F.2d at 59 (citing *James v. Campbell*, 104 U.S. 356, 358 (1881)).

53. 627 F.2d at 59 (citing *Consolidated Fruit-Jar Co. v. Wright*, 94 U.S. 92, 96 (1876)).

54. 627 F.2d at 59.

55. *Id.* (citing 35 U.S.C. § 282 (1976)).

56. 627 F.2d at 59 (citing 28 U.S.C. § 1338(a) (1976)).

the department which issued the patent.'"⁵⁷ Turning its attention to the reissue procedure, the Seventh Circuit noted that the provisions relating to original patent applications are generally applicable to applications for a reissue of a patent.⁵⁸ Further noting that the application for a patent is made by the inventor,⁵⁹ the court concluded that the reissue system is "initiated by the patentee and is primarily for the patentee's benefit."⁶⁰

The Seventh Circuit apparently holds a dim view of reissue proceedings as a means of expediting patent litigation. Based upon its review of the case law, the court stated that "reissue proceedings frequently cause major delays in the ultimate disposition of validity challenges."⁶¹ The court referred to two cases where the district court held the patents invalid despite prior reissue proceedings upholding the validity of the patents.⁶² The Seventh Circuit stated that "compelled reissue proceedings would have no effect whatever on the judicial process."⁶³ It observed that "[t]o say that the reissue process would 'strengthen' the rebuttal [sic] presumption of validity is to say nothing" and described the seeking of a reissue as "time consuming and often futile."⁶⁴ Thus, one challenging the validity of a patent in the Seventh Circuit is well advised to proceed cautiously when seeking to initiate reissue or reexamination proceedings.⁶⁵

57. 627 F.2d at 59 (citing *McCormick Harvesting Mach. Co. v. Aultman*, 169 U.S. 606, 609 (1898)). Cf. 35 U.S.C. § 251 (1976) (Commissioner's power to correct defectively issued patent); *id.* § 254 (Commissioner's power to issue certificate of correction regarding Patent Office mistake); *id.* § 255 (Commissioner's power to issue certificate of correction regarding an applicant's mistake).

58. 35 U.S.C. § 251 (1976) provides in part:

The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent, except that application for reissue may be made and sworn to by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent.

59. 35 U.S.C. § 111 (1976).

60. 627 F.2d at 59.

61. *Id.* at 61.

62. See *Pic Inc. v. Prescon Corp.*, 485 F. Supp. 1302 (D. Del. 1980); *Komline-Sanderson Eng'r Corp. v. Ingersoll Rand Co.*, 485 F. Supp. 973 (D. Del. 1980). In both cases, the district court stayed judicial proceedings pending the outcome of the reissue proceedings. The Seventh Circuit offered no comment on the desirability of reissue proceedings occurring simultaneously with discovery.

63. 627 F.2d at 62.

64. *Id.* at 61, 62.

65. Whether or not this attitude will extend to the new reexamination procedures which came into effect on July 1, 1981 remains to be seen. See Adamo, *Patent Reexamination*, 58 CHI. KENT L. REV. 59 (1981).

Declaratory Judgment Jurisdiction
International Harvester Co. v. Deere & Co.

In *International Harvester Co. v. Deere & Co.*,⁶⁶ the Seventh Circuit held that International Harvester lacked the requisite subject matter jurisdiction for a declaratory judgment and dismissed the complaint without prejudice. In so doing, it vacated the district court's grant of summary judgment of noninfringement in favor of International Harvester.⁶⁷ The Seventh Circuit discussed three separate bases for its decision and indicated that each of the three provided an alternate basis for denying jurisdiction. First, International Harvester failed to establish that Deere instilled in it a reasonable apprehension of an infringement suit. Second, International Harvester's preparations to manufacture the potentially infringing product had not proceeded to the point where designs were final and commercial manufacture was imminent. And, finally, declaratory judgment would not be appropriate due to the ongoing litigation between the same parties involving the validity of the same patent.⁶⁸

In 1978, Deere had obtained an order enjoining International Harvester from infringing United States Patent No. 3,589,110 with the 800 series corn head.⁶⁹ In April 1979, during the appeal of the order, International Harvester voluntarily submitted to Deere a partial drawing of its CX-41 corn head and requested confirmation that it did not infringe Deere's patent. International Harvester stated that failure to take a position or a conclusion of infringement would result in legal action. Deere responded: "While a discussion of possible alternative designs would undoubtedly be appropriate in the context of an overall settlement of the dispute between us, we are not prepared to deal with this issue separately."⁷⁰ On May 8, 1979, according to International Harvester's allegations, Deere advised International Harvester it would permit production of the CX-41 for money payments. This communi-

66. 623 F.2d 1207 (7th Cir. 1980) (Sprecher, J. with Cummings, J. Cudahy, J. concurring in a separate opinion).

67. 478 F. Supp. 411 (C.D. Ill. 1979) (Morgan, J.).

68. 623 F.2d at 1215, 1217.

69. *Id.* at 1213 n.3. In *Deere & Co. v. International Harvester Co.*, 460 F. Supp. 523 (S.D. Ill. 1978), the district court found Deere's same patent, No. 3,589,110, entitled "Gear Drive and Support for Corn-Harvesting Unit," 887 Official Gaz. Pat. Off. 1894 (1971), valid and infringed by International Harvester's 800 series corn head. On appeal, the Seventh Circuit reversed that judgment and remanded for further proceedings because of the district court's erroneously formulated conclusion that the patent was valid. No. 78-2660 (7th Cir. Jan. 23, 1980) (unpublished memorandum).

70. 623 F.2d at 1212.

cation was denied by Deere.⁷¹ Subsequently, International Harvester filed a declaratory judgment complaint.⁷²

The Declaratory Judgment Act⁷³ provides for judgment in cases of "actual controversy."⁷⁴ The plaintiff has the burden of supporting the requisite jurisdictional allegations by competent proof based upon the state of affairs at the time of filing the complaint.⁷⁵ In declaratory judgment actions involving patents, the Seventh Circuit noted that there are two requirements for establishing an actual controversy:

First, the defendant must have engaged in conduct giving rise to a reasonable apprehension on plaintiff's part that it will face an infringement suit or the threat of one if it commences or continues the activity in question Second, the plaintiff must have actually produced the accused article or have engaged in preparations for production such that

but for a finding that the product infringes or for extraordinary and unforeseen contingencies, the plaintiff would and could begin production immediately.⁷⁶

The Seventh Circuit agreed with International Harvester that the determination of whether a "reasonable apprehension" exists is governed by liberal standards.⁷⁷ Thus, an explicit charge of infringement need not be shown:

A plaintiff's reasonable apprehension may be the product of an implied charge of infringement or of a course of conduct which would lead a reasonable man to fear that he or his customers face suit or the threat of suit. . . . This reasonable apprehension, however, must be the product of *defendant's* statements or conduct; a reasonable apprehension alone, if not inspired by defendant's actions, does not give rise to an actual controversy.⁷⁸

To establish reasonable apprehension, International Harvester relied upon Deere's pending suit on the same patent, Deere's response to In-

71. *Id.*

72. *Id.* at 1215.

73. Declaratory Judgment Act, ch. 646, 62 Stat. 964 (1948), as amended (codified at 28 U.S.C. § 2201 (1976)).

74. 28 U.S.C. § 2201 (1976) provides in pertinent part:

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

75. 623 F.2d at 1210 (citing *Grafon Corp. v. Hausermann*, 602 F.2d 781, 783 (7th Cir. 1979); *Super Prods. Corp. v. DP Way Corp.*, 546 F.2d 748, 752 (7th Cir. 1976)). See also *American Needle & Novelty Co. v. Schuessler Knitting Mills*, 379 F.2d 376, 379 (7th Cir. 1967).

76. 623 F.2d at 1210-11 (citing *Grafon Corp. v. Hausermann*, 602 F.2d 781, 783-84 (7th Cir. 1979); *Super Prods. Corp. v. DP Way Corp.*, 546 F.2d 748, 750, 753 (7th Cir. 1976); *Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc.*, 439 F.2d 871, 875 (1st Cir. 1971)).

77. 623 F.2d at 1211.

78. *Id.* (emphasis by the court, citations omitted).

ternational Harvester's April 1979 letter and Deere's alleged statement that it would allow production of the CX-41 for the payment of money.⁷⁹ However, International Harvester did not contend that its ability to sell the CX-41 had been adversely affected by Deere. Also, International Harvester's complaint did not allege that Deere had made an explicit charge of infringement, nor did it allege a reasonable apprehension of an infringement suit.⁸⁰

The Seventh Circuit concluded that International Harvester had not established by its allegations a reasonable apprehension of an infringement suit. The ongoing litigation was deemed to be of some relevance because it established that Deere would pursue patent infringement. But, this did not indicate that Deere "would pursue a patent suit with respect to the CX-41, or that Deere had formed any opinion as to whether the CX-41 infringed its patent."⁸¹

International Harvester relied heavily upon *Broadview Chemical Corp. v. Loctite Corp.*⁸² to assert an actual controversy, but the Seventh Circuit distinguished the case. In *Broadview*, a prior patent suit had been resolved and an injunction had issued, while in *Deere* the prior suit was still pending and the injunction had been stayed. The Seventh Circuit also noted that Loctite had sent letters to Broadview's customers advising them of the suit and threatening to sue any infringers, while in the present suit Deere had not contacted any customers and International Harvester had not alleged that its ability to sell the CX-41 had been adversely affected by Deere.⁸³

Regarding International Harvester's April 1979 letter requesting confirmation of noninfringement, the Seventh Circuit stated that it was "of little, if any, significance" and could not have created a reasonable apprehension of an infringement suit on International Harvester's

79. *See id.* at 1212.

80. *Id.* at 1211 & n.2. In its complaint International Harvester did not allege a reasonable apprehension; instead it alleged certain facts and concluded that there was a justiciable controversy. The Seventh Circuit adopted that portion of *Pittway Corp. v. BRK Shareholders' Comm.*, 444 F. Supp. 1210, 1214 n.6 (N.D. Ill. 1978), *aff'd mem.*, 588 F.2d 835 (7th Cir. 1978), holding that the absence of such a "reasonable apprehension" allegation in the complaint was a factor to be considered in evaluating the existence of jurisdiction. 623 F.2d at 1211.

81. 623 F.2d at 1212.

82. 417 F.2d 998 (2d Cir. 1969), *cert. denied*, 397 U.S. 1064 (1970).

83. 623 F.2d at 1212. International Harvester also relied upon *Sticker Indus. Supply Corp. v. Blaw-Knox Co.*, 367 F.2d 744 (7th Cir. 1966). Blaw-Knox informed customers of Sticker that Blaw-Knox had been issued a patent and that licenses were available. Sticker established that it lost sales because potential customers were fearful of infringement suits. And, in an earlier letter, Blaw-Knox advised Sticker that the installation would infringe the Blaw-Knox patent. This case was distinguished because in the present suit there was no contact between Deere and International Harvester customers, International Harvester did not allege a loss of past or potential future sales, and Deere did not explicitly state that there might be infringement. 623 F.2d at 1213.

part.⁸⁴ The court explained that holding otherwise would "result in a requirement that a patentee grant clearance to a competitor's designs upon request or, by its refusal to do so, create declaratory judgment jurisdiction."⁸⁵ With respect to Deere's alleged statement that it would permit International Harvester to produce the CX-41 upon payment of money, the Seventh Circuit gave it little weight because it did not mention royalties, infringement or the Deere patent.⁸⁶

The Seventh Circuit also held that International Harvester had failed to meet the second portion of the declaratory judgment test by finding that it had no immediate intent to manufacture the potentially infringing product. Acknowledging that a declaratory judgment plaintiff need not have engaged in actual manufacture,⁸⁷ the Seventh Circuit quoted *Wembly, Inc. v. Superba Cravats, Inc.*⁸⁸ for the proposition that where there is no actual manufacture, use or sale, and no immediate intention and ability to practice the invention, there is no justiciable controversy.⁸⁹

Although International Harvester did not allege either immediate intent or ability to manufacture the invention, it argued that such intent and ability were evident in the pre-production preparatory steps outlined in its complaint.⁹⁰ Thus, the Seventh Circuit examined the evidence presented and concluded that the design presently before them might not be the design ultimately produced or marketed.⁹¹ Specifically, as of the date the declaratory judgment complaint was filed, a complete CX-41 had not been field-tested, a necessary full season test had yet to be conducted, no production CX-41's had been built, no production parts had been made, no descriptions of the CX-41 had been provided to customers or dealers, no orders had been solicited, no operating manuals or advertising materials had been compiled and tooling was in its early stages.⁹² International Harvester alleged that

84. 623 F.2d at 1213.

85. *Id.* In a footnote, the Seventh Circuit noted that in every case where an actual controversy was found, the patentee was the first to raise the question of possible infringement. In the two cases where the potential infringer initiated contact, it was held that no controversy existed. *Id.* at 1213 n.7.

86. *Id.* at 1213.

87. *Id.* at 1215. *E.g.*, *Super Prods. Corp. v. DP Way Corp.*, 546 F.2d 748, 754 (7th Cir. 1976).

88. 315 F.2d 87 (2d Cir. 1963).

89. 623 F.2d at 1215 (quoting *Wembly, Inc. v. Superba Cravats Inc.*, 315 F.2d 87, 90 (2d Cir. 1963)). The Seventh Circuit also cited *Super Prods. Corp. v. DP Way Corp.*, 546 F.2d 748, 754 (7th Cir. 1976) and *Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc.*, 439 F.2d 871, 875 (1st Cir. 1971).

90. 623 F.2d at 1215.

91. *Id.* at 1216.

92. *Id.* These circumstances were distinguished from those in *Super Prods. Corp. v. DP Way*

the CX-41 design was finalized insofar as it related to Deere's patent, but the Seventh Circuit, in view of the significant lack of testing, was not assured.⁹³ Thus, the Seventh Circuit ruled that when International Harvester's preparations had reached a "later" stage, and the other jurisdictional requisites were present, it could file suit again.

The Seventh Circuit found still a third independent basis upon which to support its decision that no declaratory judgment jurisdiction existed. It pointed out that declaratory judgment jurisdiction is discretionary, even where a justiciable controversy exists.⁹⁴ Since the issue of the patent's validity remained open in the pending suit, the declaratory judgment might become unnecessary, and the court felt that this possibility was an appropriate basis to decline to exercise declaratory judgment jurisdiction.⁹⁵

Declaratory Judgment Jurisdiction and Post-Challenge Royalties Precision Shooting Equipment Co. v. Allen

In *Precision Shooting Equipment Co. v. Allen*,⁹⁶ the Seventh Circuit sided with the Second, Sixth and Ninth Circuits⁹⁷ by preventing a patentee from terminating a license during the pendency of a declaratory judgment action challenging the patent's validity as long as the licensee pays post-challenge royalties into the court's escrow account. The licensee was also permitted to continue marking its product with the number of the challenged patent.

Two issues were before the Seventh Circuit. The patentee first asserted that there was no declaratory judgment jurisdiction. Noting that a valid license is an absolute defense to a patent infringement action, the patentee argued that thus, there was no "actual controversy" and that the plaintiff, the licensee, did not have a reasonable apprehension of defending an infringement suit.⁹⁸ The licensee countered that,

Corp., 546 F.2d 748, 752, 754-55 (7th Cir. 1976), where product testing had been completed and manufacturing had begun. 623 F.2d at 1216.

93. 623 F.2d at 1216.

94. *Id.* at 1217. *E.g.*, TRW v. Ellipse Corp., 495 F.2d 314, 322 (7th Cir. 1974); Broadview Chemical Corp. v. Loctite Corp., 417 F.2d 998, 1000-01 (2d Cir. 1969), *cert. denied*, 397 U.S. 1064 (1974).

95. 623 F.2d at 1218.

96. 646 F.2d 313 (7th Cir. 1981) (Wood, J. with Cudahy & Campell, JJ.), *aff'g* 492 F. Supp. 79 (C.D. Ill. 1980) (Baker, J.).

97. *See* Warner-Jenkinson Co. v. Allied Chemical Corp., 567 F.2d 184 (2d Cir. 1977); St. Regis Paper Co. v. Royal Indus., 552 F.2d 309 (9th Cir. 1977); Atlas Chemical Indus., Inc. v. Moraine Prods., 509 F.2d 1 (6th Cir. 1974).

98. Jurisdiction under 28 U.S.C. § 2201 (1976) is expressly limited to "actual controversies." *See* text accompanying notes 72-77 *supra*.

notwithstanding the license, a valid controversy existed.⁹⁹ It also argued that jurisdiction should be accepted based upon the policy statements in *Lear, Inc. v. Adkins*,¹⁰⁰ favoring the free use of ideas in the public domain by permitting licensees to defend a patent infringement action by challenging the patent's validity.¹⁰¹

The Seventh Circuit framed the issue as follows:

It must be remembered that the issue to be determined in the present case is whether an "actual controversy" exists while the license is still in use, diversity or no diversity. In general a "controversy" is more than just a disagreement. It must be justiciable. A court will not render advisory opinions or expound on academic or moot questions merely to satisfy the curiosity of the parties. "The controversy must be definite and concrete, touching the legal relations of parties having adverse legal interests" susceptible to specific relief.¹⁰²

The Seventh Circuit then held that a sufficient controversy had been alleged to meet the constitutional standard.¹⁰³ One basis for its decision was the rationale of *Public Service Commission of Utah v. Wycoff Co.*¹⁰⁴ The court of appeals reasoned:

A court must be able to see the legal issue to be decided, the effect its decision will have on the parties and that some useful purpose can be achieved.

The legal issue [in this case] is the validity of the patent. The decision will impact upon the business dealings between the parties. The useful purpose served is to bring the contest to an end between the parties and in the spirit of *Lear* to test out whether or not the patentee is entitled to the monopoly and royalties it claims or whether what it seeks to protect for itself is really part of the public domain.¹⁰⁵

A second basis was the finding that the licensee suffered a reasonable apprehension of an infringement suit, based upon the complaint allegations. The complaint alleged that the patentee was involved in an infringement suit with another licensee and that a similar suit involving plaintiff could reasonably be expected.¹⁰⁶

99. 646 F.2d at 315.

100. 395 U.S. 653 (1969).

101. *Id.* at 670.

102. 646 F.2d at 316 (citing *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-41 (1937); *Winsor v. Daumit*, 185 F.2d 41, 43 (7th Cir. 1950)).

103. 646 F.2d at 317.

104. 344 U.S. 237 (1952).

105. 646 F.2d at 318 (citation omitted). Earlier in the opinion, the Seventh Circuit acknowledged that *Lear* conferred no new jurisdiction on the federal courts, but that its rationale had some influence on whether an actual controversy existed. *Id.* at 317.

106. 646 F.2d at 318. The court of appeals quoted from the licensee's complaint:

6. On information and belief, the defendants [patentee] have initiated lawsuits in several jurisdictions alleging, *inter alia*, infringement of U.S. Patent 3,486,495 on the part of other manufacturers of "compound bows". On the basis of its allegations contained

The Seventh Circuit also discussed its earlier decision in *Beckman Instruments, Inc. v. Technical Developments Corp.*¹⁰⁷ It held that *Beckman* was not controlling because that case did not hold that license termination is a precondition to a declaratory judgment challenge of validity by a licensee. There, the court noted that the licensee had failed to allege that it had intended to terminate its royalty payments so that there had been no actual controversy with respect to the termination of the license agreement.¹⁰⁸

As for the second issue on appeal, the patentee asserted that the licensee was not entitled to the protection of the patent and to the privilege of marking his product with the patent number while temporarily withholding royalties from the patentee and paying them into an escrow account. The court of appeals considered several different alternatives and held that the escrow arrangement was "a practical and sensible temporary solution . . ." ¹⁰⁹ The patentee relied upon *Kraly v. National Distillers & Chemical Corp.*¹¹⁰ in asserting that it was entitled to all post-challenge royalties while the licensee continued to mark its product with a patent notice. However, the Seventh Circuit deemed this entitlement an open question.¹¹¹ The court declined to accept the patentee's position because it would require the licensee to prejudice validity, to stop marking and paying royalties and to breach the licensing agreement. Since this position would create the risk of an infringement suit or of a termination of the license, the court felt it was too

herein that U.S. Patent 3,486,495 is invalid and unenforceable, BAC [licensee] has ceased paying royalties under the aforesaid license agreements directly to defendant Allen Archery, Inc., and instead is seeking leave to pay royalties due under the existing agreement into this Court. Upon information and belief, defendant Allen Archery, Inc. has sued or counterclaimed against at least one other licensee who has ceased paying royalties and/or has sought leave to pay royalties into Court. BAC therefore has more than a reasonable apprehension that it too will be sued for infringement of the foregoing patent and that defendants will seek to terminate its license agreement and will also seek an injunction to disrupt BAC's commerce in "compound bows" and to attempt to prohibit it from the manufacture, use and sale thereof.

7. An actual controversy exists between BAC and defendants concerning the validity and enforceability of U.S. patent 3,486,495 and declaratory relief is therefore necessary and proper.

Id. at 318 n.9. See 869 OFFICIAL GAZ. PAT. OFF. 1470 (1969).

107. 433 F.2d 55 (7th Cir. 1970), *cert. denied*, 401 U.S. 976 (1971). In *Beckman*, the exclusive sublicensee of a patent sued the patent's licensee, challenging the validity of the patent. The Seventh Circuit held, *inter alia*, that the exclusive sublicense agreement did not preclude the sublicensee from challenging the patent's validity. *Id.*

108. 646 F.2d at 317.

109. *Id.* at 318.

110. 502 F.2d 1366 (7th Cir. 1974).

111. 646 F.2d at 319 (citing *U.S.M. Corp. v. Standard Pressed Steel Co.*, 524 F.2d 1097 (7th Cir. 1975)).

risky for the licensee and contrary to the teachings of *Lear*.¹¹²

The licensee also urged that in the event of invalidity, it should be entitled to a refund of all royalties paid under the license, and not just the post-challenge royalties. The court of appeals rejected this claim on the ground that such a refund would not stimulate an early validity test as suggested by *Lear*.¹¹³

Another alternative the Seventh Circuit considered was to permit the licensee to withhold or recoup all royalties accrued or paid only after a final judgment of invalidity. This alternative was also rejected by the court because, if the patent were held invalid, the licensee would have paid royalties for nothing of value, and the patentee would be encouraged to delay the case. In addition, the court of appeals stated that *Lear* provided "no reason for continuing royalty payments" during a validity challenge.¹¹⁴

In conclusion, the Seventh Circuit stated:

Under the challenge approach adopted by the district court, all the post-challenge royalties are safely in escrow for whomever may be found to be entitled to them. It appears delay in resolution of the controversy favors neither party. Nor is either party made to assume risks not necessary to the resolution of validity. We adopt that approach.¹¹⁵

Res Judicata Effect of a Prior Consent Judgment

American Equipment Corp. v. Wikomi Manufacturing Co.

In *American Equipment Corp. v. Wikomi Manufacturing Co.*,¹¹⁶ the Seventh Circuit held that a prior consent judgment adjudicating infringement as well as validity bars a party to the judgment or one of its privies from subsequently contesting the validity of the patent.

In an action filed in 1971, American charged Wikomi I with infringement of a patent for a concrete mixer. The action continued through discovery and a pretrial conference, but it was terminated short of trial through an order and consent judgment providing that the patent was valid and infringed and enjoining further infringement.¹¹⁷

Subsequently, Wikomi II, another corporation in privity with

112. 646 F.2d at 320-21.

113. *Id.* at 320.

114. *Id.* at 321.

115. *Id.* For other cases taking this same approach to the treatment of post-challenge royalties, see *Warner-Jenkinson Co. v. Allied Chemical Corp.*, 567 F.2d 184, 188 (2d Cir. 1977); *St. Regis Paper Co. v. Royal Indus.*, 552 F.2d 309, 314 (9th Cir. 1977); *Atlas Chemical Indus., Inc. v. Moraine Prods.*, 509 F.2d 1 (6th Cir. 1974).

116. 630 F.2d 544 (7th Cir. 1980) (Cudahy, J. with Sprecher & Bauer, JJ.).

117. *Id.* at 545.

Wikomi I, manufactured without alteration the mixer that was the subject of the earlier consent judgment. American brought another action for patent infringement and after extensive discovery moved for summary judgment that Wikomi II was barred from contesting either infringement or validity due to the earlier judgment.¹¹⁸ The district court¹¹⁹ denied American's motion on the ground that the public interest in the finality of judgments was outweighed by the public interest in having licensees challenge the validity of patents as set forth in *Lear v. Adkins*.¹²⁰

Prior to the *Lear* decision, the Seventh Circuit had not hesitated to accord full *res judicata* effect to consent decrees finding the patent in question to be both valid and infringed.¹²¹ Joining with the Second, Sixth, Eighth and Ninth circuits, and several commentators,¹²² the Seventh Circuit determined that this policy need not be changed due to the *Lear* decision. The Seventh Circuit reasoned that, first, it would foster "earlier and more vigorous challenges" to the validity of patents, thus facilitating access by the public to ideas and inventions that rightfully belong to it. Secondly, "the strong interest in voiding meritless patents will be adequately protected" because the policy does not foreclose validity challenges except for parties to the consent decree and their privies. Third, it would eliminate *ad hoc* or case-by-case determinations of whether the *res judicata* doctrine applied to a consent decree adjudging both validity and infringement.¹²³ Accordingly, the Seventh Circuit reversed the district court's denial of summary judgment.

The court of appeals also addressed *Butterfield v. Oculus Contact Lens Co.*,¹²⁴ cited by Wikomi as permitting a defendant to subsequently contest validity even though it had entered into a consent decree admitting both validity and infringement. The court

118. *Id.*

119. *Id.*

120. 395 U.S. 653 (1969). See text accompanying note 100 *supra*.

121. See, e.g., *Brunswick Corp. v. Chrysler Corp.*, 408 F.2d 335, 338 (7th Cir. 1969); *Kiwi Coders Corp. v. Acro Tool & Die Works*, 250 F.2d 562, 568 (7th Cir. 1957).

122. See *Wallace Clark & Co. v. Acheson Indus., Inc.*, 532 F.2d 846, 849 (2d Cir.), *cert. denied*, 425 U.S. 976 (1976); *Schlegel Mfg. Co. v. U.S.M. Corp.*, 525 F.2d 775, 780-81 (6th Cir. 1975), *cert. denied*, 425 U.S. 912 (1976); *Broadview Chemical Corp. v. Loctite Corp.*, 474 F.2d 1391, 1394-95 (2d Cir. 1973); *A.W. Schnitger v. Canoga Elec. Corp.*, 462 F.2d 628 (9th Cir. 1972) (*per curiam*); *United States ex rel. Shell Oil Co. v. Barco Corp.*, 430 F.2d 998, 1001-02 (8th Cir. 1970); *U.S.M. Corp. v. Standard Pressed Steel Co.*, 453 F. Supp. 743, 747 (N.D. Ill. 1978); *Langsam, Res Judicata Effects of Consent Judgments in Patent Infringement Litigation*, 36 FED. B.J. 171, 183-84 (1977); Note, "To Bind or Not to Bind": *Bar and Merger Treatment of Consent Decrees in Patent Infringement Litigation*, 74 COL. L. REV. 1322, 1347-50 (1974).

123. 630 F.2d at 548-49.

124. 332 F. Supp. 750 (N.D. Ill. 1971), *aff'd mem.*, 177 U.S.P.Q. 33 (7th Cir. 1973) (*per curiam*).

acknowledged that *Butterfield* might support Wikomi's position, but stated that any earlier decisions must yield to its present ruling.¹²⁵

It is noteworthy that the Seventh Circuit's decision in *American* did not consider the situation where a defendant admitted validity and infringement under an earlier consent decree, subsequently took a license, and then sought to challenge the validity of the patent under the doctrine of *Lear*. Whether such a defendant will be barred from challenging the validity of the patent by *res judicata* as a result of the prior consent judgment remains an open question.

Attorneys' Fees

Scheller-Globe Corp. v. Milsco Manufacturing Co.

In *Scheller-Globe Corp. v. Milsco Manufacturing Co.*,¹²⁶ the Seventh Circuit affirmed with very little discussion a finding of patent invalidity under sections 102 and 103 for two patents, but reversed the allowance of attorneys' fees to defendants due to a lack of clear and definite proof of willful misconduct by the plaintiff.¹²⁷

The Seventh Circuit criticized the district court's substantially verbatim adoption of findings of fact and conclusions of law tendered by the defendants because they were more an "advocate's partisan brief" than objective findings and conclusions.¹²⁸ However, recognizing that this practice can be of considerable assistance to a trial judge, the court of appeals did not disturb its earlier holding that left such an adoption to the discretion of the trial judge.¹²⁹ Ultimately, portions of the lower court's findings of fact were adopted by the Seventh Circuit:

[W]e are satisfied that the district court's findings of fact directed to the validity of the patents under [sections] 102 and 103 met the classic definitional basis of *U.S. v. Gypsum Co.*, 333 U.S. 364, 395 (1948), and we are not on the entire evidence, left with the definite and firm conviction that a mistake was committed with respect to these findings.¹³⁰

125. 630 F.2d at 547 n.3.

126. 636 F.2d 177 (7th Cir. 1980) (Pell, J. with Swygert, J. & Wisdom, J. sitting by designation from the Fifth Circuit).

127. The district court opinion is reported at 206 U.S.P.Q. 42 (E.D. Wis. 1979). Both patents related to processes for manufacturing integral skin urethane form products. United States Patent No. 3,099,516, entitled "Method of Molding a Form Plastic Having Skins on Selected Surface Portions," 792 OFFICIAL GAZ. PAT. OFF. 1207 (1963); United States Patent No. 3,523,918, entitled "Method of Fabrication of Molded Parts of Polyurethane Foam Having a Noncellular Surface Layer," 877 OFFICIAL GAZ. PAT. OFF. 392 (1970).

128. 636 F.2d at 178.

129. *Id.* See *Reese v. Elkhart Welding & Boiler Works, Inc.*, 447 F.2d 517, 520 (7th Cir. 1971).

130. 636 F.2d at 178-79. Except for the issue of attorneys' fees, the other findings and conclusions were neither adopted nor reversed.

With respect to attorneys' fees, the district court had concluded that the case was exceptional and that an award of attorneys' fees was warranted,¹³¹ relying upon *Skil Corp. v. Lucerne Products, Inc.*¹³² and *L.F. Strassheim Co. v. Gold Medal Folding Furniture Co.*¹³³ However, the Seventh Circuit overruled the district court's award, referring to its earlier opinion in *Super Products Corp. v. DP Way Corp.*¹³⁴ and its requirement that "the misconduct must be accompanied by some element of willfulness or bad faith and that entitlement to an award of attorneys' fees required clear and definite proof."¹³⁵ The *Strassheim* and *Skil* cases were noted as being in accord with the *Super Products* case, but the Seventh Circuit concluded that in the present case the requisite willfulness had not been shown by clear and definite proof.¹³⁶

In *Strassheim*, the court noted that the patent owner was in possession of documents which clearly invalidated its patent. These documents were neither called to the attention of the Patent and Trademark Office nor produced in response to discovery requests, but they ultimately came to light during the second trial.¹³⁷ In *Skil*, the court found that certain trial testimony "amounted to an unconscionable act done with deceptive intent."¹³⁸

With respect to the present case, the Seventh Circuit reviewed and discounted evidence purportedly proving that the plaintiff filed suit in bad faith and continued to litigate knowing that its patents were invalid. An invalidity opinion by a supposedly neutral witness was in fact by someone with an interest adverse to that of the patentee. The plaintiff's response to an independent opinion evaluating the effect of foreign prior art under section 119 was not deemed to be frivolous or unrealistic. Additionally, the Seventh Circuit referred to a letter from the plaintiff's counsel that demonstrated openness and candor with opposing counsel. Concluding that the requisite bad faith showing had not been made, the Seventh Circuit reversed the trial court's ruling.¹³⁹

131. *Id.* at 179.

132. 503 F.2d 745, 750 (7th Cir. 1974), *cert. denied*, 420 U.S. 974 (1975).

133. 477 F.2d 818, 824 (7th Cir. 1973).

134. 546 F.2d 748 (7th Cir. 1976).

135. *Id.* at 757-58.

136. 636 F.2d at 179.

137. 477 F.2d at 821-23.

138. 503 F.2d at 750.

139. 636 F.2d at 180-81.

*Dischargeability in Bankruptcy of Patent Infringement
In re The Magnavox Co.*

In *In re The Magnavox Co.*,¹⁴⁰ the Seventh Circuit affirmed the district court's decision that, because a claim of patent infringement is a tort and, therefore, not provable in bankruptcy under the old Bankruptcy Act,¹⁴¹ it is, thus, is not dischargeable under a plan of arrangement.

On June 6, 1977, Universal Research Laboratories, Inc. (Universal) filed a petition under chapter 11 of the Bankruptcy Act and a plan of arrangement was confirmed on August 22, 1977. Thus, Universal was released from its dischargeable debts and all creditors whose debts were discharged were enjoined from enforcing their claims.¹⁴²

The Magnavox Company was the exclusive licensee of Sanders Associates, Inc. for patents relating to home video games.¹⁴³ Magnavox received no official notice of the chapter 11 proceeding and did not file a claim against Universal. Magnavox knew of the order enjoining creditors from enforcing their claims, but nevertheless filed a complaint charging infringement on August 25, 1977. Universal set forth its discharge in bankruptcy as an affirmative defense.¹⁴⁴

The bankruptcy court ruled that Magnavox's claim against Universal was provable and dischargeable and ordered Magnavox to withdraw its claims for pre-petition infringement. However, the bankruptcy court did permit Magnavox to withdraw its suit pending appeal of the order.¹⁴⁵ On appeal, the district court reversed the bankruptcy court ruling that a claim for patent infringement is a tort and therefore not provable in bankruptcy. Moreover, it further held that even if provable, the claim was not dischargeable because Magnavox alleged a willful and malicious injury.¹⁴⁶ The Seventh Circuit upheld this ruling and discussed the exceptions to dischargeability of claims.

The court of appeals observed that section 63 of the Bankruptcy Act of 1898¹⁴⁷ defined several classes of claims which may be proven

140. 627 F.2d 803 (7th Cir. 1980) (Bauer, J. with Sprecher & Cudahy, JJ.).

141. Bankruptcy Act of 1898, ch. 541, 30 Stat. 544 (1898), as amended (codified at 11 U.S.C. §§ 1-1255 (1976)) (repealed 1979).

142. 627 F.2d at 804. See 11 U.S.C. § 35 (1976) (repealed 1979).

143. United States Patent No. 3,659,284, entitled "Television Gaming Apparatus," 897 OFFICIAL GAZ. PAT. OFF. 1485 (1972), and United States Reissue Patent No. 28,507, 937 OFFICIAL GAZ. PAT. OFF. 214 (1975).

144. 627 F.2d at 804.

145. *Id.* See *In re Universal Research Laboratories, Inc.*, 203 U.S.P.Q. 984 (N.D. Ill. 1978) (opinion of the bankruptcy court).

146. 627 F.2d at 804.

147. 11 U.S.C. § 35 (1976) (repealed 1979).

and discharged by a plan of arrangement. However, the court noted that tort claims are not provided for in the Act and thus are not provable.¹⁴⁸ Since patent infringement is generally considered to be a tort,¹⁴⁹ the Seventh Circuit commented that the question of provability appeared simple. However, the court noted the following United States Supreme Court dicta: “[W]here, by means of the tort, the tort feaser obtains something of value for which an equivalent price ought to be paid, even if the tort as such be forgiven, there may be a provable claim *quasi ex contractu*.”¹⁵⁰ This language gave rise to a class of claims provable in bankruptcy as quasi-contract. And, since provable claims include those founded upon “an open account, or a contract expressed or implied,”¹⁵¹ Universal contended that a patent infringement claim was contractual in nature and therefore discharged by its plan of arrangement.

The Seventh Circuit disposed of this argument by first relying on two district court cases to define the scope of a quasi-contractual relationship as

limited to certain types of actions such as embezzlement, breach of trust, or fraud, where there is some quasi-fiduciary relationship between the wrongdoer and the injured party, or where there are at least mutual dealings between them. In those situations the fiction of a contract to restore profits is more palatable.¹⁵²

With the scope so limited, the court of appeals then further stated:

[T]here is nothing of a contractual character in the situation, nor has the law ever resorted to the fiction of a contract on the part of the infringer to pay over his profits to the patentee I take it therefore that when Congress in 1898 passed the Bankruptcy Act, there was no intention to make an ordinary, noncontractual claim for patent infringement provable as a claim “founded upon . . . contract express or implied.”¹⁵³

Thus, the Seventh Circuit held that a claim for patent infringement is a tort as a matter of law and is thus not provable in bankruptcy and cannot be enjoined by the order of the bankruptcy court.¹⁵⁴

148. 627 F.2d at 805 (citing *Schall v. Camors*, 251 U.S. 239 (1920); 3A W. COLLIER, BANKRUPTCY ¶ 63.25 (14th ed. 1975)).

149. *See, e.g.*, *Carbice Corp. v. American Patents Dev. Corp.*, 283 U.S. 27, 33 (1931).

150. *Schall v. Camors*, 251 U.S. 239, 251 (1920).

151. 11 U.S.C. § 103(a)(4) (1976) (repealed 1979).

152. 627 F.2d at 805 (citing *A&M Records, Inc. v. M.V.C. Distrib. Corp.*, 471 F. Supp. 980, 984 (E.D. Mich. 1979); *In re Paramount Publix Corp.*, 8 F. Supp. 644, 645 (S.D. N.Y. 1934)).

153. 627 F.2d at 805 (citing *In re Paramount Publix Corp.*, 8 F. Supp. 644, 646 (S.D. N.Y. 1934)).

154. 627 F.2d at 806-07. The Seventh Circuit explicitly decided not to follow the advice of its earlier decision in *Schiff v. Hammond Clock Co.*, 69 F.2d 742 (7th Cir. 1934), *rev'd as moot*, 293 U.S. 529 (1934), stating that it carried no precedential weight. *Id.* at 806 n.6.

COPYRIGHTS

Forfeiture of Copyright under the 1909 Act
Data Cash Systems, Inc. v. JS&A Group, Inc.

In a case whose facts bridged two different copyright acts, *Data Cash Systems, Inc. v. JS&A Group, Inc.*,¹⁵⁵ the Seventh Circuit affirmed the granting of defendant JS&A's motion for summary judgment of no copyright infringement. This holding was based upon a finding, under the 1909 Copyright Act,¹⁵⁶ that plaintiff Data Cash's copyright had been forfeited.

In 1976, Data Cash contracted with a third party to create a computer program for a chess game. Once completed, the program was stored in a silicon chip commonly known as a read-only memory (ROM) and integrated into the plaintiff's game. Although the printed copies of the program generated by the third party had a copyright notice, there was no notice on the ROM, game board, packaging or accompanying instructions. And, one who "read" the contents of the ROM would not see a copyright notice because none was there. In 1977, Data Cash sold over 2,500 games to the public without any restrictions and continued its sales thereafter.¹⁵⁷

In June 1978, Data Cash became aware of the defendant's manufacture of a ROM for another chess game and discovered that it contained the identical computer program. Thus, in late 1978 the plaintiff filed suit for copyright infringement and unfair competition.¹⁵⁸

The district court granted defendant's motion for summary judgment, stating that "since the ROM is not in a form which one can 'see and read' with the naked eye, it is not a 'copy' within the meaning of the 1909 Act."¹⁵⁹ With respect to the 1976 Act,¹⁶⁰ the district court stated that it "applies to computer programs in their flow chart, source and assembly phases but not in their object phase, i.e., the ROM"¹⁶¹ In other words, the source program was deemed a writing,

155. 628 F.2d 1038 (7th Cir. 1980) (Nichols, J. sitting by designation from the United States Court of Claims, with Swygert & Cummings, JJ.).

156. Copyright Act of 1909, ch. 320, 35 Stat. 1077 (1909) (codified in scattered sections of 17 U.S.C.).

157. 628 F.2d at 1041.

158. *Id.* Proceedings on the unfair competition count were suspended pending resolution of the copyright issues.

159. 480 F. Supp. 1063, 1069 (N.D. Ill. 1979) (Flaum, J.). The district court relied on *White-Smith Music Publishing Co. v. Apollo Co.*, 209 U.S. 1 (1908), holding that a player piano roll was not a "copy" of the musical composition it could play.

160. Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified in scattered sections of 17 U.S.C.).

161. 480 F. Supp. at 1066 n.4.

but the object phase—the ROM—was considered a “mechanical device” which could not qualify as copyrightable subject matter.¹⁶² These issues were neither briefed nor considered on appeal, and the Seventh Circuit observed that neither party defended the district court’s positions.¹⁶³

The Seventh Circuit first addressed the threshold issue of whether the 1909 or 1976 Copyright Act applied:

[I]f the program went into the public domain prior to January 1, 1978, no copyright protection would be afforded by the 1976 Act. Furthermore, the determination as to whether a work entered the public domain prior to the effective date of the 1976 Act must be made according to the copyright law, common law and statutory, as it existed prior to the 1976 Act.¹⁶⁴

It relied upon section 26 of the 1909 Act for a definition of the “date of publication:” “the earliest date when copies of the first authorized edition were placed on sale, sold, or publicly distributed by the proprietor”¹⁶⁵ Focusing upon the date that the plaintiff sacrificed control of the work, rather than the date that the public actually viewed the work, the Seventh Circuit held that the first publication was in 1977, making the 1909 Act applicable.¹⁶⁶

Under the 1909 Act, publication without notice of the copyright resulted in a forfeiture of the copyright, unless it occurred in a limited publication.¹⁶⁷ Data Cash urged several bases for finding a limited publication: that it did not know that the ROM could be copied; that it took all reasonable steps to prevent duplication once it became aware of the copying; and that JS&A was not misled by the absence of the notice. Each of these arguments was respectively rejected by the court. It stated that limited publication is a question of law and not intent, that the attempts to prevent copying and to notify others were subsequent to entry into the public domain and that the absence of notice was fatal whether or not anyone was misled.¹⁶⁸ As a result, the exception to waiver of limited publication was not available to Data Cash.

Finally, Data Cash alleged that the absence of notice was ex-

162. *Id.* at 1068.

163. 628 F.2d at 1041.

164. *Id.* (citing 1 M. NIMMER, ON COPYRIGHT § 2.03[H] (1979)).

165. 628 F.2d at 1042 (citing 17 U.S.C. § 26 (1976) (repealed 1977)). The Seventh Circuit also cited *Advisers, Inc. v. Wiessen-Hart, Inc.*, 238 F.2d 706 (6th Cir. 1956), *cert. denied*, 353 U.S. 949 (1957).

166. 628 F.2d at 1042.

167. *Id.* See 1 M. NIMMER, ON COPYRIGHT §§ 4.13[A], 714[A] (1979).

168. 628 F.2d at 1043.

cused,¹⁶⁹ relying on section 21 of the 1909 Act:

Where the copyright proprietor has sought to comply with the provisions of this title with respect to notice, the omission by accident or mistake of the prescribed notice from a particular copy or copies shall not invalidate the copyright.¹⁷⁰

The Seventh Circuit disagreed on the basis that the notice was absent from all public copies of the work, not merely from particular copies. Also, the court noted that the plaintiff intentionally failed to comply with the notice requirements, thinking that a copy of its chess program could not be made from the ROM.¹⁷¹ Thus, the court held that any copyright protection Data Cash might have had, was forfeited.

Because the case was decided under the 1909 Copyright Act, neither the district court nor the court of appeals decision can be considered controlling on the issue of whether or not a ROM is subject to copyright protection under the 1976 Act. For instance, the statutory definition of "literary works" in the 1976 Act is broad enough to include mechanical devices from which one cannot read with the naked eye: "'Literary works' are works . . . expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as . . . tapes, disks, or cards, in which they are embodied."¹⁷² And section 102(a) of the 1976 Act states:

Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.¹⁷³

The House Committee Report confirms this broad scope of protection by expressly including "computer data bases, and computer programs . . ." with no limitation on the means of embodiment or perception.¹⁷⁴

TRADEMARKS

Descriptiveness of a Service Mark MBH Enterprises, Inc. v. WOKY Inc.

The Seventh Circuit, in *MBH Enterprises, Inc. v. WOKY Inc.*,¹⁷⁵

169. *Id.*

170. 17 U.S.C. § 21 (1976) (repealed 1977).

171. 628 F.2d at 1043-44.

172. 17 U.S.C. § 101 (Supp. III 1979).

173. 17 U.S.C. § 102(a) (Supp. III 1979).

174. H.R. Rep. No. 1476, 94th Cong., 2d Sess. 54 (1976), *reprinted in* [1976] U.S. CODE CONG. & AD. NEWS 5667.

175. 633 F.2d 50 (7th Cir. 1980) (Bauer, J. with Pell, J. & Crowley, J. sitting by designation from the Northern District of Illinois).

affirmed the district court's summary judgment that radio station WOKY was entitled to indicate that it "loved" the city of Milwaukee, Wisconsin. The descriptiveness and good faith use of such slogans by WOKY were found to support a fair use defense to the charge of infringement of the service mark "I LOVE YOU."¹⁷⁶

MBH owns the federally registered radio entertainment service mark "I LOVE YOU"¹⁷⁷ and licensed its use to radio stations as part of a multifaceted promotional campaign. Beginning in December 1976, WISN, a Milwaukee licensee, began broadcasting the slogan "I Love You Milwaukee," placed it on bus placards, used it as a theme for an art contest and sponsored T-shirts and glassware displaying the slogan.¹⁷⁸

In March 1979, WOKY began a campaign to tell Milwaukee of its love. WOKY was aware of the MBH program and of the efforts of WISN in Milwaukee, but on advice of counsel, persisted in stating that it also loved Milwaukee. WOKY adapted three formulations bearing some similarity to the MBH service mark. These were displayed on billboards and bumper stickers and broadcast on television and radio: "WOKY LOVES MILWAUKEE," "I LOVE MILWAUKEE" and, for a disc jockey, "ROBB EDWARDS LOVES MILWAUKEE." Also, in what was a prime factor in the Seventh Circuit's decision, all of these formulations carried WOKY's call letters and prominently displayed its frequency, Radio 92.¹⁷⁹

MBH sued, charging trademark infringement. However, the district court granted WOKY's motion for summary judgment, reasoning

176. 15 U.S.C. § 1115 (1976) provides in part:

(b) If the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 1065 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

* * * *

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin

The Seventh Circuit stated that, technically, this defense applied only in actions based upon an incontestable mark. But, it also stated that "[t]he statutory defense is but a restatement of the common law defense, however, *Venetianaire Corp. v. A & P Import Co.*, 429 F.2d 1079, 1081 (2d Cir. 1970), and is, by virtue of 15 U.S.C. § 1115(a), available in this action." 633 F.2d at 52 n.2.

177. Registration No. 1,111,960, 978 OFFICIAL GAZ. PAT. OFF. (T.M.) 189 (1979).

178. 633 F.2d at 51.

179. *Id.* at 52, 55-56.

that the infringement action was defeated by the absence of any genuine issue of fact concerning WOKY's entitlement to a "fair use" defense under section 1115(b)(4) of title 15 of the United States Code.¹⁸⁰ Since the validity of the service mark was not at issue, the issues raised on appeal consisted of determining whether the district court erroneously held that no genuine issue of material fact existed with respect to three propositions: "First, that WOKY's slogans were not service marks; second, that WOKY employed them in good faith merely to describe its services; and, third, that the slogans were in fact descriptive of WOKY's services."¹⁸¹

The Seventh Circuit first set out the definition of a service mark and its function: "A service mark is a symbol or combination of symbols used by a source of services to identify itself to the public as the source of its services and to create in the public consciousness an awareness of the uniqueness of the source and of its services."¹⁸² The court explained that a trade or service mark functions as a vehicle for the carriage of positive messages concerning the product or service which it denotes.¹⁸³ Thus, a mark's purpose is to separate those goods or services from others in the public consciousness, to identify them as the product of a single source and to represent them in the mind of the public.¹⁸⁴

With respect to the actual function of the WOKY slogans, the Seventh Circuit stated that if they were descriptive, it was unlikely that they could function as service marks.¹⁸⁵ Descriptive devices were characterized by the court as "those that 'impart information directly' or are necessary to the description of the goods or services in question."¹⁸⁶

180. 633 F.2d at 52. For the statutory text, see note 175 *supra*.

181. 633 F.2d at 53.

182. *Id.* at 53-54. 15 U.S.C. § 1127 (1976) provides in part:

In the construction of this chapter, unless the contrary is plainly apparent from the context—

* * * *

The term 'service mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. Titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

See, e.g., Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366, 380-81 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976).

183. 633 F.2d at 54.

184. *Id.*

185. *Id.* This statement was based upon the principle that a mark that is merely descriptive is not registerable and is not protectable in the absence of secondary meaning. *See* Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 379 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); Westward Coach Mfg. Co. v. Ford Motor Co., 388 F.2d 627, 634 (7th Cir.), *cert. denied*, 392 U.S. 927 (1968).

186. 633 F.2d at 54 (citing Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366, 379 (7th

Finding that the word "love" and its variants are not coined or fanciful, the Seventh Circuit held that the WOKY slogans "clearly 'impart information directly,' " meaning that WOKY liked Milwaukee and the slogans were thus descriptive.¹⁸⁷ This conclusion was further supported by the absence of any evidence that consumers were likely to take the slogans for service marks or become confused concerning the source of the services.¹⁸⁸

WOKY was found to have used its slogans in good faith because it identified itself by its call letters and frequency when using the slogans; thus, the court of appeals determined that WOKY did not intend to confuse the public. Its intent to derive commercial advantage did not require a finding that WOKY intended to use the slogans as service marks.¹⁸⁹

The Seventh Circuit thus agreed with the district court that no genuine issue of material fact existed with respect to WOKY's fair use defense.

CONCLUSION

It may be seen that the intellectual property decisions of the Seventh Circuit during its 1980-81 term touched on a wide range of topics. While some cases involved primarily factual questions, other cases settled important legal issues in this area of federal law.

Cir.), *cert. denied*, 429 U.S. 830 (1976)). See A. SEIDEL, S. DALROFF & E. GONDA, TRADEMARK LAW AND PRACTICE § 40.6 at 77 (1963).

187. 633 F.2d at 55. The Seventh Circuit cited the Oxford English Dictionary for the definition of the transitive verb "to love" having a thing as its object: "To have a strong liking for; to be fond of; to be devoted or addicted to. In U.S. a frequent vulgarism for *like*." 633 F.2d at 55 n.6 (emphasis by the court).

188. 633 F.2d at 55.

189. *Id.*

