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Equitable Discretion and the Patent Owner's Delay

The doctrine of laches enables a defendant to protect itself from a plaintiff who delays unreasonably and inexcusably in filing its suit. Laches is an equitable doctrine, which means that its form is not fixed because the circumstances under which a defendant can successfully resist the plaintiff's suit are not set out clearly. Determinations of laches rely on the discretion of the trial court and on an amalgamation of whatever facts the court deems relevant. This kind of discretion, like any judicial discretion, creates opportunities for judicial overreaching; and the following account offers such examples from the use of laches in the context of patent law. The problem of overreaching worsens, however, when jurists lack a foundation from which to argue that such-and-such was a proper use of equitable discretion but such-and-so was not. Thinking about the purpose of equitable discretion is the first step to circumscribing its scope. Lay bare the underlying reasons, and one has articulated a principle that defines its limits. This paper begins with a humble description of the reasons that animate the laches doctrine generally and how those reasons play out in context of patent law. The second and third sections describe two areas where courts have used the label of "laches" in service of other, non-equitable purposes. The conclusion of the paper argues that attention to the proper purpose of laches, although requiring some modifications to the current state of the law, would create a principled limit to the exercise of equitable discretion and still allow room for that discretion to do what it is supposed to do.

SECTION 1: The Reasons That Animate Laches

Equity is "a right wisdom that considers all the particular circumstances of the deed [and] is tempered with the sweetness of mercy."¹ By considering "all the particular circumstances," *equity takes its reasons for decision from the prior interaction between the*

¹ Christopher St. German, *DOCTOR AND STUDENT*, chapter 16 (spelling updated).

parties. Thus its conclusions are intensely fact-bound, perhaps of no precedential value, and not at all concerned with constructing appropriate *ex ante* incentives. It applies notions of right and wrong, justice, and mercy; and it relies on the assumption that these categories have some meaning that ought to be given legal effect. Thus, equitable doctrines provide that, even if the plaintiff's claim is legally valid, the plaintiff's right to recover is contingent upon the quality of its behavior vis-à-vis the defendant. The kind of behavior that falls under the label "laches" has changed somewhat over time but always begins with delay. Three different forms are relevant to this paper.

At face value, the earliest form of laches required "mere delay" on the part of the plaintiff. In the days when equity and law were separate, the statute of limitations only applied to actions at law. Thus, "the Court of Chancery developed the doctrine that where a plaintiff who sought to assert a legal right in equity had delayed beyond the period of the statute applicable at law, relief would be refused on the ground of laches although no specific prejudice to the defendant were shown."² In this form, laches, like the statute of limitations, was justified in part by the need for an end to disputes and by the Chancery's desire not to become a clearinghouse for stale claims. Stopping here, one might think that the purpose of this early form of laches was to protect the public's interest in having an end to legal disputes. Such an assessment would be premature because three additional aspects of this early form weigh against that interpretation. First, the earliest form of laches did not recognize the plaintiff's delay until after the plaintiff's legal claim had expired. This protected the defendant from being blindsided by a suit in equity after the statute of limitations had run. Without such a bar, the statute of limitations was nearly ineffective because a plaintiff, once ejected from Common Pleas, could walk across the street to the Chancery and file suit there. Laches therefore prevented plaintiffs from circumventing the

² Zechariah Chafee, Jr. and Edward D. Re, EQUITY 907-08 n. 11 (1967).

law and protected defendants from such circumvention. Second, laches was not a complete bar; it allowed the plaintiff an opportunity “affirmatively to establish that his delay had been reasonable.”³ This turned “mere delay” into “unexcused delay” because if the plaintiff had acceptable reasons for the delay, such as innocent ignorance of the defendant’s wrongdoing, then the defendant could not prove laches. Third, laches was subject to the typical requirements for making arguments in equity. A defendant “who seeks equity must do equity,” and “he who comes to equity must come with clean hands.”⁴ In other words, if the defendant concealed its deeds or otherwise hindered the plaintiff from bringing a claim, then equity *barred the defendant* from arguing laches. These aspects of the earliest form of laches reflect its foundation in the concept of equity, based on the quality of the behavior between the plaintiff and the defendant.

Though retaining its foundation in the concept of equity, laches developed and took a slightly different form as law and equity merged because the statute of limitations then applied both to actions at law and to suits in equity. The statute of limitations did not eclipse laches completely, however; laches morphed slightly and survived. Laches became harder to prove and potentially more damaging to the plaintiff once proved. The heightened standard looked for proof of both unexcused delay *and specific prejudice (aka, material harm) to the defendant.*⁵ Laches exists in this form today. At a conceptual level, this development was nearly predictable. In its early form, the principle justification for laches was that it stopped the plaintiff from doing an end run around the statute of limitations. Once the statute of limitations applied in equity, that justification vanished. Moreover, laches was no longer relevant for delays longer than the statute of limitations. Thus, any use of the doctrine needed to be justified for shorter delays.

³ *Id.*

⁴ Chafee, EQUITY 12.

⁵ Chafee, EQUITY 908.

Conceptually, these two changes demanded the heightened standard, which coalesced in the requirement of material harm to the defendant.

One might wonder whether material harm means anything more than the loss that the defendant would suffer if the plaintiff won its case. In laches, harm means something more than the harm that the plaintiff had a legal right to inflict; it points to an *additional harm* caused by the plaintiff's unexcused delay. For example, if the defendant unwittingly incorporated the plaintiff's property into its business and constructed a massively successful enterprise with the plaintiff's property inextricably tied up in the middle, it would cause prejudice to the defendant to enjoin the defendant to return the plaintiff's property.⁶ A persistent objector might maintain that "material harm to the defendant" is simply a proxy for "harm to society" and does not necessarily reflect the concept of equity. Although societal interests are often at stake alongside the defendant's interests in laches cases, those interests are not the primary concern of laches. Equity, and hence laches, is concerned with the quality of the interactions of the parties. Thus, unexcused delay is not sufficient to bar the plaintiff's suit; the delay must also detrimentally affect the defendant.

Laches has the same features in the patent context: unexcused delay and prejudice to the defendant. Of course, those words are not the "form" of the doctrine so much as the shape it most commonly takes. "Laches is not *established* by undue delay and prejudice. Those factors merely lay the foundation for the trial court's exercise of discretion."⁷ In a patent suit, the plaintiff is typically the patent owner seeking to enforce its patent against the defendant, the alleged infringer of the patent.⁸ The Federal Circuit, which typically prefers rules to standards, issued a

⁶ See *eBay v. MercExchange*, 547 U.S. 388 (2006) (denying an injunction to enforce a patent for an e-marketplace).

⁷ *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1036 (Fed. Cir. 1992) (en banc).

⁸ The Patent and Trademark Office (PTO) oversees the issuance of patents through a process called prosecution. Patent owners can file infringement suits in any court, but all appeals of patent decisions are heard by the Federal

definitive opinion on laches in 1992, the *Aukerman* case, in which it formally outlined the basic elements of the doctrine.⁹ Under *Aukerman*, courts commonly consider at least three factors for determining whether laches bars the enforcement of a patent. First, the delay clock does not begin until the plaintiff knew or should have known about the infringing activity. Second, the defendant must prove that it suffered harm as a result of the delay. Lastly, the plaintiff has opportunity to make excuses for its delay; such excuses strengthen the plaintiff's position in equity and can erase the taint of lengthy delay. The plaintiff bears the burden of proof for its excuses only if the defendant makes out a prima facie case or if there is a presumption of laches (which occurs after a delay greater than six years). Absent these elements, the court lacks a conclusive reason to limit the patent owner's right to recover.

In patent laches, the delay period starts from the time when the patent owner first "knew or reasonably should have known about its claim against the defendant."¹⁰ The period ends when the plaintiff files the enforcement suit. To measure delay in this way reflects a hidden element of laches: the patent owner must have knowledge, actual or constructive, of the infringing activity during the period of unreasonable and unexcused delay. For example, in one case, the court imputed knowledge to a patent owner whose employees had three times observed the infringing machine in operation at the defendant's facility and who had received a letter from the defendant describing the machine.¹¹ In another case, the court found that the plaintiff "knew or should have known" about the defendant's infringing activity because the plaintiff had named the defendant as an infringer in a different lawsuit years earlier.¹² In other words, the patent owner's actual

Circuit. Before the Federal Circuit was created in the 1980's, patent appeals were heard in all the federal circuit courts.

⁹ *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028 (Fed. Cir. 1992) (en banc).

¹⁰ *Gasser Chair Co. v. Infanti Chair Mfg. Corp.*, 60 F.3d 770, 773 (Fed. Cir. 1995).

¹¹ *Minnesota Mining & Mfg. Co. v. Berwick Industries, Inc.*, 532 F.2d 330 (3d Cir. 1976).

¹² *Jamesbury Corp. v. Litton Indus. Prods.*, 839 F.2d 1544, 1552 (Fed. Cir. 1988).

ignorance of infringing activity excuses delay, but the court will look through the plaintiff's claim of ignorance and impute knowledge to the patent owner if circumstances belie the claim.

Proof of material harm can be either evidentiary or economic in form and must result from the plaintiff's delay.¹³ Evidentiary prejudice means lost records or unavailable witnesses, so long as the missing evidence was relevant to the underlying infringement claim, not just to the laches defense.¹⁴ Economic prejudice refers to a "loss of monetary investments . . . which likely would have been prevented by earlier suit" and requires "proof of a nexus between the investment and the delay."¹⁵ As mentioned previously, economic prejudice means more than the reasonable royalties that the defendant would pay if it had to license the patent; it means a threat to the defendant's additional investments in technology that is inextricably bound up with the defendant's use of the patented invention.¹⁶

Faced with an accusation of improper delay, either by proof or presumption, the plaintiff can offer excuses. A non-exhaustive list of available excuses includes "other litigation, negotiations with the accused, possibly poverty or illness under limited circumstances, wartime conditions, extent of infringement, and a dispute over the ownership of the asserted patent." These excuses are relevant in the same way as the plaintiff's ignorance of the infringing activity. They give reasons for the plaintiff's delay and mitigate suspicions of wrongfulness on the plaintiff's part so that it would seem inequitable to defeat the plaintiff's right to recover on its patent.

¹³ *Gasser*, 60 F.3d at 774.

¹⁴ *Hearing Components, Inc. v. Shure Inc.*, 600 F.3d 1357, 1376 (Fed. Cir. 2010).

¹⁵ *Gasser*, 60 F.3d at 774-75.

¹⁶ See *ebay*, *supra*, note 6.

Because “[l]aches remains an equitable judgment of the trial court in light of all the circumstances,”¹⁷ other facts can affect the strength of a laches argument. For example, if the defendant deliberately infringed the patent or otherwise engaged in “egregious conduct,” laches is not available.¹⁸ On the other hand, “a good faith belief in the merits of a defense [e.g., that the patent is invalid] may tilt matters in [the defendant’s] favor.”¹⁹ This lines up with the foundation of laches in the concept of equity because an intentional breach of the patent right, as compared to an unintentional breach, makes the defendant more of a bad actor.²⁰ It is an instance of the defendant not “coming to equity with clean hands.”

A Note on Rights

The purpose of laches, as described thus far, consists of applying notions of justice and mercy to the quality of behavior between the plaintiff and the defendant. Another way of looking at the situation would describe laches in terms of the kinds of rights and obligations it imposes on the parties. For example, in its earliest form, laches gave the defendant a right not to be liable in equity to a plaintiff whose claim at law had expired. Correlatively, it obligated the plaintiff not to sue in equity on a claim barred at law. Both the right and the duty were defeasible under circumstances where the plaintiff had good reasons for its delay or where the defendant had indirectly caused the plaintiff’s delay. In its current form, laches gives the defendant a right not to be harmed by a plaintiff’s delayed suit without good reason. It imposes a correlative duty on the plaintiff not to harm the defendant by delaying suit without good reason. Again, the right, along with the duty, is defeasible under many circumstances. In the remainder of the paper, this

¹⁷ *Aukerman*, 960 F.2d at 1036.

¹⁸ *Bott v. Four Star Corp.*, 807 F.2d 1567, 1576 (Fed. Cir., 1986) (holding that the defendant’s “defense of laches was defeated by its egregious conduct” of knowingly copying the patented product) (overruled on other grounds by *Aukerman*, 960 F.2d 1020 (1992)).

¹⁹ *Aukerman*, 960 F.2d at 1033.

²⁰ The patent statute implies as much by allowing up to treble damages; these punitive measures have been reserved for willful infringers. 35 U.S.C. § 284.

form of analysis runs alongside descriptions of the purpose behind the doctrine and helps to highlight where courts have severed the doctrine from its foundation.

A Note on Remedies

Although the remedy obtained through laches could eviscerate the face value of the doctrine, it is a separate issue not addressed in this paper. Traditionally, the remedy for laches is to bar the plaintiff from getting an injunction but not to bar damages. After the law and equity merger, laches could conceivably bar both, though probably only in the event of egregious misconduct by the plaintiff. In patent, laches typically bars recovery of pre-suit damages, though other doctrines apply similar inquiries to limit post-suit remedies.²¹ Prosecution laches bars all remedies and makes the patent completely unenforceable. The question of whether the remedies are properly tailored to the harm is important and to some degree unavoidable. It is, however, a question sufficiently complex to merit separate treatment.

SECTION 2: Laches in Wanlass v. General Electric

In the 1990s, the Federal Circuit twice departed from the concept of equity in published opinions on laches. These opinions imposed a new duty on all patent owners in a forward-looking effort to change the behavior of patent owners and potential infringers. This development occurred through modifications to the idea of constructive knowledge. In *Hall v. Aqua*, the defendant had bombarded the industry with advertisement and promoted its infringing product at trade shows, and the defendant's president had conversed many times with the plaintiff, who was a prominent figure in the industry.²² Such circumstances constituted "conclusive evidence that [plaintiff] should have known of the accused infringer's open,

²¹ Limitations on post-suit remedies include the threshold for getting an injunction and estoppel.

²² 93 F.3d 1548, 1553 (Fed. Cir. 1996).

notorious, and allegedly infringing activities”²³ In *Wanlass v. General Electric*, the plaintiff also failed to spot “pervasive, open, and notorious activities.”²⁴ Furthermore, the court found that the plaintiff had not fulfilled “his duty to conduct future investigations” even though the plaintiff, had tested General Electric’s machines for five years to see if the defendant was infringing.²⁵ These opinions, particularly *Wanlass*, describe new rights and duties and give reasons for decision that indicate a departure from the concept of equity.

Wanlass makes an effort to connect its holding to the concept of equity. It recites cases that impute knowledge to the plaintiff based on circumstances that create a duty of inquiry. “The party must be diligent and make such inquiry and investigation as the circumstances reasonably suggest.”²⁶ The duty-of-inquiry line of cases points to circumstances where the plaintiff is aware of facts that strongly suggest infringement but takes no steps to discover whether or not infringement is actually occurring. It is relevant to situations where the patent owners “have remained . . . supine for many years, shutting their eyes to what was going on in the art to which the patent belonged.”²⁷ It is akin to “willful blindness.” The Supreme Court recently defined willful blindness in the patent context as requiring that “(1) [the party] must subjectively believe that there is a high probability that a fact exists and (2) [the party] must take deliberate actions to avoid learning of that fact.”²⁸ This doctrine reflects notions of equity because it infers intentional wrongdoing by the ignorant party.

²³ *Id.*

²⁴ 148 F.3d 1334, 1338 (Fed Cir 1998).

²⁵ *Id.* at 1339.

²⁶ *Wanlass*, 148 F.3d at 1338 (citing *Potash Co. v. Int’l Minerals & Chem. Corp.*, 213 F.2d 153,155 (10th Cir. 1954)).

²⁷ *Id.* (citing *Mosler & Co. v. Lurie*, 209 F. 364, 371 (2d Cir. 1913)).

²⁸ *Global-Tech Apps. v. S.E.B.*, 131 S. Ct. 2060, 2070 (2011). Although *Global-Tech* addresses circumstances of the *defendant’s* willful blindness, it applied this standard in response to the Federal Circuit’s holding that the defendant “knew or should have known” that it was infringing. *Id.*, at 2065. Thus, this standard likely reflects the Court’s position on the question of whether a plaintiff “knew or should have known” about infringement.

However, the undisputed facts of the *Wanlass* case, which was decided on summary judgment, do not clearly meet this standard. When Wanlass initially approached GE with an offer to license in 1977, GE brushed him off, claiming in a letter that it couldn't imagine "why anyone would think that this is a new idea."²⁹ Looking back on this, the court said that this brush-off put Wanlass on notice that GE was likely to infringe; and Wanlass probably agreed at the time because he tested GE's products for the next five years, until 1982.³⁰ Wanlass then turned his attention to other inventions and did not test any GE products until 1992. Upon discovering infringement in that year, he filed suit in 1995.³¹ Although the testing equipment was not expensive, each test required Wanlass to purchase a GE product, averaging two hundred dollars apiece, and to run the two-hour test. There were eight to nine hundred products made by GE that could have incorporated Wanlass's invention.³² On these facts, it is certainly plausible that, after testing GE's devices for five years, Wanlass justifiably gave up, directed his resources elsewhere, and did not try again for ten years. At the least, these facts do not merit summary judgment on the question of whether Wanlass willfully shut his eyes to industry developments. It appears, then, that the duty of inquiry doctrine is not doing any work in *Wanlass*. If anything, it is an attempt to legitimize the new duty that the court articulated.

The real foundation for the *Wanlass* holding is the proposition that "constructive knowledge of the infringement may be imputed to the patentee even where he has no actual knowledge of the sales, marketing, publication, public use, or other conspicuous activities of potential infringement if these activities are sufficiently prevalent in the inventor's field of

²⁹ *Wanlass*. 148 F.3d at 1336.

³⁰ *Id.*, at 1336, 1340.

³¹ *Id.*, at 1336.

³² *Id.*, at 1336, 1339.

endeavor.”³³ This is more than a duty not to shut one’s eyes when presented with relevant facts; it is a duty of due diligence that covers the trade literature and marketed products of an entire industry. As the dissent argued, “this court imposes on Wanlass an affirmative duty to police his patent.”³⁴

The language of “duty” provides the first clue that *Wanlass* is doing something new with laches. The panel majority wrote that the first five years of testing “did not absolve Wanlass of his duty to conduct future investigations.”³⁵ Rolling this duty into the structure of laches, it appears that the plaintiff has a duty not to harm the defendant with delay caused by failure to keep fully abreast of the defendant’s activities in the industry. Correlatively, the defendant has a right not be harmed by delay resulting from the plaintiff’s ignorance of current affairs in the industry. This outcome might be justified if the harm to the defendant were exceptionally great. But that was not the case in *Wanlass*; the court declined to evaluate whether GE had suffered *any* economic harm. Instead it found that there was sufficient evidentiary prejudice (faded memories, unavailability of witnesses and evidence) to constitute prejudice to the defendant, even though the statute of limitations only allowed Wanlass to recover for the most recent six years of infringement.³⁶ However, the right to the defendant imparted by *Wanlass* does not rely on additional harm to the defendant. It is therefore much more substantial than the typical “right not to be harmed by plaintiff’s delay without good reason.” The new right entitles the defendant to a windfall if the plaintiff should fail to read the relevant trade journal.³⁷

³³ 148 F.3d 1334, 1338 (Fed Cir 1998).

³⁴ *Wanlass*, 148 F.3d at 1342 (Rader, J., dissenting).

³⁵ *Id.*, at 1339 (majority opinion).

³⁶ *Id.*, at 1340; 35 U.S.C. § 286.

³⁷ GE’s windfall in this case was probably substantial because electric motors like those described in Wanlass’s patent were used in many of its appliances. Although laches only bars pre-suit damages, it prevented Wanlass from getting anything from his patent because the patent expired in 1997, shortly after he filed suit.

This duty to investigate industry literature and products is analogous to the idea of constructive notice arising from land records. *Wanlass* cites that idea in support of its duty to investigate. There is “a duty to inform oneself of ownership of land in light of readily apparent facts in the public records.”³⁸ The duty means that parties transacting in land are held to possess knowledge of facts available from a reasonable search of the land records, even if they have not made such a search. There are a handful of conceivable justifications for the constructive notice doctrine in land records (e.g., enabling effective transfers of property, incentivizing purchasers always to search the records), but the concept of equity is not high on the list. The comparison—between constructive notice from land records and constructive knowledge from activities in an industry—shows how far the reasoning in *Wanlass* has moved from the concept of equity.

The second clue that *Wanlass* is a departure from the reasons that undergird the laches doctrine appears from the reasons actually given by the court for its decision. They are prospective reasons, aimed at the efficient allocation of incentives, not reasons taken from the prior interaction of the parties. The court reasoned that imposing a duty on the plaintiff to investigate the literature and market activity of an industry was sensible because the patent owner would incur less cost in doing so than a potential infringer performing an equivalent investigation. According to the court, a “reasonable patentee” keeps abreast of his field, is in “the best position . . . to know likely places to find infringement,” and “incur[s] comparably lower costs in investigating potentially infringing behavior than competitors would incur conducting patent searches on every aspect of their products and notifying the patentee of their results.”³⁹ However, this cheapest-cost-avoider reasoning relies on a false dichotomy. It assumes that one or the other, the patentee or the potential infringer, will harm the other if the infringement is not

³⁸ *Wanlass*, 148 F.3d at 1339 (citing *Wetzel v. Minnesota Ry. Transfer Co.*, 169 U.S. 237, 240-41 (1898)).

³⁹ *Id.*, at 1339.

quickly discovered; therefore, the patentee should bear the duty to discover the infringement quickly because it already has incentives to do so. It is true that the patentee already has good reasons to search out potential infringers—that is how the patent makes money. But it is not clear, and the opinion makes no attempt to explain, why the duty to seek out infringement exists in the first place. One plausible reason is that the patent owner’s lack of knowledge of industry affairs is an indicator that the patent is weak or that the patent owner is a non-practicing entity (i.e., a company that thinks up inventions but does not commercialize them). On that account, the duty to investigate is protecting defendants and society from invalid patents and “patent trolls.” If such were the case, the justification for laches would rest on an assumption about the validity of the patent or about the character of the plaintiff—without making any inquiry into the patent’s validity or the plaintiff’s character. This kind of broad, over-inclusive treatment is the opposite of how equity operates. Equity looks into the details, inquires about the character of the parties, and bases its decision on determinations about the quality of the parties’ behavior. As shown in the rights it created and the reasons it articulated, the court in *Wanlass* reached beyond the limits of equitable discretion by openly abandoning the rationale that justifies the doctrine of laches.

SECTION 3: Prosecution Laches in In re Bogese

In 2002, the Federal Circuit first recognized the doctrine of prosecution laches.⁴⁰ Prosecution laches is an affirmative defense to an infringement suit based on the patentee’s “unreasonable and unexplained delay” in prosecuting the patent through the Patent and Trademark Office.⁴¹ In the same year, the Federal Circuit added that unreasonable delay in

⁴⁰ *Symbol Techs., Inc., v. Lemelson Medical (“Symbol I”)*, 277 F.3d 1361 (Fed. Cir. 2002).

⁴¹ *Id.*, 277 F.3d at 1363.

prosecution can be grounds for the PTO to dismiss a patent application permanently.⁴² The doctrine invoked equitable discretion: “[t]he matter is to be decided as a matter of equity, subject to the discretion of a district court” and “should be used sparingly lest statutory provisions be unjustifiably vitiated.”⁴³ Many of the considerations advanced in favor of prosecution laches are factors relevant to equity: for instance, the culpability of the patentee,⁴⁴ lack of notice about the patent to others in the industry,⁴⁵ and “intervening private and public rights.”⁴⁶ Those considerations have not always dominated the court’s analysis, however. *In Re Bogese* is an administrative appeal to the Federal Circuit, via the agency’s internal Board of Patent Appeals, from the PTO examiner’s dismissal of Bogese’s patent application.⁴⁷ Departing from the equitable concerns articulated in *Symbol I* and subsequently in *Symbol II*, the court granted the power of equitable discretion to the patent examiner, an administrative official. In so doing, the court emptied laches of its animating rationale and used it in service of other public purposes.

The court in *Bogese* offered two interconnected justifications for its holding: one was prosecution laches, the other was forfeiture. In the forfeiture argument, the opinion explains that Bogese filed twelve continuation applications and received twelve rejections over the course of eight years—without making any substantial changes to the claims in his patent application.⁴⁸ Although the court does not say as much, this kind of behavior was often a form of ‘examiner shopping’ in which an applicant could test its overly broad claims on a new examiner each time it filed a continuing application. A dozen continuations seem excessive, even abusive; and the *Bogese* dissent acknowledges that “Mr. Bogese apparently took unusual advantage of the

⁴² *In re Bogese*, 303 F.3d 1362 (Fed. Cir. 2002).

⁴³ *Symbol Technologies, Inc., v. Lemelson Medical (“Symbol II”)*, 422 F.3d 1378, 1385 (Fed. Cir. 2005).

⁴⁴ *Id.* (noting the district court’s finding of “culpable neglect”).

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Bogese*, 303 F.3d at 1363.

⁴⁸ *Id.*, at 1369.

continuation application law.”⁴⁹ On that point the majority’s opinion appears justified: “the PTO has authority to order forfeiture of rights for unreasonable delay,” provided that the examiner gives a warning notice.⁵⁰ However, the Federal Circuit’s predecessor, the C.C.P.A., had held that there was no statutory authorization for the PTO to limit the number of continuation applications, so long as the applicant met all the other conditions of the statute.⁵¹

Absent statutory authority to dismiss applications for undue delay, the PTO relied on the “equitable doctrine of laches” as its legal authority for dismissing Bogese’s application for unreasonable delay.⁵² The *Bogese* majority affirmed the PTO and pointed to the Federal Circuit’s recent decision in *Symbol I* as the reason: “[I]n *Symbol Technologies* we held that a patent may be rendered unenforceable if it was obtained after an unreasonable and unexplained delay in prosecution.”⁵³ This summary misconstrues *Symbol I* and ignores the underlying rationale of laches. Although *Symbol I* says little about the equitable factors relevant to prosecution laches, it cites four Supreme Court cases as evidence that the doctrine previously existed. In describing each of those cases, the *Symbol I* opinion recites more facts than merely unreasonable delay in order to justify the application of laches. For example, in *Woodbridge* the patent applicant’s delay was illegal. He waited nine years from the time his patent was approved to the time he requested issuance; the patent statute allowed for only one year of delay.⁵⁴ The Court in *Webster* rejected two of a patent’s eight claims on the grounds that the patent applicant intentionally withheld them from the original application while awaiting the results of an interference proceeding.⁵⁵ In the other two cases, the Court rejected assertions of laches because there was *no*

⁴⁹ *Id.*, 303 F.3d at 1371 (Newman, J., dissenting).

⁵⁰ *Id.*, at 1369 (majority opinion).

⁵¹ *Id.*, at 1370 (Newman, J., dissenting) (quoting *In re Henriksen*, 399 F.2d 253 (CCPA 1968)).

⁵² *Id.*, at 1364 (majority opinion) (quoting the warning of forfeiture in Bogese’s eleventh final rejection letter).

⁵³ *Bogese*, 303 F.3d at 1367.

⁵⁴ *Symbol I*, 277 F.3d at 1364 (citing *Woodbridge v. United States*, 263 U.S. 50 (1923)).

⁵⁵ *Id.*, at 1364 (citing *Webster Electric v. Splitdorf Electrical*, 264 U.S. 463 (1924)).

evidence of “*intervening rights*”—of parties affected by the applicant’s delay. In sum, all four cases relied on something more than merely unreasonable delay.⁵⁶ Two pointed to the patent applicant’s wrongdoing (other than delay), and two held that there could be no laches if the delay caused no harm to anyone. Thus, *Symbol I* does not affirm the version of prosecution laches set forth in *Bogese*. Rather, it affirms the proposition that laches does not operate on mere delay but takes its reasons from the quality of the interaction between the two parties. Nonetheless, *Bogese* takes laches as a general bar to patents acquired after unexplained delay: “we see no basis for denying the power to the PTO itself that we have recognized exists in the district courts in infringement actions [to render a patent unenforceable if obtained after unreasonable and unexplained delay].”⁵⁷

The *Bogese* version of “laches” creates completely new rights because there is no defendant in patent prosecutions; this indicates a clear departure from the rationale of laches. The best one can do is to say that the patent applicant has a duty to the public, or to the PTO, to prosecute its patent application with reasonably diligent speed. The public holds a correlative right not to be burdened by a patent applicant who delays. The PTO also has a correlative right not to be bothered by patent applicants who delay unreasonably. Such a right—not to be burdened by applications that unreasonably delay—may be a practical policy, but it is not a determination that takes its reasons from the interaction of the parties. “[L]aches as an equitable remedy . . . is bound up in the relationship between the parties and their history of dealing with each other.”⁵⁸ In the patent application “there is no ‘defendant,’ no prejudice, no issue of injury to the government or clean hands on its part.”⁵⁹ One might argue that the PTO is a party to the

⁵⁶ *Id.*, at 1365.

⁵⁷ *Bogese*, 303 F.3d at 1367.

⁵⁸ *Bogese*, 303 F.3d at 1371-72 (Newman, J., dissenting).

⁵⁹ *Id.*, at 1372.

application process and therefore is in a position, like a defendant, to make an equitable argument. That indeed may be true, but the PTO also makes the “equitable” determination. In other words, the PTO’s right not to be bothered is also a power with respect to the patent right itself—a power to deny the patent application on the grounds that the applicant delayed unreasonably. The dissent correctly summarizes that the decision “extends to patent examiners a new power to deny a patent on the ground that the applicant dawdled too long in prosecution.”⁶⁰ Laches would simply communicate a right not to be harmed by delay without good reason; *Bogese* confers much more.

Although *Bogese* does not clearly articulate its reasons for construing prosecution laches as a discretionary power for PTO examiners, the opinion hints at two different reasons, neither of which reflect the reasons that animate laches. First, the opinion says that is following *Symbol I*. As discussed above, the opinion reads *Symbol I* too broadly, but perhaps the motivation behind *Symbol I* is also doing work in *Bogese*. Speaking functionally, not conceptually, *Symbol I* was about protecting the public from a portfolio of “submarine” patents that had been in prosecution for forty years. The patents were broad and arguably covered bar code scanners of the type used in every retail checkout line in the nation.⁶¹ The unexpected appearance of these patents affected many, until they were barred by laches. *Bogese*’s patent, originally filed in 1977, threatened to do the same. With these concerns in mind, the Board of Patent Appeals had ruled against *Bogese* and expressed concern about the public cost of delay “when the industry has developed and matured to such a point as to be more financially beneficial to the applicant and hence more harmful or prejudicial to the public.”⁶² Although the Federal Circuit did not articulate these

⁶⁰ *Id.*, at 1370.

⁶¹ *Symbol I*, 277 F.3d at 1363.

⁶² *Bogese*, 303 F.3d at 1366 (quoting *Ex Parte Bogese II*, Appeal No.1998-1360 (Bd. Pat. Apps. & Int. Sep. 25, 2000)).

reasons itself, mitigating the social burden of “patent trolls” may have been a hidden motivation, as it may have been in *Symbol I*. As discussed above in relation to *Wanlass*, if the court were thinking about *Bogese* as a troll, the justification for laches must have rested on unstated and unproven judgments against the character of the plaintiff, which turns laches into imprecise and over-inclusive means for solving a social policy problem. Second, the *Bogese* opinion repeatedly refers to the PTO’s “inherent authority . . . to set reasonable deadlines and requirements for the prosecution of applications.”⁶³ This imparts a flavor of administrative efficiency to the court’s reasoning—a desire that the PTO should have authority to impose penalties for repetitive, unmodified continuances. Although this is a genuine practical concern because of the PTO’s need to control its costs, it is not a concern relevant to equity. It is not the kind of delay that implicates the quality of the behavior between two parties. Prolonged prosecution may inconvenience and annoy the PTO examiners, but it is hardly wrongful and does not cause material harm.

SECTION 4: Conclusion

Wanlass and *Bogese* illustrate judicial overreaching under the guise of equitable discretion. By separating the form of laches from the substance of the concept of equity, those opinions fill the hollow form with new rights and purposes. That kind of discretion creates instability, which may explain why the Federal Circuit has not followed *Wanlass* or *Bogese* in its latest opinions on laches.⁶⁴ Two decisions discussed below, *Intirtool* and *Cancer Research*, disregard the reasoning in *Wanlass* and *Bogese*, respectively, and apply laches in a way that pays

⁶³ *Id.*, at 1368.

⁶⁴ Note that the problem of prosecution laches has also been mitigated by statute. Since 1994, the patent term is twenty years beginning from the *date of filing* rather than from the date of issuance. Thus, for patents filed after 1994, delays in prosecution eat into the patent term rather than extending it into the future.

more attention to the quality of the interactions between the parties. Both decisions rely on the elements of unexcused delay plus material harm to another party. This consonance suggests that laches are laches, whether the delay occurs before the patent issues or after, and that the Federal Circuit's efforts to crystallize laches and prosecution laches into separate forms have possibly enabled the abuse of the doctrines by severing both from their common foundation.

The *Intirtool* decision articulated a doctrine of constructive knowledge much narrower than the duty to investigate all industry literature and products that *Wanlass* imposed.⁶⁵ In *Intirtool*, the court found no constructive knowledge when the defendant's CEO asked an employee of the patent owner to sell the patented product at a cheaper price in order to match the price for a similar product offered by a competing supplier. When the patent owner denied the request, the defendant stopped purchasing the patented product. Arguably, under *Wanlass*, the patent owner had constructive knowledge because it had an ongoing duty to investigate whether the defendant had switched to an infringing product. Nonetheless, the court was "unwilling to stretch the concept of due diligence so far."⁶⁶ The opinion made no citation to either *Wanlass* or *Hall*; it simply asked whether the patent owner should have known about the infringement based on its earlier conversation with the defendant. The court briefly defended its rule by citing to *Jamesbury Corp.*, in which the court imputed constructive knowledge to the plaintiff because it had identified the defendant as an infringer in an earlier court case.⁶⁷ Thus, *Hall* and *Wanlass* stand out as exceptions to the prevailing rule that *Intirtool* affirms: that constructive knowledge means something like closing one's eyes against evidence of infringement, not failing to monitor all industry activity. This narrower view of what the plaintiff "should have known" makes laches

⁶⁵ *Intirtool, Ltd. v. Texar Corp.*, 369 F.3d 1289 (Fed. Cir. 2004).

⁶⁶ *Id.* at 1298.

⁶⁷ *Id.* at 1298 (citing *Jamesbury Corp. v. Litton Indus. Prods.*, 839 F.2d 1544, 1552 (Fed. Cir. 1988)).

a milder doctrine, makes it less likely to grant windfalls to a defendant, and makes it more attune to the plaintiff's good faith ignorance of infringing behavior.

In *Cancer Research*, the Federal Circuit addressed the question of whether a defendant to a patent infringement suit could invoke prosecution laches against the plaintiff because of its delay during the patent application process, *even though the defendant had not suffered any material prejudice from the delay*.⁶⁸ Arguably, under *Bogese*, the answer was yes because that decision gave equitable discretion to the PTO to make findings of prosecution laches purely on the basis of unreasonable and unexcused delay. The district court concluded as much at the bench trial.⁶⁹ However, the majority in *Cancer Research* reversed the district court. The opinion refers to *Symbol I*, to the four Supreme Court cases cited in *Symbol I*, and to *Symbol II*, in arguing that prosecution laches requires proof of material harm to intervening rights as well as proof of unreasonable delay.⁷⁰ “[P]rosecution laches’ requirement of unreasonable and unexplained delay includes a finding of prejudice, *as does any laches defense*.”⁷¹ Moreover, the court held that the defendant should prove specific prejudice, not just the general cost of the patent to the public. “[T]he accused infringer must show evidence of intervening rights, *i.e.*, that either the accused infringer or others invested in, worked on, or used the claimed technology during the period of delay.”⁷²

Laches is not a dressed-up statute of limitations, nor is its primary purpose to protect the public from burdensome patents or to accelerate repose on claims that seem meritless. Its purpose is to assess the quality of the plaintiff's delay and whether it caused additional harm to the defendant. Ultimately, laches asks whether considerations of justice and mercy, brought to

⁶⁸ *Cancer Research Tech. Ltd. v. Barr Labs. Inc.*, 625 F.3d 724, 727 (Fed. Cir. 2010).

⁶⁹ *Id.*

⁷⁰ *Id.*, at 730-31.

⁷¹ *Id.*, at 729 (emphasis added).

⁷² *Id.*

bear on the prior interaction of the parties, provide reasons to limit the plaintiff's right to recover on its otherwise valid claim. As the *Cancer Research* opinion suggests, this foundation is common to all forms of laches, including prosecution laches. Although *Bogese* and *Wanlass* were departures from the common foundation of laches and although the Federal Circuit has treated prosecution laches as a separate thing, reuniting the two doctrines would draw attention to their common purpose. Even more importantly, paying attention to the purpose that animates laches would give jurists a foundation for critiquing misuses of equitable discretion.