

Fall 2022

Rethinking Equitable Estoppel in Patent Law

Joshua J. Lustig

Follow this and additional works at: <https://scholarlycommons.law.northwestern.edu/njtip>



Part of the [Intellectual Property Law Commons](#)

Recommended Citation

Joshua J. Lustig, *Rethinking Equitable Estoppel in Patent Law*, 20 NW. J. TECH. & INTELL. PROP. 113 (2022).
<https://scholarlycommons.law.northwestern.edu/njtip/vol20/iss1/4>

This Note is brought to you for free and open access by Northwestern Pritzker School of Law Scholarly Commons. It has been accepted for inclusion in Northwestern Journal of Technology and Intellectual Property by an authorized editor of Northwestern Pritzker School of Law Scholarly Commons.

N O R T H W E S T E R N
JOURNAL OF TECHNOLOGY
AND
INTELLECTUAL PROPERTY

**RETHINKING EQUITABLE ESTOPPEL
IN PATENT LAW**

Joshua J. Lustig



November 2022

VOL. 20, NO. 1

RETHINKING EQUITABLE ESTOPPEL IN PATENT LAW

*Joshua J. Lustig**

ABSTRACT— In almost every context, the Federal Circuit has used estoppel doctrines to provide protection to parties from some sort of injustice. Yet recently, with equitable estoppel, the Federal Circuit has decided to infuse concepts of Article III justiciability to justify limiting the doctrine as only applicable to issued patents. In doing so, the Federal Circuit has ignored the long history behind equitable estoppel in favor of a rule that is improperly rationalized by the Constitution. This note argues that Federal Circuit’s recent equitable estoppel jurisprudence is inconsistent with equity’s goal of fairness and presents a new theory of equitable estoppel — “inchoate estoppel” — which would create fairer outcomes for patentees and defendants alike.

INTRODUCTION	113
I. THE FEDERAL CIRCUIT’S APPROACH TO EQUITABLE ESTOPPEL	116
II. CHALLENGING THE FEDERAL CIRCUIT’S EQUITABLE ESTOPPEL DOCTRINE	119
A. <i>The Federal Circuit’s Reliance On “Case Or Controversy”</i>	119
B. <i>The Common Law View of Equitable Estoppel</i>	120
C. <i>Inchoate Patent Rights at the Supreme Court</i>	122
III. THE THEORY OF INCHOATE ESTOPPEL.....	123
A. <i>Establishing the Factors of Inchoate Estoppel</i>	123
B. <i>Applying Inchoate Estoppel</i>	125
CONCLUSION.....	128

INTRODUCTION

Estoppel occurs when “a man’s own act or acceptance stoppeth or closeth up his mouth to allege or plead the truth.”¹ At its core, estoppel bars the assertion of any fact contrary to what has already been established as the truth by a party’s representations.²

* Joshua Lustig, Northwestern University Pritzker School of Law, J.D., 2023.

¹ EDWARD COKE, THE FIRST PART OF THE INSTITUTES OF THE LAWS OF ENGLAND § 667.

² *Smith v. Smith*, 143 S.E.2d 300, 306 (N.C. 1965).

Over the centuries, the common law pedigree has established many different doctrines of estoppel to serve a variety of needs. Collateral estoppel, for instance, was developed to prevent a party from relitigating an issue.³ Estoppel by deed, in contrast, was created to prevent a grantor of a deed from denying the force and effect of the deed.⁴ And equitable estoppel arose to prevent a party from raising an argument in court if that party had previously made a representation on which another party relied and raising the argument would contradict the party's original representation.⁵

Yet even with these forms of estoppel at their disposal, courts have struggled to apply estoppel doctrines in the arena of patent law.⁶ Indeed, patent-specific concepts such as amendments, inventorship, and continuations are quite distinct, and thus applying general estoppel doctrines onto them may yield awkward results.⁷

To address these issues, various patent-specific "species" of estoppel were developed. For example, to address concerns about patentees amending claims and then later invoking the doctrine of equivalents to recapture lost scope, prosecution history estoppel was created.⁸ As another example, to address concerns about a patent seller attacking their own patent's validity, assignor estoppel was fashioned.⁹ And to address concerns about a licensee being able to deny the validity of his licensor's patent, licensee estoppel emerged.¹⁰

Regardless of whether these estoppel species were ultimately upheld or rejected, the Supreme Court's rulings on the matter have always been rooted in the fundamental principle of fairness. For instance, in *Lear, Inc. v. Adkins*, the Supreme Court rejected licensor estoppel, but only because the "equities of the licensor [did] not weigh very heavily when they [were] balanced against the important public interest in permitting full and free competition in the use of ideas."¹¹ Conversely, in *Minerva Surgical, Inc. v. Hologic, Inc.*, the Supreme Court upheld assignor estoppel but only

³ *The Due Process Roots of Criminal Collateral Estoppel*, 109 HARV. L. REV. 1729, 1730 (1996).

⁴ *Angell v. Bailey*, 225 S.W.3d 834, 841–42 (Tex. App. 2007) (collecting cases).

⁵ David K. Thompson, *Equitable Estoppel of the Government*, 79 COLUM. L. REV. 551, 552 (1979).

⁶ Rachel Clark Hughey, *RF Delaware, Inc. v. Pacific Keystone Technologies, Inc.: The Federal Circuit Has Finally Spoken on Collateral Estoppel of Claim Interpretation*, 20 SANTA CLARA COMPUT. & HIGH TECH. L.J. 293, 293 (2004) ("Since . . . *Markman*, courts have struggled to determine whether one court's claim interpretation is binding on another court. . .").

⁷ Daniel Kazhdan & Molly R. Silfen, *Inventors Beware: The Danger of Getting Too Many Patents*, 60 SANTA CLARA L. REV. 289, 297 (2020) (explaining why *res judicata* is an awkward fit in the context of patent law).

⁸ *See Exhibit Supply Co. v. Ace Pats. Corp.*, 315 U.S. 126, 135–37 (1942).

⁹ *See Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 348–49 (1924).

¹⁰ *See United States v. Harvey Steel Co.*, 196 U.S. 310, 316–17 (1905).

¹¹ *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969).

because the need to prevent unfair dealing “outweigh[s] any loss to the public from leaving an invalidity defense to someone other than the assignor.”¹² Supreme Court rulings aside, academic commentary on patent law’s estoppel species has also fixated on fairness.¹³

Given this overwhelming emphasis on fairness, it is curious why equitable estoppel—which in recent years has trended towards unfairness in many scholars’ and practitioners’ opinions—has not been revisited and why a new species of estoppel has not been developed to address its inequities. To illustrate the current dilemma: suppose a patentee misleads a defendant¹⁴ into believing that the patentee will not enforce a pending patent application against the defendant. If a patent later issues from that patent application, should the patentee’s misleading conduct with respect to the patent application estop the patentee from enforcing the issued patent against the defendant? Through the lens of fairness, invoking equitable estoppel looks reasonable; the defendant relied on the patentee’s assertions and thus allowing the suit to proceed would be unjust to the defendant. But recent Federal Circuit decisions¹⁵ suggest that a court would bar such an equitable defense, most notably even if the pending patent application, at the time of the misleading conduct, contained *the exact same claims as the issued patent*. To drive the point further, suppose a patentee misleads a defendant into believing that it will not enforce an issued patent against that defendant, and then suppose a continuation later issues claiming priority to the issued patent. While fairness considerations would reason that the patentee’s misleading conduct with respect to the issued patent should estop the patentee from asserting the continuation, Federal Circuit precedent would yet again preclude the defense, even if the continuation had the exact same claim scope as the issued patent.

In virtually every other context, the Federal Circuit has used estoppel doctrines to provide protection to defendants from injustice by a patentee.¹⁶ However, with equitable estoppel, the Federal Circuit has decided to infuse vague concepts of Article III justiciability to justify limiting the doctrine as only applicable to issued patents¹⁷ (what I refer to herein as the “bright-line approach”). In doing so, the Federal Circuit has ignored the long history

¹² *Minerva Surgical, Inc. v. Hologic, Inc.*, 141 S. Ct. 2298, 2309 (2021).

¹³ See, e.g., Mark A. Lemley, *Rethinking Assignor Estoppel*, 54 HOUS. L. REV. 513, 544 (2016).

¹⁴ Although this party is not technically a true “defendant” at this point in time, I use the designation of “defendant” to simplify this and other examples.

¹⁵ See discussion *infra* Part I.

¹⁶ See e.g., *TransCore, LP v. Elec. Transaction Consultants Corp.*, 563 F.3d 1271, 1279–80 (Fed. Cir. 2009) (applying legal estoppel to bar the assertion of an impliedly licensed patent).

¹⁷ See discussion *infra* Part III.

behind equitable estoppel in favor of a rule that is improperly rationalized by the Constitution.

It is time to rethink and devise an entirely new species of estoppel. In Part I, I provide a summary of the Federal Circuit's equitable estoppel jurisprudence and explain how the Federal Circuit's approach is inconsistent with equity's goal of fairness. In Part II, I discuss how the Federal Circuit's approach inappropriately infuses Article III justiciability principles into equitable estoppel and is inconsistent with both common law views on estoppel and Supreme Court precedent. Finally, in Part III, I present a new species of estoppel—which I term “inchoate estoppel”—and demonstrate how inchoate estoppel would create fairer outcomes for patentees and defendants alike.

I. THE FEDERAL CIRCUIT'S APPROACH TO EQUITABLE ESTOPPEL

To appreciate the proposed doctrine of inchoate estoppel, a discussion of the Federal Circuit's current approach to equitable estoppel is necessary. Unfortunately, the expansive scope of the Federal Circuit's equitable estoppel jurisprudence will make such an examination far from definitive. For this reason, I will confine my discussion to the essentials.

While equitable estoppel has long been applied in patent cases,¹⁸ in 1992 the Federal Circuit took the opportunity to completely revise and “reconsider the principles of . . . equitable estoppel applicable in a patent infringement suit.”¹⁹ Expressly overruling its prior precedent set forth in *Jamesbury Corp. v. Litton Industrial Products, Inc.*,²⁰ the Federal Circuit outlined a new standard: to invoke equitable estoppel, an alleged infringer must prove that “(1) the patent owner, through misleading conduct, led the alleged infringer to reasonably infer that the patent owner did not intend to enforce its patent against the alleged infringer; (2) the alleged infringer relied on this conduct; and (3) due to the reliance, the alleged infringer will be materially prejudiced if the patent owner is allowed to proceed on its claim.”²¹

A mere six months later, in *Meyers v. Asics Corp.*, the Federal Circuit heard another equitable estoppel case, but this time involving three patents: one parent, a divisional, and a continuation-in-part.²² Relying on prong (1) of the *Aukerman* standard, the Federal Circuit held that equitable estoppel

¹⁸ See e.g., *Gill v. United States*, 160 U.S. 426, 430 (1896).

¹⁹ *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1026 (Fed. Cir. 1992).

²⁰ *Jamesbury Corp. v. Litton Indus. Prod.*, 839 F.2d 1544 (Fed. Cir. 1988).

²¹ *Gasser Chair Co. v. Infanti Chair Mfg. Corp.*, 60 F.3d 770, 776 (Fed. Cir. 1995) (citing *Aukerman*, 960 F.2d at 1041).

²² *Meyers v. Asics Corp.*, 974 F.2d 1304, 1307 (Fed. Cir. 1992).

could not apply to the divisional and continuation-in-part since the patentee had no contact with the defendant after the divisional and continuation-in-part had issued, and therefore the patentee could not have “threatened litigation with respect to [the defendant]’s alleged infringement of these patents.”²³ This ruling appeared to set forth a bright-line rule: a patentee’s conduct towards an accused infringer *before a patent issues* cannot be used to support an equitable estoppel defense to an infringement claim asserted *after the patent issues*.

The question of equitable estoppel with respect to continuations arose again in the 2013 case of *Radio Systems Corp. v. Lalor*.²⁴ In that case, the Federal Circuit refused to use misleading conduct associated with a parent patent to invoke equitable estoppel against a continuation-in-part.²⁵ The Federal Circuit’s holding was predicated on two distinct grounds. First, the Federal Circuit noted that while “the [continuation-in-part] claims are supported by the subject matter in the [parent] . . . the patents contain claims of different scope,”²⁶ and thus, presumably, litigation threatened with respect to the parent could not reasonably be understood to attach to the out-of-scope continuation-in-part. Second, the Federal Circuit reasoned that there can be no misleading conduct by the patentee to indicate that it did not intend to enforce the continuation-in-part because “no case or controversy exists unless [a] patent has issued prior to filing suit.”²⁷ Without explicitly citing to it, the Federal Circuit’s second point aligned closely with the bright-line rule of *Meyers*: conduct before a patent issues cannot support an equitable estoppel defense to bar an infringement claim asserted after the patent issues. But unlike *Meyers*, *Radio Systems* explicitly based its reasoning on Article III’s “case or controversy,” thus providing a Constitutional foundation to deny extending equitable estoppel to the continuation-in-part.

These two prongs of “scope” and “case or controversy” appeared again in *John Bean Technologies Corp. v. Morris & Associates*.²⁸ In *John Bean*, the patentee obtained narrower claims from an *ex parte* reexamination of a parent patent and then sued the accused infringer with the reexamined patent.²⁹ While the accused infringer argued that the misleading conduct the patentee took with respect to the parent patent

²³ *Id.* at 1309.

²⁴ *Radio Systems Corp. v. Lalor*, 709 F.3d 1124, 1130 (Fed. Cir. 2013).

²⁵ *Id.* at 1131.

²⁶ *Id.*

²⁷ *Id.* (citing *GAF Bldg. Materials Corp. v. Elk Corp. of Dall.*, 90 F.3d 479, 482 (Fed.Cir.1996)).

²⁸ *John Bean Tech. Corp. v. Morris & Assocs.*, 887 F.3d 1322 (Fed. Cir. 2018).

²⁹ *Id.* at 1326.

should extend equitable estoppel to the reexamined patent, the Federal Circuit, applying *Radio Systems*, rejected this argument.³⁰ With respect to “scope,” the Federal Circuit held that “[b]ecause the 2014 reexamination resulted in substantive amendments that narrowed the original claims’ scope . . . we find that equitable estoppel cannot apply.”³¹ And with respect to “case or controversy,” the Federal Circuit noted that “[i]n *Radio Systems*, we held that equitable estoppel could not apply to pending patent claims even if those claims when issued could claim priority to a parent patent subject to equitable estoppel. The reasoning behind this rule is that . . . for claims that have not issued, there is no case or controversy and therefore ‘the elements of equitable estoppel are not present.’”³²

Although the decisions in *Radio Systems* and *John Bean* clearly recognized the “scope” as being relevant to equitable estoppel, the bright-line application of “case or controversy” makes those cases’ analysis of “scope” completely irrelevant. Indeed, under the logic of *John Bean*, even if the *ex parte* reexamination resulted in zero amendments to the original claims, equitable estoppel would still be barred if it was based on misleading conduct that occurred *before the date* of reexamination. One does not have to think hard to comprehend the implications of the Federal Circuit’s bright-line declaration. If scope does not matter, an unscrupulous patentee could, as soon as they trust that their pending claims are allowable, tell competitors that they will not assert their patent application against them. The competitors are now stuck. If the competitors rely on the patentee’s assertion and develop a product based on the pending claims, the patentee could immediately seek issuance of the patent and sue the competitors. Alternatively, if the competitors decide to wait out the life of the patent, the patentee could simply prolong prosecution,³³ thus effectively permitting an unjustified extension of the right to exclude granted by patent.

The above scenario is incompatible with equity’s fundamental goal of “promoting fair play, protecting weaker parties, and preserving the integrity of the justice system.”³⁴ Although the Federal Circuit has indicated that it

³⁰ *Id.* at 1328.

³¹ *Id.* at 1329.

³² *Id.* at 1328 (quoting *Radio Sys. Corp. v. Lalor*, 709 F.3d 1124, 1131 (Fed. Cir. 2013)).

³³ *See, e.g.*, 37 C.F.R. § 1.103(a) (2013) (permitting a patentee to suspend examination for a period up to 6 months); 37 C.F.R. § 1.103(d) (2013) (allowing patentees to defer examination for a period of up to 3 years).

³⁴ T. Leigh Anenson, *From Theory to Practice: Analyzing Equitable Estoppel Under a Pluralistic Model of Law*, 11 LEWIS & CLARK L. REV. 633, 663 (2007).

might revisit its bright-line approach,³⁵ the holdings from *Radio Systems* and *John Bean* still currently enable such unfair practices.

II. CHALLENGING THE FEDERAL CIRCUIT’S EQUITABLE ESTOPPEL DOCTRINE

The hypothetical above provides a concrete example of how the Federal Circuit’s approach to equitable estoppel causes injustice to defendants. Although there are undoubtedly other hypotheticals that could further illustrate this injustice, a more thorough approach would examine—and challenge—the normative foundation behind the Federal Circuit’s equitable estoppel jurisprudence.

Accordingly, in this Part, I will explore the underpinnings of the Federal Circuit’s bright-line rule. I will begin by analyzing the source of the Federal Circuit’s “case or controversy” prong, ultimately concluding that the Federal Circuit inappropriately infused Article III justiciability into the context of equity. I will then examine the common law backdrop of equitable estoppel, showing that common law courts have long applied equitable estoppel in situations where a legal right was still inchoate. Finally, I conclude this Part by showing how the Supreme Court views patents as being an “inchoate right.”

A. *The Federal Circuit’s Reliance On “Case Or Controversy”*

The principal precedent relied upon to support *Radio Systems’* and *John Bean’s* “case or controversy” prong was the 1996 case of *GAF Building Materials Corp. v. Elk Corp. of Dallas*.³⁶ In that case, Elk Corporation, after receiving a notice of allowance, threatened to sue GAF Building Materials for patent infringement.³⁷ In anticipation of litigation, GAF filed an action in district court, seeking a declaratory judgment that Elk Corporation’s “about to issue patent” was invalid and not infringed.³⁸ Elk Corporation moved to dismiss GAF’s action, arguing that there was no “case or controversy” because the patent had not yet issued when GAF’s suit commenced.³⁹

³⁵ See *Ferring B.V. v. Allergan, Inc.*, 980 F.3d 841, 853 (Fed. Cir. 2020) (in the context of a correction of inventorship claim, the Federal Circuit, citing to *John Bean*, 887 F.3d at 1327, declined to adopt a bright-line rule that equitable estoppel cannot apply whenever the scope of an issued patent is different than what the parties discussed before the allegedly misleading conduct).

³⁶ *GAF Bldg. Materials Corp. v. Elk Corp. of Dall.*, 90 F.3d 479 (Fed. Cir. 1996).

³⁷ *Id.* at 480.

³⁸ *Id.*

³⁹ *Id.*

The Federal Circuit agreed with Elk Corporation and dismissed the case for lack of subject matter jurisdiction.⁴⁰ The Federal Circuit's ruling never touched the merits of the patent claim and, more importantly, never opined on whether Elk Corporation's pre-issuance activities would be applicable to those merits. Instead, *GAF Building Materials* was a purely jurisdictional ruling. Given this, it is surprising that *Radio Systems* relied on *GAF Building Materials* as precedent. *Radio Systems* did not implicate jurisdictional issues, and thus the Federal Circuit's reliance on *GAF Building Materials* to support its equitable estoppel rule is questionable at best, if not outright inappropriate.

In any event, even if *GAF Building Materials* did, in fact, hold that pre-issuance activity could not be used to support equitable estoppel claims, such a holding would contradict a long line of established doctrine—including both prosecution history and assignor estoppel—in which estoppel claims depended on pre-issuance facts.⁴¹ While one could argue that equitable estoppel, with its focus on reliance, is fundamentally different from other estoppel species, and thus can only be raised if the patentee has a vested, legal right at the time of the misleading conduct, the Supreme Court has never indicated that equitable estoppel deserves such a distinction. Accordingly, the only conceivable basis on which to include vested, legal entitlements as a prerequisite for invoking equitable estoppel is common law history. But as the following discussion demonstrates, no such requirement existed in the original stages of equitable estoppel's development in England or during its expansion in state courts.

B. *The Common Law View of Equitable Estoppel*

The English case of *Pickard v. Sears*,⁴² is regarded by many common law courts as the foundation of equitable estoppel as we know it today.⁴³ In that case, Lord Denman wrote that where “one, by his words or conduct, willfully causes another to believe in the existence of a certain state of things, and induces him to act on that belief, or to alter his own previous

⁴⁰ *Id.* at 482 (relying on Article III jurisprudence, the Federal Circuit held that “a threat is not sufficient to create a case or controversy unless it is made with respect to a patent that has issued before a complaint is filed”).

⁴¹ *See, e.g.*, *Spectrum Pharm., Inc. v. Sandoz Inc.*, 802 F.3d 1326, 1338 (Fed. Cir. 2015) (finding that the patentee's pre-issuance statements created estoppel precluding the patentee from contending infringement under the doctrine of equivalents); *Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 349 (1924) (discussing how assignor estoppel can be applied based on pre-issuance conduct); *Minerva Surgical, Inc. v. Hologic, Inc.*, 141 S. Ct. 2298, 2310–11 (2021) (the Supreme Court allowing, to assess the viability of assignor estoppel, a comparison between pre-issuance claims and post-issuance continuation claims).

⁴² 6 A. & E. 469 (1837).

⁴³ *Drew v. Kimball*, 43 N.H. 282, 285 (1861).

position, the former is concluded from averring against the latter a different state of things as existing at the same time.”⁴⁴ The takeaway from *Pickard* is clear: it is a misrepresentation of certain “state of things”—not the misrepresentation of a legal position—that matters. In other words, Lord Denman viewed equitable estoppel as being connected to misrepresentative behavior of a person, regardless of whether that behavior is protected by a legal entitlement.

Throughout the 19th and 20th centuries, state courts gradually expanded the doctrine of equitable estoppel to prevent parties from asserting claims in a variety of settings, whether the underlying substantive law involved contracts, torts, or property. In line with Lord Denman’s view on equitable estoppel, state courts regularly invoked equitable estoppel in scenarios where a plaintiff did not possess an enforceable legal right at the time of the misleading conduct but were nonetheless estopped from averring a different “state of things” later on.

As an illustrative example, state courts regularly applied equitable estoppel in the context of “inchoate dowers,” a legal concept stipulating that a wife had a non-vested interest in her husband’s property that would vest upon her husband’s death.⁴⁵ In the case of *Dill v. Widman*,⁴⁶ for instance, a wife and her husband entered into an agreement where the wife promised to give up all future claims to the husband’s estate in consideration for one hundred acres of land.⁴⁷ After the husband died and the wife attempted to invoke her inchoate dower rights to claim the estate at the expense of the husband’s grandchild, the Illinois Supreme Court held that “[t]o now allow her to claim a right to dower is to permit her to repudiate her contract while still retaining the consideration therefor. Such action on her part, if permitted, would certainly have a fraudulent effect. It is the very purpose of equitable estoppel to prevent fraud and injustice.”⁴⁸

While there are plenty of other circumstances where state courts applied equitable estoppel to inchoate rights,⁴⁹ an exhaustive examination into these circumstances would be unfeasible. Nevertheless, even this condensed examination reveals that the common law never required a vested, legal entitlement as a prerequisite for invoking equitable estoppel.

⁴⁴ *Id.*

⁴⁵ *See, e.g.,* *Krueger v. Groth*, 209 N.W. 772, 776 (Wis. 1926) (“[E]quitable estoppel applies not only when such right has vested upon the husband’s death, but also when the question is raised as to the inchoate right of dower. . .”).

⁴⁶ *Dill v. Widman*, 109 N.E.2d 765 (Ill. 1952).

⁴⁷ *Id.* at 767.

⁴⁸ *Id.* at 769.

⁴⁹ *See, e.g.,* *Florence-Rae Copper Co. v. Iowa Mining Co.*, 105 Wash. 503 (1919) (finding an inchoate rights to mining claims).

As long as there was an inchoate right present at the time of the misleading conduct, a defendant could invoke equitable estoppel when a legal claim based on that inchoate right was brought against them.

Given this, a logical next step is to show that patents qualify as an inchoate right. If so, then the common law history of equitable estoppel would support the proposition that a patentee's misleading, pre-issuance conduct could later be used to support an equitable estoppel defense. Fortunately, as demonstrated below, Supreme Court precedent makes it quite clear the concept of "inchoate patent rights" exists.

C. *Inchoate Patent Rights at the Supreme Court*

The first discussion of inchoate patent rights occurred in the 1850 case of *Gayler v. Wilder*.⁵⁰ There, inventor Fitzgerald, although not yet having a valid patent for his invention, assigned his interest in his invention to Wilder.⁵¹ When a patent was eventually granted on Fitzgerald's invention, Wilder sued Gayler for patent infringement.⁵² In response, Gayler argued that Wilder did not have legal rights to the patent—and thus could not sue—because the assignment from Fitzgerald to Wilder was made before the patent had issued.⁵³ The Supreme Court, however, disagreed, holding that while "no suit can be maintained . . . before [a] patent is issued," an inventor "is vested by law with an inchoate right to [his invention]."⁵⁴ Such an inchoate right was befitting, according to the Supreme Court, because Fitzgerald had put forth efforts to discover the invention—including preparing a specification—and thus should have the legal authority both "make that right perfect and absolute" and to assign his interest in that right to Wilder.⁵⁵

Although arising in the context of assignments, *Gayler* stands for the proposition an inventor has partial rights in his invention even before a patent is issued. As long as the inventor "discovered" their invention and drafted a specification, the inventor has inchoate rights that will vest upon the issuance of the patent.

In the years that followed *Gayler*, lower courts repeatedly acknowledged the concept of inchoate patent rights.⁵⁶ And in the 1877 case of *Hendrie v. Sayles*, the Supreme Court took a step further and noted that

⁵⁰ *Gayler v. Wilder*, 51 U.S. 477 (1850).

⁵¹ *Id.* at 479–80.

⁵² *Id.* at 484.

⁵³ *Id.* at 492–93.

⁵⁴ *Id.* at 493.

⁵⁵ *Id.*

⁵⁶ *See, e.g.,* *Reeves v. Keystone Bridge Co.*, 20 F. Cas. 466, 470 (C.C.E.D. Pa. 1872) (No. 11,660).

inventors “have the exclusive inchoate right not only to the original patent that may issue, but to any reissue, renewal, or extension that may thereafter be granted under the Patent Act.”⁵⁷ While the continuation patents did not exist at that time,⁵⁸ *Hendrie* strongly suggests that inchoate rights would extend to continuations, which are simply “extensions” of the original patent.⁵⁹ And as explained above, representations made with respect to those inchoate patent rights could be used to support an equitable estoppel defense.

III. THE THEORY OF INCHOATE ESTOPPEL

Thus far, this Article has argued that the Federal Circuit’s bright-line application of equitable estoppel as set forth in *Radio Systems* and *John Bean* ignores both the common law history of the doctrine and Supreme Court precedent. Just like with assignor and prosecution history estoppel, the Federal Circuit should develop a new species of estoppel—which I call inchoate estoppel—that is more faithful to the normative principles behind the doctrine.

In this Part, I set forth the theory of inchoate estoppel. I begin by describing factors that may be relevant to the inchoate estoppel inquiry and how those factors must be balanced to ensure fairness to the patentee and defendant. Using those factors, I then apply inchoate estoppel to existing caselaw, demonstrating how results might differ and be more just.

A. *Establishing the Factors of Inchoate Estoppel*

To be faithful to the fairness concerns underlying estoppel, inchoate estoppel must carefully balance the patentee’s interest in protecting their patent rights against any injustice towards the defendant. The interests of the patentee and defendant should be compared, and a court should only invoke inchoate estoppel to bar the patentee’s claim when *substantial injustice* is demonstrated. Whereas the Federal Circuit’s bright-line rule eschews this balancing approach, regularly favoring the patentee, inchoate estoppel will carefully weigh the interests of the patentee and defendant to determine an optimally just result.

Of course, the normative question to ask at this point is how a court should go about measuring the injustice to the defendant. Conveniently, the

⁵⁷ *Hendrie v. Sayles*, 98 U.S. 546, 551 (1878).

⁵⁸ Scott D. Barnett, *The Controversy Surrounding Continuing Applications and Requests for Continued Examination*, 7 J. MARSHALL REV. INTELL. PROP. L. 545, 550–51 (2008).

⁵⁹ While the patent is no longer inchoate once it is granted, unissued continuations of the patent are still inchoate because the patentee still has the right to “make [] perfect and absolute” her inchoate rights to the continuations. See *Gayler*, 51 U.S. at 493.

“scope” prong discussed in *Radio Systems* and *John Bean* proves quite useful in making this determination.⁶⁰ If, for instance, a patentee induces a defendant into relying on representations made with respect to a patent application, and then a patent later issues from that patent application with similar claims to those of the patent application at the time of the misleading conduct, then fairness concerns might tilt towards the defendant, as the patentee would, in essence, be asserting a patent that she previously said she would not assert. If, however, the patent issues with substantially dissimilar claims to those of the patent application, then fairness concerns might tilt towards the patentee, who now has a vested, non-misleading, assertable property right. Similarly, if a patentee induces a defendant into relying on representations made with respect to a parent patent, and then a continuation later issues from that parent with similar claims to the parent, then fairness concerns might tilt towards the defendant. If, however, the continuation has substantially dissimilar claims to those of the parent, then fairness concerns might tilt towards the patentee.

Recognizing the information demands that might be placed on district courts when assessing whether claims have a similar scope,⁶¹ the proposed theory of inchoate estoppel takes a structured approach by relying, at least initially, on the expertise of the United States Patent and Trademark Office (USPTO). This approach should alleviate the cognitive burden on lower courts, thus facilitating an easier adoption of inchoate estoppel.

Under this structured approach, a court would begin the inchoate estoppel inquiry by looking for “presumptive” evidence of similarity or dissimilarity. This might include:

Restriction Requirements - If a continuation was filed due to a restriction requirement issued with respect to its parent, a court should take this as presumptive evidence that the continuation is not similar in scope to the parent.

Double Patenting Rejections - If a patentee files a terminal disclaimer in a continuation to obviate a double patenting rejection, a court should take this as presumptive evidence that the continuation is similar in scope to its parent.

Claims Were Never Amended to Overcome a Rejection - If during prosecution, a patent was never amended to overcome a rejection, a court should take this as presumptive evidence that the claims of the issued patent are similar in scope to the claims of the patent application when it was initially filed.

⁶⁰ See *supra* Part I.

⁶¹ Peter Lee, *Patent Law and the Two Cultures*, 120 YALE L.J. 2, 67 (2010) (discussing the information costs associated with enacting broad patent standards, such as “non-obviousness”).

The above are merely examples; other factors indicating similarity or dissimilarity could be adopted. Importantly, however, these factors should only impute a rebuttable presumption of similarity (or dissimilarity), and overwhelming evidence to the contrary—such as a patentee’s express statement disclaiming similarity—may overcome such a presumption.

If presumptive factors do not apply, a court should assess the similarity of the asserted patent and inchoate patent. As a starting point, a court might decide to adopt the one-way test from the Federal Circuit’s obviousness-type double patenting jurisprudence for its similar assessment: are the claims of the issued patent (or continuation patent) obvious in view of the claims of the earlier patent application (or parent patent)?⁶² Additionally, regardless of the selected methodology, a court’s similarity assessment will likely need to differ between subject matter areas.⁶³ In any event, because the main purpose of this Article is to recognize the theoretical basis for altering the Federal Circuit’s equitable estoppel approach, this Article will stop short of providing exact criteria for making the similarity assessment. Instead, as inchoate estoppel is adopted, specific cases will lead to refinements and different similarity criteria will arise. Once a theoretical adjustment to equitable estoppel is made, this Article presumes that resolution of the practical difficulties will follow.

B. Applying Inchoate Estoppel

An understanding of the appropriate balancing of the patentee’s and defendant’s interests can be gained by applying inchoate estoppel to several Federal Circuit decisions to determine whether a different, fairer outcome would emerge.

1. *Radio Systems Corporation v. Lalor*

The first example this Article looks at is *Radio Systems Corporation v. Lalor*.⁶⁴ The relevant facts are as follows: in February 2005, Bumper Boy sent Innotek, a predecessor-in-interest to Radio Systems, a letter stating that Innotek infringed the ‘014 patent.⁶⁵ The letter did not mention the ‘082 patent (a later filed continuation-in-part of the ‘014 patent).⁶⁶ In April 2005, Innotek responded, contending that the ‘014 patent was invalid.⁶⁷ Bumper

⁶² *In re Janssen Biotech, Inc.*, 880 F.3d 1315, 1325 (Fed. Cir. 2018).

⁶³ For example, in the pharmaceutical space, courts have used the concept of “structural similarity.” See, e.g., Guyan Liang, *The Validity Challenge to Compound Claims and the (Un?)predictability of Chemical Arts*, 13 WAKE FOREST J. BUS. & INTELL. PROP. L. 38 (2012).

⁶⁴ *Radio Systems*, 709 F.3d at 1124.

⁶⁵ *Id.* at 1126. The Federal Circuit found privity between Radio Systems and Innotek. *Id.* at 1131.

⁶⁶ *Id.*

⁶⁷ *Id.*

Boy took no subsequent action for over four years, and Radio Systems later acquired Innotek. In November 2009, Bumper Boy accused Radio Systems of infringing both the '014 and '082 patents, and in response, Radio Systems asserted the defense of equitable estoppel.⁶⁸

As previously noted, while the Federal Circuit agreed that equitable estoppel was applicable to the '014 patent, the Federal Circuit held that equitable estoppel was not available for the '082 continuation-in-part because there could be no misleading conduct by Bumper Boy to indicate that it did not intend to enforce the '082 continuation-in-part patent.⁶⁹

Under inchoate estoppel, this case would yield a different result. In February 2005 (the time of Bumper Boy's letter), claim 1⁷⁰ of the '014 patent⁷¹ had issued and appeared as follows:

An animal collar designed for attachment to an animal comprising:
a collar housing having an inside surface directed toward the animal during use; and
at least one electrode intersecting said inside surface at an electrode base and extending toward the animal during use;
said inside surface having at least one high point surface extending above said electrode base and toward the animal during use.

At issuance, claim 1 of the '082⁷² continuation-in-part appeared as follows:

An animal collar designed for attachment to an animal, comprising:
a collar housing having an inside surface directed toward the animal during use;
a first electrode directed toward the animal during use, said first electrode intersecting said inside surface at a first electrode base; and
a second electrode directed toward the animal during use, said second electrode intersecting said inside surface at a second electrode base;
said inside surface having at least one high point surface extending above at least one of said first electrode base and said second electrode base and toward the animal during use;

⁶⁸ *Id.* at 1226–27.

⁶⁹ *Id.* at 1131.

⁷⁰ For purposes of clarity, the example will only examine claim 1 of the '014 and '082 patents.

⁷¹ U.S. Patent No. 6,830,014.

⁷² U.S. Patent No. 7,267,082.

said at least one high point surface located outside of a central area of said housing, said central area located between said first electrode base and said second electrode base.

Comparing claim 1 of the '014 patent at the time of Bumper Boy's misleading conduct to claim 1 of the '082 continuation-in-part, the scope appears substantially similar.⁷³ Although claim 1 of the '082 continuation-in-part includes "a first electrode" and "a second electrode," the structure of those electrodes does not appear to differ from the "at least one electrode" in the '014 patent. Indeed, the only major difference is a recitation that the "one high point surface" is outside the "central area" between the first and second electrode base. Although minds may differ, this Article concludes that the two claims are similar in scope. Accordingly, since by asserting the '082 continuation-in-part, Bumper Boy would, in essence, be asserting a patent they previously said they would not assert (i.e., the '014 patent), Bumper Boy should be barred from asserting the '082 continuation-in-part.

2. *John Bean Technologies Corporation v. Morris Inc.*

The second example this Article looks at is *John Bean Technologies Corp. v. Morris & Associates Inc.*⁷⁴ The relevant facts are as follows: in June 2002, Morris sent a letter to John Bean stating that Morris believed that John Bean's '622 patent was invalid.⁷⁵ John Bean never responded to the letter, but instead entered into an *ex parte* reexamination of the '622 patent.⁷⁶ After the reexamination, John Bean filed a complaint against Morris, alleging that Morris infringed the reexamined '622 patent, and in response, Morris asserted the defense of equitable estoppel.⁷⁷

As noted above, while the district court held that John Bean was equitably estopped from asserting the reexamined '622 patent, the Federal Circuit reversed based on a two-pronged analysis. First, the Federal Circuit held that "equitable estoppel could not apply to pending patent claims even if those claims when issued could claim priority to a parent patent subject to equitable estoppel."⁷⁸ Second, the Federal Circuit held that "[b]ecause the 2014 reexamination resulted in substantive amendments that narrowed the original claims' scope . . . equitable estoppel cannot apply . . ."⁷⁹

Under inchoate estoppel, the first prong of the Federal Circuit's analysis should be ignored, and the focus should be solely on the second

⁷³ There do not appear to be any presumptive factors of similarity in this case.

⁷⁴ *John Bean Techs. Corp. v. Morris & Assocs. Inc.*, 887 F.3d 1322 (Fed. Cir. 2018).

⁷⁵ *Id.* at 1324.

⁷⁶ *Id.*

⁷⁷ *Id.* at 1326.

⁷⁸ *Id.* at 1328 (internal citations and quotations omitted).

⁷⁹ *Id.* at 1329.

prong—were John Bean’s claims at the time of the letter similar to the reexamined claims?

During reexamination, claim 1⁸⁰ of the ‘622 patent was amended as follows, with the italicized text indicating newly added language:

1. An auger type food product chiller, comprising:

...

an auger comprising a shaft and a helical blade, wherein said helical blade forms at least one flight having outer edges, wherein said helical blade and said inner surface of said tank side walls forms a helical path between said inlet end of said tank and said outlet end of said tank

...

a volume of chilling water, wherein said tank is filled with said volume of said chilling water to a water level above said shaft of said auger and below a top of said at least one flight of said auger

....

Comparing claim 1 of the ‘622 patent at the time of the misleading conduct to reexamined claim 1, the scope appears to be substantially different.⁸¹ For instance, reexamined claim 1 includes new limitations such as a volume of chilling water and a helical blade. Although debatable, this Article concludes that reexamined claim 1 is substantially different from original claim 1 of the ‘622 patent. Accordingly, while the reasoning behind the decision is problematic, the conclusion that John Bean should not be barred from asserting the reexamined ‘622 patent concurs with the inchoate estoppel analysis.

CONCLUSION

As this Article has argued, the Federal Circuit’s current approach of barring pre-issuance conduct from being considered during equitable estoppel finds no basis in history of the doctrine but is instead improperly justified by the text of the Constitution. Instead, the focus of equitable estoppel has always been misrepresentative behavior by a plaintiff, regardless of whether a legal entitlement was associated with the behavior when the behavior took place.

Once it is acknowledged that there is no limitation on equitable estoppel from considering pre-issuance conduct, it becomes necessary to

⁸⁰ For purposes of clarity, the example will only examine a portion of claim 1 of U.S. Patent No. 6,397,622 patent.

⁸¹ There do not appear to be any presumptive factors of similarity in this case.

develop a new species of estoppel which can balance the patentee's and defendant's interests. As this Article has proposed, the question a court should ask is whether the claims of the asserted patent are similar in scope to the claims of the inchoate patent or patent application. If substantial similarity is found, then estoppel should apply.

Because the purpose of this Article is to recognize the theoretical basis for the needed alteration to equitable estoppel, this Article stops short of providing exact criteria for making the similarity assessment. However, once this theoretical adjustment is made, resolution of the practical difficulties will undoubtedly follow.