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Patent Compensation Under 35 U.S.C. § 284

Vincent P. Tassinari

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PATENT COMPENSATION UNDER 35 U.S.C. § 284

*Vincent P. Tassinari**

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ABSTRACT — Invention Patent Law; Statutory & Constitutional Law; Professional Responsibility

Let us give him the mischief and put him in jail and hang him like they used to for stealing horses. I do not agree with you at all. You are trying to help a crook. We want to help the honest man.

—Hon. Frank W. Boykin, Alabama, Chairman, 1946 House Committee on Patents, in response to the suggestion that a patent claimant should only recover a reasonable royalty.¹

Before 1946, a patent infringement claimant's recovery derived from two recovery categories enacted by Congress: (i) the recovery category of damages, which included the definition of claimant's damages and (ii) the recovery category of profits, which included the definition of infringer's profits. Through the Patent Act of 1946, Congress eliminated this two-recovery category scheme of claimant's damages and infringer's profits without changing the pre-1946 substantive law. Congress did this by enacting a new, single patent infringement recovery category labeled "general damages" and by defining general damages as due compensation for making, using, or selling the invention. Thus, a post-1946 claimant's recovery derived from the recovery category of general damages, with Congress' definition of general damages including the infringer's profits and the claimant's damages. After Congress' 1952 textual codification of the 1946 Act, a claimant still recovered money from a single recovery category that still included the infringer's profits and the claimant's damages. However, the 1952 textual codification confusingly renamed the 1946 single recovery category from the "general damages recovery category" to the "damages recovery category" without substantively changing the patent infringement recovery law enacted in 1946.

In section IV of the 1964 patent law case of *Aro Manufacturing Co. v. Convertible Top Replacement Co.*² ("Aro II"), Justices

¹ *Recovery in Patent Infringement Suits: Hearing on H.R. 5231* (subsequently amended, reintroduced, and reported as H.R. 5311) *Before the House Comm. on Patents*, 79th Cong. 18 (1946).

² 377 U.S. 476, 141 U.S.P.Q. (BNA) 681 (1964).

Brennan, Stewart, White, and Goldberg circumvented Congress' single recovery category scheme by usurping Congress' law making power to revive one of the two pre-1946 recovery categories eliminated by the 1946 Congress: (i) the pre-1946 recovery category of damages, with the included definition of claimant's damages excluding the recovery of the infringer's profits. To account for unconstitutionally removing Congress' laws relating to the recovery of an infringer's profits, these four Justices again usurped Congress' law-making power to create the post-1964 reasonable royalty recovery category, with a definition of reasonable royalty that amounts to nothing more than a compulsory license.

Under the great, pestiferous influence of section IV of *Aro II*, the lower courts have continued the pre-1946 two-recovery category scheme eliminated by the 1946 Congress through the practice of awarding "damages" ("lost profits") under the pre-1946 recovery category of damages or awarding a "reasonable royalty" under the post-1964 recovery category of reasonable royalty, despite lacking the statutory authority under 35 U.S.C. § 284 for either award. An analysis of the relevant and timely intrinsic and extrinsic evidence makes it clear that Congress intended 35 U.S.C. § 284 as the statutory authority for awarding the patent infringement claimant "compensation"—not damages (lost profits) or a reasonable royalty as is the current practice. Further, analysis makes it clear that, among other things, Congress intended for this compensation to be based on the amount of the infringer's gross income that is proven as the economic value of the infringer's enrichment to the extent that the infringer's enrichment is causally connected to the infringement conduct.

This Article **FIRST** establishes that there is no adequate or authoritative judicial analysis of § 284's terms requiring a court in a patent infringement action to award a reasonable royalty as the alternative remedy to unavailable damages (lost profits). **SECOND**, by loose analogy to the arcane area of patent claim construction, this Article devises a new, useful, and nonobvious method of statutory term analysis (STA) and a new, useful, and nonobvious method of constitutional term analysis (CTA), both of which may be used in all bodies of law. **THIRD**, this Article demonstrates this new STA Method by analyzing the relevant patent statute to prove that, through the Patent Act of 1946, Congress intended § 284

(1994) as statutory authority for the courts to award compensation in the form of the infringer's profits, contrary to our court's practice for the last thirty-three years. **FOURTH**, this Article exposes the judicial activist method that four Supreme Court Justices used in *Aro II*, to usurp Congress' vested power to make all laws, thereby causing devastating effects on court opinions and the rule of law, on litigants who seek justice, and on Congress and the entire judicial system. **FIFTH**, this Article corrects the Supreme Court's 1964 usurpation of Congress' patent law power by laying out the background for a "better methodology"³ in awarding patent infringement compensation under 35 U.S.C. § 284 and 35 U.S.C. § 285 that is consistent with the body Congress' meaning of each statutory term, the conclusions of this Article, current legal theory, and existing judicial authority. **SIXTH** and last, this Article strictly reminds tribunals and advocates of their professional responsibility to our chosen profession of law.

APPENDIX I contains the proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994). APPENDIX II contains 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) for comparison to the proposed amendments. APPENDIX III contains the hard-to-obtain text of House Bill 4143 (1945), providing the last piece of an otherwise accessible House Bill 5311 (1946) legislative history.

³ This Article is in response to Chief Judge Markey's request in *Fromson v. Western Litho Plate & Supply Co.*, 853 F.2d 1568, 1574, 7 U.S.P.Q.2d (BNA) 1606, 1612 (Fed. Cir. 1988) (Markey, C.J.) (hereinafter "Fromson IV") (The current methodology of awarding a "royalty" that is "truly reasonable" as compensation "must, on occasion, be used for want of a better methodology").

I. INTRODUCTION

Courts do not weary of cautioning counsel to distinguish dictum from decision. They must heed their own warnings.

—Judge Cardozo, 1918⁴

The law recognizes three types of properties: real property, said to be property fixed to the ground, personal property, said to be moveable items, and intellectual property, which is said to be property of the mind. The intellectual property of a 35 U.S.C. § 154 (1994)⁵ patent document is contained as subject matter within the one or more claims set out at the conclusion of the document as required under § 112(2). The subject matter of an invention patent grant (as distinguished from a land patent grant) is either the § 101 utility patent, the § 161 asexual plant patent, or the § 171 ornamental design patent. The law protects this subject matter within a single, written patent claim as intellectual property to the extent of the matter's scope. Where a wrongdoer practices the claimed invention without permission under § 271, that wrongdoer is said to infringe the patent claim. In other words, a § 154 patent document cannot be infringed; only the § 101, § 161, or § 171 subject matter of the one or more intangible claims fixed within the tangible § 154 patent document can be infringed through § 271 infringement conduct. Under § 100(d), inventors, assignees, assignors, exclusive licensees and others may have standing as a claimant to sue the infringer, either for § 271(a) direct infringement or § 271(b)-(g) indirect infringement.

Successfully proving that an accused infringer⁶ violated the United States patent laws⁷ through infringement conduct entitles

⁴ Smith v. Hedges, 119 N.E. 396, 399 (N.Y. 1918) (Cardozo, J., dissenting).

⁵ In Parts I, II, III, and IV of this Article, all incompletely labeled statutory sections refer to Title 35 of the United States Code unless otherwise noted. In section VI, all incompletely labeled statutory sections refer to the proposed amendments in Appendix I.

⁶ Because the 35 U.S.C. § 271 patent infringement tortfeasor may also be a plaintiff in a 28 U.S.C. § 2201 "Declaration of Noninfringement" action where the plaintiff is found liable on the defendant's counterclaim of 35 U.S.C. § 271 infringement, the patent law terms "accused infringer" and "infringer" will be used to indicate the wrongdoer in this Article and the patent law term "claimant" will be used to indicate the wronged party, rather than the familiar terms of defendant and plaintiff.

⁷ 35 U.S.C. §§ 1-376 (1994) (Patents).

a claimant to one or more remedies. A finding of § 271 patent infringement brings into issue the § 284⁸ primary monetary awards of (1) compensation and (2) interest and costs. To be entitled to receive the remedy of compensation, however, the claimant must first prove during the liability phase of the trial that the accused infringer's conduct is an act of infringement under § 271. Typically, this involves showing that the accused infringer made, used, or sold the particular claimed invention under § 271(a)(1).⁹ At the conclusion of the liability phase of a patent infringement trial, a § 271(a)(1) infringer¹⁰ of a utility invention patent claim may be viewed as directly infringing the claim under one of seven infringement conducts: (1) making, (2) using, (3) selling, (4) making and using, (5) making and selling, (6) using and selling, or (7) making, using, and selling. Through the infringer's particular conduct, the infringer will have wrongfully captured the enrichment embodied within the unharvested portion of the patent claim grant at issue. The specific infringement conduct will have generated a certain illegal gross income based on the economic benefits connected to the "tangible embodiments" made by the

⁸ For 35 U.S.C. § 284 (1994), see Appendix II.

⁹ To prove direct infringement under § 271(a), a claimant would have to successfully present evidence (1) that the accused infringer (A) practiced the patented invention through (i) making, (ii) using, (iii) selling, or (iv) offering to sell, the patented invention (B) within the United States (C) during the patent term (D) without the claimant's authority or (2) that the accused infringer (A) practiced the patented invention through (i) importing (B) into the United States (C) during the patent term (D) without the claimant's authority. See 35 U.S.C. § 271(a) (1994). Since this author's wording of § 271(a) expressly delineates the elements of § 271(a) and allows for adding infringement conduct items (1)(A)(v), (1)(A)(vi), (1)(A)(vii), (2)(A)(ii), (2)(A)(iii), (2)(A)(iv), etc., to § 271(a) without changing the structure of § 271(a), this author recommends that Congress recodify 35 U.S.C. § 271 (1994) using the delineation provided above.

¹⁰ It is improper terminology to refer to an infringer as a "nonwillful infringer" since patent claim infringement is a strict liability tort. *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1548, 35 U.S.P.Q.2d (BNA) 1065, 1072 (Fed. Cir. 1995) (in banc) (holding "[t]he motive, or motivation, for the infringement [conduct] is irrelevant if it is proved that the infringement in fact caused the loss"); *Hilton Davis Chem. Co. v. Warner Jenkinson Co.*, 62 F.3d 1512, 1527 (Fed. Cir. 1995) (concluding that "[i]nfringement is . . . a strict liability offense."). In patent law nomenclature, it is the willful infringement conduct that leads to the § 284 (1994) punitive remedy of multiple compensation. *Id.* Thus, infringement under § 271 is neither innocent infringement nor nonwillful infringement; the proper terminology is "infringement."

infringer as well as the more valuable “intangible aspects” of the intellectual property at issue.¹¹

A. MONETARY RELIEF UNDER CURRENT PATENT LAW PRACTICE

To arrive at the current state of patent law infringement remedy, Congress took two steps. First, Congress enacted the Patent Act of 1946 to amend the 1922 “Revised Statute” (hereinafter “R.S.”) 4921 (1922) (patent remedy at equity) as R.S. 4921 (1946) (patent remedy at equity).¹² Six years later, through the Patent Act of 1952,¹³ Congress codified R.S. 4921 (1946) as revised at 35 U.S.C. § 284 (1952) without substantively changing the R.S. 4921 (1946) law. As stated in *Dawson Chem. Co. v. Rohm & Haas Co.*,¹⁴ “[i]n response to a question whether the [1952] Act would effect any substantive changes [to R.S. 4921 (1946)], Senator McCarran, a spokesman for the legislation, commented that the [1952] Act ‘codifies] the patent laws.’”¹⁵ The 1952 substantive law of patent infringement compensation under 35 U.S.C. § 284 (1952) has not changed in the 45 years after the Patent Act of 1952 and is codified at present as revised at 35 U.S.C. § 284 (1994). Thus, the substantive law of patent infringement compensation under 35 U.S.C. § 284 (1994) has remained unchanged since at least 1946. It is important to note here that “[t]he 1952 Act was approved with virtually no floor debate. . . . Perhaps because of the magnitude of the recodification effort, the Committee Reports accompanying the 1952 Act also gave relatively cursory attention to its features.”¹⁶

¹¹ *King Instruments Corp. v. Perego*, 65 F.3d 941, 950 n.4, 36 U.S.P.Q.2d (BNA) 1129, 1136 n.4 (Fed. Cir. 1995) (stating “[t]he ‘entire market value rule’ recognizes that the economic value of a patent may be greater than the value of the sales of the patented part alone.”). The compensable and more valuable “intangible aspects” of the intellectual property at issue includes, but is not limited to, past market sales, customer loyalty, premium selling prices, market dominance, present goodwill, future goodwill, and learning curve deprivation. See generally RUSSELL L. PARR, *INTELLECTUAL PROPERTY INFRINGEMENT DAMAGES: A LITIGATION SUPPORT HANDBOOK* (1993).

¹² Patent Act of 1946, ch. 726, 60 Stat. 778 (1946) (codified as revised in 1952 at 35 U.S.C. § 284 (1994)).

¹³ Patent Act of 1952, ch. 29, sec. 3, § 284, 66 Stat. 792, 813 (1952) (codified at 35 U.S.C. § 284 (1994)).

¹⁴ 448 U.S. 176, 296 U.S.P.Q. (BNA) 385 (1980).

¹⁵ *Id.*

¹⁶ *Id.*

The issue of whether the Patent Act of 1946 effected any substantive changes to the law of patent infringement compensation is one of the focuses of this Article. The thesis of this Article is that there were no substantive changes, contrary to the Supreme Court's apparent position.

Under current patent law practice, there are only two types of § 284 monetary relief awards: lost profits (sometimes called damages by the courts and sometimes not) and reasonable royalty.¹⁷ A mental comparison of the phrase "lost profits" to the following is appropriate here: "In patent nomenclature what the INFRINGER makes is 'PROFITS,' what the OWNER of the patent LOSES by such infringement is 'DAMAGES'."¹⁸ (emphasis added) Rhetorically, if the owner LOSES DAMAGES and the infringer makes profits, why is the current patent infringement recovery category for the owner inconsistently labeled "lost profits" and not labeled "lost damages" as the Duplate definitions suggest (which itself would be inappropriate)? Where in the statute does the phrase "lost profits" appear? This is a clue that something is wrong with current patent legal theory.

Now, to recover the form of compensation labeled "lost profits," the claimant must prove two causal connections. First, the claimant must prove to a reasonable probability that the infringement conduct is causally connected to the claimant's impoverishment (harm suffered).¹⁹ Second, the claimant must prove that the

¹⁷ *Hanson v. Alpine Valley Ski Area, Inc.*, 718 F.2d 1075, 1078, 219 U.S.P.Q. (BNA) 679, 681 (Fed. Cir. 1983) (emphasis added) (stating "[t]here are two methods by which damages may be calculated under [§ 284]. If actual damages [e.g., lost profits] cannot be ascertained, then a reasonable royalty must be determined"). Note that § 284 (multiple compensation) and § 285 (attorney fees) are punitive remedies, not monetary relief (e.g., damages remedies). For § 284 and § 285, see Appendix II.

¹⁸ *Duplate Corp. v. Triplex Safety Glass Co.*, 298 U.S. 448, 451 (1936) (quoting *Diamond Stone-Sawing Mach. Co. v. Brown*, 166 F. 306, 306 (2d Cir. 1908)) (emphasis added) ("the Duplate definitions").

¹⁹ For new patent law terms of art, see Appendix I. Commonly, there is confusion over (i) whether it is the "INFRINGEMENT CONDUCT" that must be causally connected to the claimant's impoverishment (harm suffered)—where the economic value of the claimant's impoverishment would lead to a certain corresponding monetary value—or (ii) whether it is the "INFRINGEMENT DEVICE" or "DEVICES COVERED BY THE INFRINGED PATENT" that must be causally connected to the claimant's impoverishment (harm suffered)—where the economic value of the claimant's impoverishment would lead to a different corresponding monetary value. This confusion flows from the facts that only CONDUCT—such as making, using, or selling—constitutes infringement, but that, as noted by Chisum & Jacobs, it is

claimant's impoverishment (harm suffered) is causally connected to the claimant's unrealized income amount (lost profits). In other words, "to recover lost profits damages [where there are no proximate cause issues], the patentee must show [to] a reasonable probability that [under cause in fact's 'but for' test], 'but for' the infringement [conduct], [the patentee] would have made the sales that were made by the infringer."²⁰ Where the claimant cannot show both the cause in fact²¹ and the proximate cause²² connections between the claimant's impoverishment and the claimant's unrealized income, the claimant may only recover the form of compensation labeled a "reasonable royalty" under current patent law practice. As expressly stated in part IV of *Aro Manufacturing Co. v. CTR Co.* (hereinafter "*Aro II*"), "[t]he statute allows the award of a reasonable royalty."²³ However, the statute makes reasonable royalties a floor amount by stating "but in no event less than a reasonable royalty."²⁴

The relevant text of § 284 (1994) does not expressly address whether a court must award a reasonable royalty as the alternative remedy to unavailable lost profits (damages). The statute states that "[u]pon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as

commonplace among patent practitioners to incorrectly say that a DEVICE "infringes." See DONALD S. CHISUM & MICHAEL A. JACOBS, UNDERSTANDING INTELLECTUAL PROPERTY LAW § 2F, at 2-233 (1992).

²⁰ *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1545, (Fed. Cir. 1995) (in banc).

²¹ See *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 648 (1915). See also *Rite-Hite Corp.*, 56 F.3d at 1546 (establishing that a particular injury suffered by a patentee is a "but for" consequence of infringement).

²² *Rite-Hite Corp.*, 56 F.3d at 1546 ("Judicial limitations on damages, either for certain classes of plaintiffs or for certain types of injuries, have been imposed in terms of proximate cause[s] . . . 'foreseeability' [test]"). *Id.* at 1569 ("Being responsible for lost [or diverted] sales of a competitive product is surely foreseeable; such losses constitute the full compensation set forth by Congress, as [concluded] by the Supreme Court, while staying well within the traditional meaning of proximate cause. . . . Such lost sales should therefore clearly be compensable [without showing proximate cause]."). *Id.* at 1564. While the "diverted sales" issue may clearly satisfy proximate cause without judicial discussion, other types of compensable impoverishment—such as unpatented products, convoyed items, spare parts—brings proximate cause's foreseeability test into issue.

²³ 377 U.S. 476, 505, 141 U.S.P.Q. (BNA) 681, 693 (1964) (part IV of *Aro II*).

²⁴ 35 U.S.C. § 284 (1994) (reproduced in Appendix II).

fixed by the court.”²⁵ The issue of whether § 284’s reasonable royalty is a floor amount below which § 284’s compensation award may not fall or whether § 284’s reasonable royalty is both a floor amount and an award category in and of itself goes to the main thesis of this Article. In either situation, there appears to be few cases where a claimant who lacks exploitation capacity has been awarded more than this “no less than” floor amount. They are almost always awarded a reasonable royalty. Certainly, this is a clue that something is wrong with current patent legal theory.

Section 284 is ambiguous as to whether it permits the court to award a reasonable royalty since an inferential analytical step is required before concluding whether § 284 permits the courts to award a reasonable royalty. Thus, the terms in § 284 must be analyzed to overcome this ambiguity. As will be shown next, however, there is no adequate or authoritative judicial analysis of § 284’s terms requiring a court in a patent infringement action to award a reasonable royalty as the alternative remedy to unavailable damages (lost profits).

B. LACK OF AUTHORITY FOR CURRENT PATENT LAW PRACTICE

The award of a reasonable royalty within the United States Court of Appeals for the Federal Circuit (hereinafter “Federal Circuit” or “CAFC”) goes back to the beginning of the Federal Circuit. The CAFC adopted the exclusive lost profits/reasonable royalty two-method approach in the 1983 case *Hanson v. Alpine Valley Ski Area*.²⁶ The *Hanson* court adopted this two-method approach from the 1978 Sixth Circuit case of *Panduit Corp. v. Stahl Bros. Fibre Works*²⁷ without analyzing the statutory terms in 35 U.S.C. § 284.²⁸ Although the Sixth Circuit court in *Panduit* cited § 284 and three prior Sixth Circuit cases for the proposition that “where lost profits cannot be proved, the claimant is entitled to a reasonable royalty,”²⁹ the *Panduit* court made this § 284 reasonable royalty recovery rule without analyzing the statutory terms in 35 U.S.C. § 284.

²⁵ See 35 U.S.C. § 284 (1994) (reproduced in Appendix II).

²⁶ 718 F.2d 1075 (Fed. Cir. 1983).

²⁷ 575 F.2d 1152, 197 U.S.P.Q. (BNA) 726 (6th Cir. 1978).

²⁸ *Hanson*, 718 F.2d at 1078.

²⁹ *Panduit Corp.*, 575 F.2d at 1157.

As for the three prior Sixth Circuit cases cited by *Panduit*, none adequately or authoritatively addressed the analysis of the statutory terms in § 284.³⁰ Of course, the 1928 *Egry Register* court and the 1944 *Enterprise Manufacturing* court cited by *Panduit* could not have analyzed R.S. 4921 (1946) since R.S. 4921 (1946) had yet to be enacted by the 1946 Congress. This raises the rhetorical question that if the Patent Act of 1946 substantively changed the law of patent infringement compensation, why would the Sixth Circuit court in *Panduit* cite to two pre-1946 Sixth Circuit cases for the same legal proposition as in the Sixth Circuit case of *Wm. Brothers Boiler*, a post-1946 case. This is another clue that something is wrong with current patent legal theory.

While other circuits have addressed this issue,³¹ those circuit decisions are inadequate and not binding precedent on the Federal Circuit. Only the United States Court of Customs and Patent Appeals decisions and United States Court of Claims, Appellate Division decisions entered before October 1, 1982 are binding

³⁰ See *Egry Register Co. v. Standard Register Co.*, 23 F.2d 438, 442 (6th Cir. 1928); *Enterprise Mfg. v. Shakespeare Co.*, 141 F.2d 916, 920, 61 U.S.P.Q. (BNA) 201, 204 (6th Cir. 1944); and *Wm. Bros. Boiler & Mfg. v. Gibson-Stewart Co.*, 312 F.2d 385, 386, 136 U.S.P.Q. (BNA) 239, 240 (6th Cir. 1963).

³¹ See, e.g., *Ric-Wil Co. v. E. B. Kaiser Co.*, 179 F.2d 401, 407, 84 U.S.P.Q. (BNA) 121, 127 (7th Cir. 1950) (concluding without statutory term analysis: "The language appears to make it plain that profits realized by an infringer are not recoverable as such."); *Laskowitz v. Marie Designer, Inc.*, 119 F. Supp. 541, 554-55, 100 U.S.P.Q. (BNA) 367, 376 (S.D. Cal. 1954) (dicta regarding ornamental design patents [§ 171]: "[T]he general damages now recoverable are the detriment suffered by the plaintiffs through the infringement. The profits of the infringer may be the measure, when no other is adequate. . . . And when the profits or a reasonable royalty are chosen as a basis, there is no room for the award of other damages."); *Livesay Window Co. v. Livesay Indus.*, 251 F.2d 469, 472, 116 U.S.P.Q. (BNA) 167, 169 (5th Cir. 1958) (concluding without statutory term analysis that "[p]rofits, as such, are not recovered as the [1952] broadening [codification] amendment to the statute, 35 U.S.C.A. § 284, makes so clear."); *Georgia-Pacific Corp. v. United States Plywood Corp.*, 243 F. Supp. 500, 146 U.S.P.Q. (BNA) 228 (S.D.N.Y. 1965) (concluding with improper statutory term analysis that profits are not recoverable); *Zegers v. Zegers, Inc.*, 458 F.2d 726, 728, 173 U.S.P.Q. (BNA) 385, 386 (7th Cir. 1972) (failing to analyze the terms in § 284, citing part IV of *Aro II* (plurality dicta view): "Justice Brennan plainly stated that the Act of August 1, 1946, 60 Stat. 778, changed the preexisting law which had allowed a patentee to recover the infringer's profits as well as his own damages."). In note 4 of *Zegers*, then-Circuit Judge John Paul Stevens sidestepped the nuisance, binding/non-binding precedent issue by stating: "However, the dissenting opinion of Mr. Justice Black, with whom the Chief Justice, Mr. Justice Douglas, and Mr. Justice Clark joined, would appear to accept the reasoning of Part IV of Mr. Justice Brennan's opinion." *Id.* at 728 n.4.

precedent on the Federal Circuit, unless and until overruled by the Federal Circuit sitting in banc.³² Further, the Supreme Court has not adequately or authoritatively addressed the statutory term analysis of § 284. In *General Motors Corp. v. Devex Corp.*,³³ the Supreme Court stated in dicta:

In 1946 Congress excluded consideration of the infringer's gain by eliminating the recovery of his profits, *Aro* [Mfg.], supra, at 505, 84 S. Ct., at 1542, the determination of which has often required protracted litigation. H.R. Rep. No. 1587, 79th Cong., 2d Sess., 1-2 (1946); S. Rep. No. 1503, 79th Cong., 2d Sess., 2 (1946), . . . ; 92 Cong. Rec. 9188 (1946) (remarks of Senator Pepper).³⁴

However, as will be shown next, not stated in the *Devex* Court's dicta was that *Aro II*'s view itself was mere dicta, and that Senator Pepper's Senate floor remark does not support the *Devex* Court's dicta proposition. In *Aro II*,³⁵ only four of the nine Justices³⁶ expressed their plurality view in dicta (hereinafter "plurality dicta view") that "[t]he purpose of the change was precisely to eliminate the recovery of profits as such and allow recovery of damages only."³⁷ Further, Senator Pepper's 1946 Senate floor remark—"[c]onsequently, the basis laid down by this bill is general compensatory damages which the plaintiff in the suit sustains. Of course, that may include profits, but is not limited to profits"³⁸—does not support the *Devex* Court's dicta proposition that "[the 1946] Congress excluded consideration of the infringer's gain by eliminating the recovery of his profits."³⁹ Since *Aro II*'s plurality view was mere dicta and Senator Pepper's Senate floor

³² See *South Corp. v. United States*, 690 F.2d 1368, 1370, 215 U.S.P.Q. (BNA) 657, 658 (Fed. Cir. 1982) (in banc).

³³ 461 U.S. 648, 654, 217 U.S.P.Q. (BNA) 1185, 1188 (1983).

³⁴ *Id.*

³⁵ 377 U.S. 476, 141 U.S.P.Q. (BNA) 681 (1964) ("*Aro II*").

³⁶ As of February 5, 1998, Westlaw's electronic copy of *Aro II* omits from Westlaw's electronic case text participating Justice B. White, thereby improperly giving more weight—4 of the 8 Justices—to the *Aro II* plurality in section IV of *Aro II*.

³⁷ *Aro II*, 377 U.S. at 505 (1964).

³⁸ 92 CONG. REC. 9188 (1946).

³⁹ *Devex Corp.*, 461 U.S. at 654 (dicta).

remarks do not support the *Devex* Court's dicta proposition, the dicta statement in *Devex* is neither adequate nor authoritative judicial analysis of § 284's terms that require a court in a patent infringement action to award a reasonable royalty as the alternative remedy to unavailable lost profits.

In summary, the text of 35 U.S.C. § 284 is ambiguous as to whether a court must award a reasonable royalty as the alternative remedy to unavailable damages or lost profits. Further, there is no adequate or authoritative judicial analysis of 35 U.S.C. § 284's terms requiring a court in a patent infringement action to award a reasonable royalty as the alternative remedy to unavailable lost profits (damages). Thus, the fifty-one year old question remains open: through the Patent Act of 1946, did Congress intend 35 U.S.C. § 284 as statutory authority for the courts to award compensation in the form of the infringer's profits?

In order to understand this question, it may be helpful to state the question several different ways: did Congress intend 35 U.S.C. § 284 as statutory authority for entitling a claimant who lacks exploitation capacity to recover compensation in the form of the infringer's profits? Is a poor claimant who lacks the capacity to mine that claimant's gold claim actually injured (or does that claimant actually lose profits) when a rich infringer enters the claimant's land without permission, mines the claimant's gold, and keeps the gold all to the infringer's self? In essence, this open question is whether § 284 permits a claimant who lacks exploitation capacity to recover compensation in the form of the infringer's gross income less fixed costs.

As will be shown, Congress intended 35 U.S.C. § 284 as the statutory authority for awarding the patent infringement claimant "compensation"—not damages (lost profits) or a reasonable royalty as is the current practice. Moreover, it will be shown that, among other things, Congress intended for this compensation to be based on the amount of the infringer's gross income that is proven as the economic value of the infringer's enrichment to the extent that the infringer's enrichment is causally connected to the infringement conduct.

Analyzing the above open question requires applying a statutory term analysis tool to 35 U.S.C. § 284 (1994). While preparing a brief on behalf of himself to the Supreme Court on equitable tolling

of the income tax refund statute 26 U.S.C. § 6511,⁴⁰ this author discovered that there is no overall analytical theory of legislation. Since no one has developed appropriate statutory term analysis tools in the 210 years since the 1787 Convention, this Article will next devise a new, useful, and nonobvious statutory term analysis tool through analogy to the arcane area of patent claim construction and will set out similar rules for constitutional term analysis.

II. STATUTORY TERM ANALYSIS & CONSTITUTIONAL TERM ANALYSIS

Our Constitution was not written in the sands to be washed away by each wave of new judges blown in by each successive political wind that brings new political administrations into temporary power.

—Justice Black, 1970⁴¹

Determining whether Congress as a whole intended for a statutory term to have a different and particular meaning from that term's ordinary and reasonable meaning requires structured analysis. By loose analogy to the arcane area of patent claim construction, this Article devises a new, useful, and nonobvious method of statutory term analysis (STA) and a new, useful, and nonobvious method of constitutional term analysis (CTA), both of which may be used in all bodies of law.⁴²

A. PATENT CLAIM CONSTRUCTION

A patent claim is a group of written terms tangibly fixed as a unit in a government issued document specifying the scope and the

⁴⁰ Vincent Tassinari, *Amicus Curiae* Brief, U.S. v. Brockamp, 116 S. Ct. 1875 (1996) (No. 95-1225).

⁴¹ *Turner v. United States*, 396 U.S. 398, 426 (1970) (Black, J., dissenting).

⁴² The two writings that were central to this author in developing Parts II, III, and IV of this Article were: *Vitronics Corp. v. Conceptiontronic, Inc.*, 90 F.3d 1576, 39 U.S.P.Q.2d (BNA) 1573 (Fed. Cir. 1996) (Mechel, J.) (Circuit Judge Paul R. Michel's writings on *The Use of Intrinsic and Extrinsic Evidence in Claim Construction*); and Felix Frankfurter, *Some Reflections on the Reading of Statutes*, 47 COLUM. L. REV. 527 (1947). The author of this Article strongly recommends reading these two items.

matter that the inventor regards as the claimed invention. Patent law revolves around patent claim term analysis (in patent law nomenclature, "claim construction"). Every patent claim term within each issued patent must be construed in all cases because it is only possible to determine whether the accused matter reasonably falls within the claim's scope by construing the claim's terms. Similar to the legislative representative's meaning of a statutory term or a Constitutional term, a patent claim term at issue must be construed by considering the inventor's meaning of that claim term as expressed through the undisputed, timely, and relevant public record.⁴³ In the case of a patent claim term, the undisputed public records that may properly be used for term analysis are (I) the patent specification with (a) its claims and (b) its written description and (II) the in-evidence patent file history which contains "the complete record of all the proceedings before the Patent and Trademark Office"⁴⁴ by the inventor or the inventor's agent. Since the patent specification and in-evidence patent file history is evidence that is intrinsic to the meaning of a term in a patent claim, this evidence is "always necessary to review to determine whether the inventor has used any terms in a manner inconsistent with their ordinary [and reasonable] meaning."⁴⁵

Patent claim construction is a critical and recurring problem for every patent system participant. In the same way Congress drafts a law, patent attorneys draft patent claims to cover future issues which they have no way of conceiving at the present time. In the same way lawyers attempt to show that their client's behavior falls outside the scope or matter of a law drafted by Congress, lawyers attempt to show that their client's product or process falls outside the scope or matter of a patent claim drafted by a patent attorney. With the future unknown and the imagination of the inventors of products and processes unlimited, the need for theoretical legitimacy in patent claim construction is paramount.

⁴³ *Autogiro Co. of Am. v. United States*, 384 F.2d 391, 397, 155 U.S.P.Q. (BNA) 697, 702 (Ct. Cl. 1967) (stating that "[I]n deriving the [inventor's] meaning of a [term in a] claim, we inspect all useful documents. . .").

⁴⁴ *Vitronics Corp.*, 90 F.3d at 1582.

⁴⁵ *Id.* See also *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979, 34 U.S.P.Q.2d (BNA) 1321, 1329 (Fed. Cir. 1995) (in banc) (stating that "[c]laims must be read in view of the specification, of which they are a part"), *aff'd*, 515 U.S. 1192, 38 U.S.P.Q.2d (BNA) 1461 (1996).

Taking this need for theoretical legitimacy seriously, the Federal Circuit responded by developing the most comprehensive set of structured term analysis rules for any body of law. As such, the following discussion develops new, useful, and nonobvious statutory term analysis rules and constitutional term analysis rules by loose analogy to the Federal Circuit's claim construction rules. Since "the answers to the problems of an art are in its exercise,"⁴⁶ and not in some abstract proposal, Part III of this Article uses these statutory term analysis rules to flush out Congress' meaning of the terms in 35 U.S.C. § 284.

B. STATUTORY TERM ANALYSIS (THE STA METHOD)

The Statutory Term Analysis Method (hereinafter "The STA Method") is the analytical method of determining Congress', as a whole body (hereinafter "the body Congress"), meaning of a statutory term at issue. Central to the rules of the STA Method is Article I, Section 5, Clause 3 of the Constitution which states that "[e]ach House shall keep a Journal of its Proceedings, and from time to time publish the same."⁴⁷ This Congressional Journal has had a total of four titles - Annals of Congress (1789-1824); Register of Debates in Congress (1824-1837); Congressional Globe (1833-1873); and Congressional Record (1873 to present) - and is generally referred to as the Congressional Record.

Under the STA Method, the entire realm of evidence regarding a term at issue is first divided into two categories concerning the Congressional Record. Rules of analysis are then set out regarding these two categories. Each category is then divided into subcategories with rules of analysis set out for each subcategory. Below are the rules of the STA Method.

In determining the body Congress' meaning of a statutory term at issue under the rules of the STA Method, there are only two sources of guidance: intrinsic evidence and extrinsic evidence. Intrinsic evidence is that evidence from the Congressional Record that is internal to the body Congress' meaning of a statutory term. This intrinsic evidence is comprised exclusively of the relevant

⁴⁶ Frankfurter, *supra* note 42, at 530.

⁴⁷ U.S. CONST. art. I, § 5, cl. 3.

Congressional Record entries that were both presented on the floor of Congress and in existence at any time before the enactment date of the statute as evidenced by the Congressional Record. The intrinsic evidence comprises the entire realm of established legislative facts and the trier of law is to expressly address and analyze each intrinsic fact; colloquially, to take friendship with all the intrinsic evidence. This relevant intrinsic evidence is not restricted to any timely session of Congress, although the date of the timely session may affect the evidentiary weight of the intrinsic item.

Extrinsic evidence is that evidence outside of the Congressional Record and thus is external to the body Congress' meaning of a statutory term. This extrinsic evidence is comprised of the relevant document evidence that was not applicably set out in the Congressional Record, but was in existence at any time before the enactment date of the statute. This relevant extrinsic evidence is not restricted to any timely source, although the relevant and timely source may affect the evidentiary weight of the extrinsic item.

In determining the body Congress' meaning of a term at issue in a statute, the intrinsic evidence is always analyzed first. The rationale for this is that the intrinsic evidence was presented on the floor of Congress and thus represents the most significant source for the body Congress' meaning of a term at issue. In other words, intrinsic evidence is always analyzed before extrinsic evidence under the rules of the STA Method.

1. *The Relevant Statute for Analysis.* To begin the four part statutory term analysis, it is critical that the relevant statute is selected for the analysis. A statute is the relevant statute if the term at issue first appeared in that statute, regardless of the form Congress used to express the term at issue.

2. *Law Text Change from Old Law to New Law.* In analyzing the intrinsic evidence under the STA Method, the relevant statutory text change from the old law to the new law is set out as the second part of the STA Method. This intrinsic evidence is then analyzed to draw proper conclusions from the facial change in the text and to dispel any improperly drawn conclusions. Where there is no old statutory law, this STA Method step does not apply to the analysis.

3. *The Statute at Issue.* With the relevant statute for analysis selected and the change from the old law to the new law analyzed, the third part of the STA Method is to identify the terms in the statute that the litigants have taken issue with before the court and then to analyze those terms.

The main analytical construct of the rules of the STA Method is set out in the following two sentences:

The Different & Particular Meaning Rule

With the terms at issue identified, each such term is given that term's expressed statutory definition. However, where Congress does not provide an expressed statutory definition for a term at issue, the body Congress is presumed to have given that term its ordinary and reasonable meaning unless the body Congress reasonably intended for that term in the statute to have a different and particular meaning from that term's presumed ordinary and reasonable meaning.

Analyzing a term at issue under the rules of the STA Method is a six step process; however, the inconsistent language used by Congress in statutes to reference the same term creates a minor issue that nonetheless must be analytically addressed at the outset. Thus, each possible manifestation of the term at issue within the statute is to be set out and analyzed to determine whether that manifestation analytically subsumes the other manifestations, is analytically merged into the other manifestations, or is found not relevant concerning the term at issue so that only one term at issue remains. The body Congress' meaning of this one remaining term at issue is then derived through the six steps of analyzing Congress' specification of the law. The six steps are titled in this Article as: i. The statute's text body; ii. The statute's preamble & title; iii. Floor discussions, bills, reports; iv. The statute's progression history estoppel; v. Extrinsic evidence; vi. Conclusion: The term at issue.

a. *The Statute's Text Body.* Where a term at issue is defined expressly in the statute, it is improper to give any weight to further evidence, either intrinsic or extrinsic, to alter the body Congress' definition of that term. The reason for this is that the text of a statute is clear when a term at issue is defined expressly in the

statute. In just about all cases, however, the body Congress' meaning of a statutory term cannot be determined without going beyond the statute itself and into the Congressional Record. Thus, where a term at issue is not expressly defined in the statute itself, the term at issue is deemed a disputed term. In other words, in all circumstances other than where Congress provides an express statutory definition for a term at issue, the term at issue is deemed a disputed term.

Where the term at issue is a disputed term, the body Congress is presumed to have given that term its ordinary and reasonable meaning as of the enactment date of the statute. If the body Congress reasonably intended for the disputed term to have a different and particular meaning from the disputed term's presumed ordinary and reasonable meaning, then the different and particular meaning rebuts this presumption and thus controls. In other words, for the disputed term, the key issue is whether the body Congress reasonably intended for the disputed term to have a different and particular meaning from the disputed term's presumed ordinary and reasonable meaning.

As one heuristic technique for beginning the analysis under the STA Method, the relevant and timely extrinsic evidence may be consulted to arrive at the assumed, initial "body Congress' presumed ordinary and reasonable meaning" of the disputed term. Although relevant and timely extrinsic evidence may be consulted to arrive at this initial meaning, the body Congress' meaning for the disputed term as determined under the STA Method commutes for the assumed meaning initially taken from the intrinsic or extrinsic evidence.

b. The Statute's Preamble & Title. The relevant parts of the preamble and title to the Act are next analyzed as the second step of part three of the STA Method. In most circumstances, the preamble and title to an Act are outside the statute's enacting clause. In those circumstances where either the preamble or title to an Act is outside the statute's enacting clause, the preamble or title is not enacted into law and thus is not law. Since the statute's preamble and title require brevity, this brevity is to be considered when giving weight to the jejune preamble and title language. In other words, the statute's preamble and title are far from conclusive evidence of the body Congress' meaning of the disputed term.

c. Floor Discussions, Bills, Reports. The third step in analyzing a term at issue for the body Congress' meaning of that term is to organize the relevant and timely (A) floor discussions, (B) bills, and (C) reports into groups. Next, each Congressional Record entry within each group is set out expressly and analyzed in reverse chronological order.

Under "The STA Rule of Omniscience," the relevant upstream-in-time floor discussion, bill, and report evidence is irrebuttably presumed known by each member of the body Congress, the President, and the public, prior to the current floor discussion, bill, or report being analyzed. The reason for this is that these intrinsic entries were presented on the congressional floor to the body Congress as evidenced by their applicable entry in the Congressional Record. Since the relevant upstream floor discussion, bill, and report evidence is irrebuttably presumed known by each member of the body Congress prior to the current floor discussion, bill, or report being analyzed, the weight of relevancy dictates that the downstream relevant floor discussions, bills, and reports—those later in time—are more relevant to the body Congress' intent for a disputed term to have a different and particular meaning than the earlier, upstream floor discussion, bill, and report evidence. Since more weight is given to the relevant floor discussions, bills, and reports that are later in time than are earlier in time, the grouped Congressional Record entries are set out and analyzed in reverse chronological order, i.e., the later entries are analyzed first to give effect to this difference in weight.

i. Floor Discussions. The order that each group is analyzed gives the judiciary further guidance to the body Congress' meaning of a disputed term. Since all legislative meanings of a disputed term are presented, challenged, amended, or voted upon during floor discussions, floor discussion evidence is analyzed before bill and report intrinsic evidence. Congressional Record entries of floor statements from one member are accorded equal weight with those of another member subject to the other rules of the STA Method. Moreover, statements applicably set out in the Congressional Record are irrebuttably presumed to be statements of a member on the floor. Further, a legislator's skill at being a legislator has no legal weight under The STA Rule of Omniscience. In other words, under The STA Rule of Omniscience, parliamentary tactics such as

whether a certain member actually hears, reads, or otherwise has genuine knowledge of these presentations on the congressional floor to the body Congress as evidenced by their applicable entry in the Congressional Record has no legal weight.

ii. Bills. Bill evidence is analyzed second, because a bill embodies the potential law that is voted upon during the floor discussion.

iii. Reports. Report evidence is analyzed after floor discussion and bill evidence, since report evidence at best gives insight into the context of the floor discussions and bills.

d. The Statute's Progression History Estoppel. For the fourth of six steps in analyzing a term at issue in the statute itself, each relevant and timely floor discussion, bill, and report entry is analyzed sequentially by Record entry date to determine whether any Congressional meaning of a disputed term found in analyzing the grouped floor discussions, bills, and reports was effectively disclaimed in subsequent congressional entries. Although floor discussions, bills, and reports are analyzed as groups, the entries within each group influence and may supersede one another as each entry of each group individually makes its appearance on the congressional floor. Thus, this forward entry progression history limits the body Congress' meaning of a disputed term or estops assertion of the body Congress' meaning of a disputed term by excluding any meaning of a term at issue in a statute that was effectively disclaimed during downstream progression of that term through Congress. To coin a phrase, this is the "Progression History Estoppel."

e. Extrinsic Evidence. Where analysis of the intrinsic evidence alone will reasonably determine the body Congress' meaning of a disputed term, it is improper to give any weight to extrinsic evidence to alter the disputed term's reasonably determined meaning. The rationale for this is that intrinsic evidence—the law text change, the Act, floor discussions, bills, and reports—rather than extrinsic evidence constitutes the Article I, Section 5, Clause 3 record of the elected members that make up the body Congress.

Where the body Congress' meaning of the disputed term cannot reasonably be determined from the intrinsic evidence alone, extrinsic evidence may be considered. In these very narrow circumstances, extrinsic evidence such as legislation, judicial cases,

learned treatises, and dictionary definitions may be used as extrinsic evidence of the body Congress' meaning of a term in a floor discussion or report. While an argument can be made that the body Congress has all knowledge prior to passing the Act, there is no logical (and therefore legal) way to conclude that such knowledge had any influence on whether the body Congress intended for a disputed term to have a different and particular meaning from that disputed term's presumed ordinary and reasonable meaning, unless an elected member of Congress applicably set out this knowledge evidence in the Congressional Record. Thus, although timely legislation, judicial cases, learned treatises, and dictionary definitions may be relevant as extrinsic evidence where not applicably set out in the Congressional Record, under "The STA Corollary" to The STA Rule of Omniscience, timely extrinsic evidence is not conclusive and may be superseded by intrinsic evidence. When relevant as extrinsic evidence, such evidence may be used only to help explain the body Congress' meaning of a vague or ambiguous term used in a floor discussion or report. Extrinsic evidence may not be used to help explain the meaning of any term in a bill, whether that bill is enacted or unenacted.

f. Conclusion: The Term at Issue. With the appropriate evidence set out and analyzed, a proper conclusion can be determined about the body Congress' meaning of a term at issue in a statute.

4. Conclusion: The Statute at Issue. As the fourth and final part of the STA Method, the trier of law draws a conclusion as to the statute at issue and applies that conclusion to the issues of the litigants before the court. In other words, with the body Congress' meaning of each term at issue properly defined, the statute at issue may be applied to the issues at hand.

5. Comments on the STA Method. As a general comment, it is ironic to think about patenting this method of statutory term analysis. Patent attorneys implore university professors and doctors to patent their invention methods, contrary to their natural inclination to contribute freely to the profession they love. Thinking about patenting this method of statutory term analysis will help the reader understand the controversies surrounding the patenting of medical procedures and other similar inventions.

In particular, the author of this Article has intentionally not discussed the patent law term analysis techniques of means-plus-function limitation, equivalency, and the Doctrine of Equivalents as they apply to the STA Method. The discussion of other patent law term analysis techniques as they apply to the STA Method must wait until a real life situation from the past or the future is properly analyzed. For this same reason, the discussion of the effect a series of enacted statutes has on one statute in that series, will have to wait for another day.

C. CONSTITUTIONAL TERM ANALYSIS (THE CTA METHOD)

The trenchant analytical structure set out in Part II.B of this Article will be shown in Part III to provide a fair and comprehensive statutory term analysis method that allows one to cut to the heart of the matter. By enlarging the scope of the intrinsic evidence to include the several state Legislature Record entries and the Constitutional Convention Record entries, this trenchant analytical structure also will provide a fair and comprehensive method of constitutional term analysis that allows one to cut to the heart of the matter concerning the Constitution. Similar to the STA Method, this new method of constitutional term analysis can be used to flush out the representatives' meaning of the terms in the United States Constitution.

III. ANALYSIS OF 35 U.S.C. § 284 (1994) BY WAY OF R.S. 4921 (1946)

The necessity for a sensible and systematic approach to claim interpretation is axiomatic. The Alice-in-Wonderland view that something means whatever one chooses it to mean makes for enjoyable reading, but bad law.

—Judge James R. Durfee, 1967⁴⁸

Congress' right to implement its patent power is a constitutional right to make statutory law under Article I, Section 8, clause 8: "The Congress shall have the Power To promote the Progress of

⁴⁸ *Autogiro Co. of Am. v. United States*, 384 F.2d 391, 397 (Ct. Cl. 1967).

Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” Since a patent claimant’s right to a monetary compensation remedy under federal law only flows from patent law statutes enacted by Congress and the President, the analysis of whether Congress reasonably intended 35 U.S.C. § 284 (1994) as statutory authority for the courts to award compensation in the form of the infringer’s profits necessarily begins with the relevant patent statute. This, in turn, requires examining the patent statute’s Congressional Record entries and extrinsic evidence under the STA Method to determine the body Congress’ meaning of the relevant terms in that patent statute. As stated earlier, a judge must take friendship with all the intrinsic evidence. One of the key tests to determine if a judge is implementing that judge’s own meaning of a statutory term is whether that judge expressly cites to all the available intrinsic evidence or only some of the available intrinsic evidence. By compelling that judge to expressly tabulate each intrinsic entry in his published opinion, Congress and others will be able to check the work of the trier of law.⁴⁹

A. THE RELEVANT STATUTE FOR ANALYSIS IS R.S. 4921 (1946)

To begin the four part statutory term analysis, it is critical that the relevant statute is selected for the analysis. A statute is the

⁴⁹ In this Article, the timely and relevant Congressional Record Entry Page Citation’s to H.R. 5311, 79th Cong. (1946) are: VOL 91, 1ST SESSION: H.R. 4143, 79th Cong. (1945) introduced to House, to Committee on Patents, (p.8879); VOL 92, 2ND SESSION: H.R. 5231, 79th Cong. (1946) introduced to House, to Committee on Patents, (p.373); Recovery in Patent Infringement Suits: Hearing on H.R. 5231, 79th Cong. (1946); H.R. 5311, 79th Cong. (1946) introduced to House, to Committee on Patents, (p.691); Reported back, to House Calendar (H.R. REP. NO. 1587, pt. 1), (p.1482); House permission to file supplemental report on H.R. 5311, 79th Cong. (1946), (p.1789); Supplemental report (H.R. Rept. 1587, pt. 2), (p.1791); H.R. 5311, 79th Cong. (1946) Passed House, with discussion, (p.1857); H.R. 5311, 79th Cong. (1946) referred to Senate Committee on Patents, (p.1905); Reported back to Senate with amendments (S. REP. NO. 79-1503), (p.6886); H.R. 5311, 79th Cong. (1946) temporarily passed over in Senate, (p.9174); Amended and passed Senate with discussion, (pp.9187-88); House concurs in Senate amendments, with discussion, (p.9881); H.R. 5311, 79th Cong. (1946) signed by House Speaker & Senate President pro tempore, (p.10,139); H.R. 5311, 79th Cong. (1946) examined by House Committee on Enrolled Bills, (p.10,230); H.R. 5311, 79th Cong. (1946) presented to the President, (p.10,230, 31); Approved as Public Law No. 587, Chapter 726, (p.10,649).

relevant statute if the term at issue first appeared in that statute, regardless of the form Congress used to express the term at issue.

Under current patent infringement practice, courts apply 35 U.S.C. § 284 (1994) in patent infringement cases, the substantive law of which has remained unchanged since at least the Patent Act of 1946 as shown above. As of August 1, 1946, R.S. 4921 provided, "the complainant shall be entitled to recover general damages which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefor."⁵⁰

However, from July 8, 1870 to July 31, 1946, R.S. 4921 provided, "the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby."⁵¹ The question this brings up is whether R.S. 4921 (1946) (and thereby 35 U.S.C. § 284 (1994)) permits a claimant who lacks exploitation capacity to recover compensation in the form of "the profits . . . [of] the defendant."⁵² Since Congress' term "general damages" first appeared in 1946 as part of the replacement of Congress' 1922 statutory phrase "in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby,"⁵³ the patent statute that must necessarily be analyzed is R.S. 4921 (1946), not 35 U.S.C. § 284 (1994), § 284 (1964), or even § 284 (1952).

It seems logical that the analysis of whether the infringer's gross income is recoverable under R.S. 4921 (1946) should be the same under R.S. 4921 (1946) or 35 U.S.C. § 284 (1952, 1964, 1994) since 35 U.S.C. § 284 (1952) has not been changed as of the writing of this Article and § 284 (1952) merely codified R.S. 4921 (1946) with some subtle differences in the text. However, analytical reliance upon these subtle text differences is sufficient for the judicial activist to improperly draw a § 284 conclusion as to 1946 congress-

⁵⁰ Patent Act of 1946, ch. 726, 60 Stat. 778, 778 (1946) (codified as revised in 1952 at 35 U.S.C. § 284 (1994)).

⁵¹ The Patent Act of 1870, ch. 230, § 55, 16 Stat. 198, 206 (1870) (was amended on August 1, 1946 by the Patent Act of 1946, 60 Stat. at 778).

⁵² Patent Act of 1922, ch. 58, sec. 8, § 4921, 42 Stat. 382, 392 (1922) (amended 1946, codified as revised in 1952 at 35 U.S.C. § 284 (1994)).

⁵³ *Id.*

sional meaning of the terms in the statute.⁵⁴ This point will be brought out below during the analysis of R.S. 4921 (1946).

B. LAW TEXT CHANGE FROM R.S. 4921 (1922) TO R.S. 4921 (1946)

In analyzing the intrinsic evidence under the STA Method, the relevant statutory text change from R.S. 4921 (1922) to R.S. 4921 (1946) is set out as the second part of the STA Method. This intrinsic evidence is then analyzed to draw proper conclusions from the facial change in the text and to dispel any improperly drawn conclusions.

1. *Relevant Change in Statutory Text.* As discussed above, R.S. 4921 (1922) provided, “[t]he complainant shall be entitled to recover, in addition to the PROFITS to be accounted for by the defendant, the DAMAGES the complainant has sustained thereby.”⁵⁵ After July 31, 1946, R.S. 4921 (1946) provided, “[t]he complainant shall be entitled to recover GENERAL DAMAGES which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefor.”⁵⁶

2. *Four Conclusions from Facial Change.* From the text change between R.S. 4921 (1922) and R.S. 4921 (1946), four proper conclusions are drawn:

- (i) Before 1946, R.S. 4921 (1922)’s recovery category of damages and R.S. 4921 (1922)’s recovery category of profits entitled the claimant to recover both damages and profits,⁵⁷ or damages individually, or profits individually;

⁵⁴ See, e.g., *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 505 (1964) (plurality dicta view) (stating: “The purpose of the change was precisely to eliminate the recovery of profits as such and allow recovery of damages only.”); *Georgia-Pacific Corp. v. United States Plywood Corp.*, 243 F. Supp. 500, 146 U.S.P.Q. (BNA) 228 (S.D.N.Y. 1965) (concluding that profits are not recoverable because § 284 says “damages”).

⁵⁵ Patent Act of 1922, 42 Stat. at 392 (emphasis added).

⁵⁶ Patent Act of 1946, 60 Stat. at 778 (emphasis added).

⁵⁷ *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 654 (1983) (“Under the pre-1946 statute, the [claimant] could recover both [the claimant’s] own damages and the infringer’s profits.”); *Tilghman v. Proctor*, 125 U.S. 136, 148-49 (1888) (“[T]he provision of the patent act of 1870, embodied in the Revised Statutes . . . expressly affirms the defendant’s liability to account for profits, as well as authorizes the court sitting in equity to award and to treble any damages that the plaintiff has sustained in excess of the defendant’s profits.”); *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 259 (1916) (citing *Tilghman v. Proctor*)

- (ii) The 1946 Congress biennially eliminated the R.S. 4921 (1922) recovery category of damages and the R.S. 4921 (1922) recovery category of profits and replaced these two recovery categories with a new, single R.S. 4921 (1946) statutory recovery category labeled general damages, thus entitling the claimant to recover general damages;⁵⁸
- (iii) R.S. 4921 (1922) did not require that the court's compensation award be in excess of or equal to a royalty reasonable for the practice made of the invention by the infringer;⁵⁹ and
- (iv) R.S. 4921 (1946) requires that the claimant's compensation award be in excess of or equal to a royalty reasonable for the practice made of the invention by the infringer.⁶⁰

3. *Dispelling Improper Conclusions.* From the text differences between R.S. 4921 (1946) and R.S. 4921 (1922), it can be concluded, for argument's sake, that the 1946 body Congress reasonably

("In the courts of England, the rule seems to be that a party aggrieved must elect between damages and profits, and cannot have both. In this country, it is generally held that in a proper case both damages and profits may be awarded.")

⁵⁸ See Patent Act of 1946, 60 Stat. at 778 (allowing complainant to recover general damages). See also H.R. REP. NO. 79-1587, pt. 1, at 1 (1946) (to accompany H.R. 5311) ("The object of the bill is to make the basis of recovery in patent-infringement suits general damages . . . rather than profits and damages."); S. REP. NO. 79-1503, at 2 (1946) (adopting H.R. REP. NO. 1587, pt. 1 (1946) and to accompany H.R. 5311). Pre-1946 patent law "damages" were defined in *Duplicate Corp. v. Triplex Safety Glass Co.*, 298 U.S. 448, 451 (1936) (the *Duplicate* definitions) as "what the owner of the patent loses by such infringement." Pre-1946 patent law definitions for "damages" and "profits" are discussed in text accompanying note 17. But see *Kori Corp. v. Wilco Marsh Buggies & Draglines, Inc.*, 761 F.2d 649, 654 n.2, 225 U.S.P.Q. (BNA) 985, 988 n.2 (Fed. Cir. 1985) (Rich, J.) (" [1946 general damages' may be distinguished from 'damages' in the traditional [*Duplicate*] sense. [In *Duplicate*, t]he term 'damages' was formerly defined by the Supreme Court as 'what the owner of the patent loses by such infringement. . . [In *Duplicate*,] the Court also said, 'what the infringer makes is profits.' ").

⁵⁹ See Patent Act of 1922, 42 Stat. at 392. It is important to note here that the pre-1946 courts awarded nominal damages to account for the omission of a necessary recovery category from the statute. See 3 WILLIAM C. ROBINSON, LL.D., *THE LAW OF PATENTS FOR USEFUL INVENTIONS* § 1068, at 363 (Clark Boardman Co. & Sage Hill Pubs., Inc. photo. reprint 1971) (1890) ("Nominal Damages: when Recoverable.") (Robinson's treatises are applicable post-1890 as inferred from *Independent Wireless Tel. Co. v. Radio Corp. of Am.*, 269 U.S. 459, 466 n.* (1926) (noting that the relevant portions of the Patent Act of 1870 remained unchanged by the Patent Act of 1897 and 1922)).

⁶⁰ See Patent Act of 1946, 60 Stat. at 778 (stating that "the complainant shall be entitled to recover . . . not less than a reasonable royalty therefor").

intended to eliminate recovery of profits by eliminating the R.S. 4921 (1922) recovery category of “profits.” Using the same logic, it can be concluded that the 1946 body Congress reasonably intended to eliminate recovery of damages by eliminating the R.S. 4921 (1922) recovery category of “damages.” Following this line of logic, the 1946 body Congress reasonably intended to eliminate all recovery of compensation from R.S. 4921 (1946)—and by that any infringement deterrent—while maintaining the § 271 prohibition against the infringement conduct. Since it is so unlikely that the body Congress intended to prohibit conduct without providing deterrent measures, the body Congress could not have intended to eliminate recovery of damages by eliminating the R.S. 4921 (1922) recovery category of damages. In the same way, the body Congress could not have intended to eliminate recovery of profits by eliminating the R.S. 4921 (1922) recovery category of profits.

Although the body Congress did not intend to eliminate recovery of either profits or damages by textually eliminating their recovery category, the body Congress’ “intent” for the text change from R.S. 4921 (1922) to R.S. 4921 (1946) requires analysis of R.S. 4921 (1946) itself. As will be evident, determining the meaning of the terms in R.S. 4921 (1946) makes the body Congress’ “intent” a foregone conclusion. In other words, the body Congress’ intent has importance in a court of law only as a heuristic technique of determining the body Congress’ meaning of a term in a statute.

C. R.S. 4921 (1946)

With the relevant statute for analysis selected and the change from the old law to the new law analyzed, the third part in the STA Method is to identify the terms in R.S. 4921 (1946) and then analyze these terms. With the terms at issue identified, each such term is given that term’s expressed statutory definition. However, where Congress does not provide an expressed statutory definition for a term at issue, the body Congress is presumed to have given that term its ordinary and reasonable meaning unless the body Congress reasonably intended for that term in R.S. 4921 (1946) to have a different and particular meaning from that term’s presumed ordinary and reasonable meaning.

The terms at issue in R.S. 4921 (1946) are "general damages" and "due compensation."⁶¹ The "general damages" term will be analyzed first, then the "due compensation" term will be analyzed.

1. *General Damages Term.* Each possible manifestation of "general damages" within R.S. 4921 (1946) is to be set out and analyzed to determine whether that manifestation analytically subsumes the other manifestations, is analytically merged into the other manifestations, or is found not relevant concerning the term at issue so that only one term at issue remains. The body Congress' meaning of this one remaining term at issue is then derived through the six steps of analyzing Congress' specification of the law.

In the text of R.S. 4921 (1946), the term "general damages" manifests itself in four ways: (i) "general damages;" (ii) "said damages;" (iii) "assessed damages;" and (iv) "damages found by verdicts."⁶²

The first of these four manifestations appears once as "general damages."⁶³ The second manifestation, "said damages," inferentially states that its antecedent basis has already appeared in R.S. 4921 (1946).⁶⁴ Since "general damages" is the antecedent basis for "said damages" in R.S. 4921 (1946), "said damages" is subsumed by "general damages." Thus "said damages" means general damages within the text of R.S. 4921 (1946).

R.S. 4921 (1946) then states that "said damages" (general damages) are to be assessed as "assessed damages."⁶⁵ Thus, the third manifestation, "assessed damages," refers back to and is subsumed by "said damages," where "said damages" itself refers back to "general damages." Since "assessed damages" is subsumed by "general damages," "assessed damages" means general damages within the text of R.S. 4921 (1946).

⁶¹ See *id.*; see also *Recovery in Patent Infringement Suits: Hearing on H.R. 5231 Before the House Comm. on Patents, 79th Cong. 11 (1946)* ("MR. FOLK. I was confused about general damages and due compensation.")

⁶² Patent Act of 1946, 60 Stat. at 778.

⁶³ *Id.*

⁶⁴ As an aside observation, R.S. 4921 (1946) clearly is a patent law statute, for "said damages" is written as it would be in a patent claim. Because the patent statutes 35 U.S.C. §§ 1-376 (1994) were last codified 46 years ago through the Patent Act of 1952, this author recommends that Congress recodify the patent statutes 35 U.S.C. §§ 1-376 (1994) using modern and consistent statutory language (not patent law nomenclature).

⁶⁵ Patent Act of 1946, 60 Stat. at 778.

The fourth manifestation, “damages found by verdicts,” refers to “damages found by verdicts in actions in the nature of actions of trespass upon the case” in the context of “increas[ing] the assessed damages.”⁶⁶ However, since “damages found by verdicts” are a punitive remedy,⁶⁷ they are not relevant to the body Congress’ meaning of the non-punitive remedy of “general damages.” Thus, the only term at issue remaining is general damages.

a. R.S. 4921 (1946) Text Body. Where a term at issue is defined expressly in the statute, it is improper to give any weight to further evidence, either intrinsic or extrinsic, to alter the body Congress’ definition of that term. Where a term at issue is not expressly defined in the statute itself, the term at issue is deemed a disputed term.

In the case of the term “general damages,” the Patent Act of 1946 is an Act where Congress has supplied its own dictionary.⁶⁸ Congress used the jussive term “shall” to express its command that general damages shall be due compensation. Since “general damages” is defined expressly in R.S. 4921 (1946) as “due compensation for making, using, or selling the invention,”⁶⁹ it is improper to give any weight to further evidence, intrinsic or extrinsic, to alter R.S. 4921 (1946)’s definition of general damages.

b. Conclusion: General Damages. With the appropriate evidence set out and analyzed, a proper conclusion can be determined about the body Congress’ meaning of general damages in R.S. 4921 (1946).

As discussed above, the three relevant manifestations of “general damages” within R.S. 4921 (1946) refer to general damages. The fourth manifestation was shown as not relevant to the body Congress’ meaning of general damages. Further, the body Congress expressly defined general damages in the text of the statute as “due compensation.” Thus, the body Congress reasonably intended for general damages in R.S. 4921 (1946) to mean due compensation.

⁶⁶ *Id.*

⁶⁷ See *Tilghman v. Proctor*, 125 U.S. 136, 148-49 (1888) (referring to such patent language as punitive).

⁶⁸ See *Monroe v. Pape*, 365 U.S. 167, 191 n.47 (1961) (stating that “[t]his Act has been described as an instance where ‘Congress supplies its own dictionary’ ” (quoting *Frankfurter*, *supra* note 42, at 536)).

⁶⁹ Patent Act of 1946, 60 Stat. at 778.

Note that the definition of general damages in the Patent Act of 1946 is both different and particular from the definition of general damages in the Patent Act of 1922. In the Patent Act of 1946, Congress defined "1946 general damages" as "due compensation for making, using, or selling the invention."⁷⁰ In the Patent Act of 1922, Congress defined "1922 general damages" as an adjudged and decreed sum, "not susceptible of calculation and determination with reasonable certainty."⁷¹ Since Congress particularly defined 1946 general damages differently than 1922 general damages, the general damages term referred to in the Patent Act of 1946 is not be confused with "1922 general damages."⁷² Moreover, since the body Congress intended to entitle a successful patent infringement claimant to R.S. 4921 (1946) general damages, and "general damages" is defined expressly in R.S. 4921 (1946) as due compensation, the body Congress intended that the successful patent infringement claimant be entitled to due compensation under R.S. 4921 (1946).

2. *Due Compensation Term.* The second disputed term is "due compensation." Each possible manifestation of due compensation within R.S. 4921 (1946) is to be set out and analyzed to determine whether that manifestation analytically subsumes the other manifestations, is analytically merged into the other manifestations, or is found not relevant concerning the term at issue so that only one term at issue remains. The body Congress' meaning of this one remaining term at issue is then derived through the six steps of analyzing Congress' specification of the law. Here, in the text of R.S. 4921 (1946), the term "due compensation" manifests itself in two ways: (i) in the phrase "general damages which shall be due compensation"; and (ii) the phrase "the court [may] receive evidence upon which to determine due compensation."⁷³ Since both manifestations of due compensation are referred to as "due compensation," the second manifestation of "due compensation" is subsumed by its antecedent basis. This leaves only the one term

⁷⁰ *Id.*

⁷¹ Patent Act of 1922, ch. 58, sec. 8, § 4921, 42 Stat. 382, 392 (1922).

⁷² See, e.g., *Recovery in Patent Infringement Suits: Hearing on H.R. 5231*, *supra* note 61, at 6 (quoting Mr. C. Henry making the same distinction: "[The 1922] law as it now is authorizes the court to assess [1922] general damages.").

⁷³ Patent Act of 1946, 60 Stat. at 778.

at issue. Demonstrated next are the six steps to analyzing the term at issue under the STA Method, in this case, “due compensation.”

a. R.S. 4921 (1946) Text Body. Where a term at issue is defined expressly in the statute, it is improper to give any weight to further evidence, either intrinsic or extrinsic, to alter the body Congress’ definition of that term. Where a term at issue is not expressly defined in the statute itself, the term at issue is deemed a disputed term.

Where the term at issue is a disputed term, the body Congress is presumed to have given that term its ordinary and reasonable meaning as of the enactment date of the statute. If the body Congress reasonably intended for the disputed term to have a different and particular meaning from the disputed term’s presumed ordinary and reasonable meaning, then the different and particular meaning rebuts this presumption and thus controls. For the disputed term, the key issue is whether the body Congress reasonably intended for the disputed term to have a different and particular meaning from the disputed term’s presumed ordinary and reasonable meaning.

Since the term “due compensation” is not expressly defined in R.S. 4921 (1946) itself,⁷⁴ it is deemed a disputed term and the body Congress is presumed to have given due compensation its ordinary and reasonable meaning as of the August 1, 1946 enactment date of R.S. 4921 (1946). As one heuristic technique for beginning the analysis under the STA Method, the relevant and timely extrinsic evidence may be consulted to arrive at the assumed, initial “body Congress’ presumed ordinary and reasonable meaning” of the disputed term. Although relevant and timely extrinsic evidence may be consulted to arrive at this initial meaning, the body Congress’ meaning for the disputed term as determined under the STA Method commutes for the assumed meaning initially taken from the intrinsic or extrinsic evidence.

With such consultation performed, the body Congress presumably intended for “due compensation” to mean “compensation” as an ordinary and reasonable meaning. If the body Congress reasonably intended for “due compensation” in R.S. 4921 (1946) to have a

⁷⁴ *Id.*

meaning that is different and particular from “compensation,” then the different and particular meaning rebuts this presumption and thus controls.

The key issue then is whether the body Congress reasonably intended for due compensation to have a different and particular meaning from due compensation’s presumed ordinary and reasonable meaning of compensation.

b. R.S. 4921 (1946) Preamble & Title. The relevant parts of the preamble and title to the Patent Act of 1946 are next analyzed as the second step of part three of the STA Method. Since the statute’s preamble and title require brevity, this brevity is to be considered when giving weight to the jejune preamble and jejune title language. In other words, the statute’s preamble and title are far from conclusive evidence of the body Congress’ meaning of the disputed term. Note here that while the Patent Act of 1946 may be analytically referred to by various names—Public Law No. 587 (1946); House Bill 5311, 79th Congress (1946); Chapter 726 (1946); Volume 60, Statutes at Large, Page 778 (1946)—the name used in this Article is R.S. 4921 (1946) for consistency and to avoid confusion with existing analyses on this same issue.

Here, the preamble to R.S. 4921 (1946) (e.g., the Patent Act of 1946) states, “[t]o amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of compensation for infringement.”⁷⁶ Since the word “compensation” appears once in the preamble to the Patent Act of 1946, the preamble to the Patent Act of 1946 is relevant to the analysis.

Here, the jejune preamble’s use of “compensation” supports the presumed ordinary and reasonable meaning of “due compensation.”

c. Floor Discussions, Bills, Reports. The third step in analyzing due compensation for the body Congress’ meaning of due compensation is to organize the relevant and timely (A) floor discussions, (B) bills, (C) reports into groups. Next, each Congressional Record entry within each group is set out expressly and analyzed in reverse chronological order. Under The STA Rule of Omniscience, the relevant upstream-in-time floor discussion, bill, and report evidence, is irrebuttably presumed known by each member of the body Congress prior to the current floor discussion, bill, or report being analyzed.

⁷⁶ *Id.*

The R.S. 4921 (1946) floor discussion, bill, and report intrinsic evidence includes: (A) FLOOR DISCUSSIONS—House floor discussion No. 2,⁷⁶ Senate floor discussion No. 1,⁷⁷ House floor discussion No. 1⁷⁸; (B) BILLS—House Bill 5311,⁷⁹ House Bill 5231,⁸⁰ House Bill 4143⁸¹; and (C) REPORTS—House Report 1503,⁸² House Report 1587 (Part 2),⁸³ House Report 1587 (Part 1)⁸⁴.

i. Floor Discussions. Although there were three substantive floor discussions, the bills relevant to R.S. 4921 (1946) were brought before Congress in fifteen separate floor discussions, including the three substantive floor discussions.⁸⁵ When each bill relating to R.S. 4921 (1946) was introduced on the congressional floor as part of a floor discussion, the due compensation term was presented during floor discussions to the body Congress as in “an act to amend Revised Statutes 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of compensation for infringement.”⁸⁶ Since due compensation was consistently presented as “compensation” during floor discussions to the

⁷⁶ 92 CONG. REC. 9881 (1946).

⁷⁷ 92 CONG. REC. 9187-88 (1946).

⁷⁸ 92 CONG. REC. 1857 (1946).

⁷⁹ H.R. 5311, 79th Cong. (1946) (introduced to Congress at 92 CONG. REC. 691 (1946)).

⁸⁰ H.R. 5231, 79th Cong. (1946) (introduced to Congress at 92 CONG. REC. 373 (1946)).

⁸¹ H.R. 4143, 79th Cong. (1945) (introduced to Congress at 91 CONG. REC. 8879 (1945) and reproduced in Appendix III, this Article).

⁸² H.R. REP. NO. 79-1503 (1946) (introduced to Congress at 92 CONG. REC. 6886 (1946)).

⁸³ H.R. REP. NO. 79-1587, pt. 2 (1946) (introduced to Congress at 92 CONG. REC. 1791 (1946)).

⁸⁴ H.R. REP. NO. 79-1587, pt. 1 (1946) (introduced to Congress at 92 CONG. REC. 1482 (1946)).

⁸⁵ See 92 CONG. REC. 10,649, 10,231, 10,230, 10,139, 9881, 9187, 9174, 6886, 1905, 1857, 1791, 1482, 691, 373 (1946); 91 CONG. REC. 8879 (1945). Concerning 91 CONG. REC. 8879 (1945), recall the rule under the STA Method that the relevant intrinsic evidence is not restricted to any timely session of Congress, although the date of the timely session may affect the evidentiary weight of the intrinsic item. If a member of Congress brought this issue up in the 78th, 77th, 76th, etc., Congress, those Congressional Record entries would be relevant here also.

⁸⁶ To view this identical quote for each bill introduction, see 92 CONG. REC. 10,649, 10,231, 10,230, 10,139, 9881, 9187, 9174, 6886, 1905, 1857, 1791, 1482, 691, 373 (1946) and 91 CONG. REC. 8879 (1945). As an aside, because general damages was expressly defined within R.S. 4921 (1946) as “due compensation,” it is improper to rely on this floor presentation of the word “damages” to alter Congress’ express statutory definition of general damages.

body Congress, these fifteen floor discussion presentations support the presumed ordinary and reasonable meaning of “due compensation.”

(a). *House Floor Discussion No. 2 (p. 9881)*. As mentioned above, there were three substantive floor discussions. During the substantive House floor discussion No. 2, House member Mr. Lanham twice used the term “compensation” in his speech to the entire House in a manner consistent with the term “due compensation,” stating “that damages be ascertained on the basis of compensation for infringement.”⁸⁷ With no other reference to the term “due compensation” in this floor discussion, this floor discussion No. 2 supports the proposition that the body Congress reasonably intended for due compensation to mean compensation in R.S. 4921 (1946).

(b). *Senate Floor Discussion No. 1 (pp. 9187-88)*. With the House bill relevant to R.S. 4921 (1946) now in front of the Senate, Senator Pepper used the phrase “general compensatory damages” three times during this substantive Senate floor discussion.⁸⁸ But when R.S. 4921 (1946) came to a vote in the form of House Bill 5311, the presiding officer of the Senate stated, “[T]he Senate proceeded to consider the bill [House Bill 5311] . . . providing that damages be ascertained on the basis of compensation for infringement.”⁸⁹ Since the Senate body voted on and approved the term “compensation,” this term controls over Senator Pepper’s proposed term “general compensatory damages” in this floor discussion. This supports the proposition that Congress reasonably intended for due compensation to mean compensation in R.S. 4921 (1946), not general compensatory damages.

Note that even if the term Congress enacted was Senator Pepper’s term “general compensatory damages” as implied in *General Motors Corp. v. Devex Corp.*,⁹⁰ Senator Pepper’s “general compensatory damages” recovery category includes both the

⁸⁷ 92 CONG. REC. 9881 (1946).

⁸⁸ 92 CONG. REC. 9187-88 (1946).

⁸⁹ 92 CONG. REC. 9188 (1946). Again as an aside, because general damages was expressly defined within R.S. 4921 (1946) as “due compensation,” it is improper to rely on the “damages” remark by the presiding officer to alter Congress’ express statutory definition of general damages.

⁹⁰ 461 U.S. 648, 654-55, 217 U.S.P.Q. (BNA) 1185, 1188 (1983) (dicta). *But see supra* text accompanying notes 33-39 (suggesting that Sen. Pepper’s floor remark does not support the dicta in *Devex*).

infringer's profits and the claimant's damages as per Senator Pepper's Senate floor discussion No. 1 remark: "[C]onsequently, the basis laid down by this bill is general compensatory damages which the plaintiff in the suit sustains. Of course, [general compensatory damages] may include [the recovery of] profits, but is not limited to [the recovery of] profits."⁹¹

(c). *House Floor Discussion No. 1 (p. 1857)*. With the House bill relevant to R.S. 4921 (1946) in the House for the first of two House substantive discussions, the bill containing the language "general damages which shall be due compensation" was passed by the entire House at the conclusion of House floor discussion No. 1.⁹² Furthermore, in referring to this bill, Mr. Lanham stated that "[t]he measure . . . will be due compensation."⁹³ Since the term "due compensation" was consistently used in House floor discussion No. 1, neither use of "due compensation" in House floor discussion No. 1 is inconsistent with due compensation's presumed ordinary and reasonable meaning of compensation. Thus, the uses of "due compensation" in the three substantive floor discussions and twelve essentially procedural floor presentations are consistent with the finding that "compensation" is the ordinary and reasonable meaning of "due compensation."

ii. *Bills*. Concerning due compensation as "compensation," the text of each relevant bill is the same as the text of the enacted statute R.S. 4921 (1946) in that due compensation appears in the phrase "general damages which shall be due compensation" and the phrase "the court [may] . . . receive . . . evidence . . . upon which to determine . . . due compensation."⁹⁴ Also, in each bill, the term "compensation" appears once in each preamble, just as in the enacted statute R.S. 4921 (1946).⁹⁵ Since the text and preamble of each bill is identical with the text and preamble of R.S. 4921 (1946)⁹⁶ concerning the issue of "due compensation" as "compensation," analyzing the issue of due compensation as compensation for

⁹¹ 92 CONG. REC. 9188 (1946).

⁹² 92 CONG. REC. 1857 (1946).

⁹³ *Id.*

⁹⁴ *Compare* Patent Act of 1946, ch. 726, 60 Stat. 778, 778 (1946) to H.R. 5311, 79th Cong. (1946), H.R. 5231, 79th Cong. (1946), and H.R. 4143, 79th Cong. (1945) (in Appendix III).

⁹⁵ Patent Act of 1946, 60 Stat. at 778.

⁹⁶ *Id.*

each bill will lead to the same conclusions as analyzing the issue of due compensation as compensation for the enacted bill.

iii. Reports. Recall from above that the three reports relating to R.S. 4921 (1946) were Senate Report 1503, House Report 1587 (Part 2), and House Report 1587 (Part 1).⁹⁷ The use of the term “due compensation” in these three committee reports supports a finding that the ordinary and reasonable meaning of due compensation as used by the body Congress is compensation. First, Senate Report 1503 recommended to the entire Senate, House Bill 5311 with the bill’s text reading “general damages as due compensation” and the term “compensation” in the report’s title.⁹⁸ Moreover, the Senate committee adopted the House Report 1587 (Part 1), where the House report itself used both the language “general damages as due compensation” in the body of its text and the term “compensation” in its title.⁹⁹ Further, like Senate Report 1503, the House Report 1587 (Part 2) recommended House Bill 5311 to the entire House with the bill’s language reading “general damages which shall be due compensation” and the term “compensation” in the report’s title.¹⁰⁰ Thus, the use of “due compensation” in the three relevant committee reports supports a finding that the ordinary and reasonable meaning of the term “due compensation” is compensation as used by the body Congress.

d. R.S. 4921 (1946) Progression History Estoppel. For the fourth of six steps in analyzing due compensation in R.S. 4921 (1946), each relevant and timely floor discussion, bill, and report entry is analyzed sequentially by Record entry date under the STA rule of progression history estoppel to determine whether any Congressional meaning of due compensation found in analyzing the grouped floor discussions, bills, and reports was effectively disclaimed in subsequent Congressional entries.

After carefully reading over the relevant and timely floor discussion, bill, and report entries, no upstream floor discussion, bill, and report entry was found superseded by downstream entries

⁹⁷ See *supra* notes 82, 83, and 84.

⁹⁸ See S. REP. NO. 79-1503, at 1 (1946) (to accompany H.R. 5311, 79th Cong. (1946)).

⁹⁹ See H.R. REP. NO. 79-1587, pt. 1, at 1 (1946) (to accompany H.R. 5311, 79th Cong. (1946)).

¹⁰⁰ See H.R. REP. NO. 79-1587, pt. 2, at 1 (1946) (to accompany H.R. 5311, 79th Cong. (1946)).

when sequentially analyzed for the proposition that due compensation means compensation. Since earlier, downstream floor discussion, bill, and report entries do not supersede upstream entries when sequentially analyzed for the proposition that due compensation means compensation, progression history estoppel does not limit or estop assertion of due compensation's presumed ordinary and reasonable meaning of compensation as used by the body Congress.

e. Extrinsic Evidence. Where analysis of the intrinsic evidence alone will reasonably determine the body Congress' meaning of a disputed term, it is improper to give any weight to extrinsic evidence to alter the disputed term's reasonably determined meaning. The rationale for this is that the intrinsic evidence—law text change, the Act, floor discussions, bills, and reports—rather than extrinsic evidence, constitutes the Article I, Section 5, Clause 3 record of the elected members that make up the body Congress.

Where the body Congress' meaning of the disputed term cannot reasonably be determined from the intrinsic evidence alone, extrinsic evidence may be considered. In these very narrow circumstances, extrinsic evidence such as legislation, judicial cases, learned treatises, and dictionary definitions may be used as extrinsic evidence of the body Congress' meaning of a term in a floor discussion or report. While an argument can be made that the body Congress knows all knowledge prior to passing the Act, there is no logical (and therefore legal) way to conclude that such knowledge had any influence on whether the body Congress' intended for a disputed term to have a different and particular meaning from that disputed term's presumed ordinary and reasonable meaning unless an elected member of Congress applicably set out this knowledge evidence in the Congressional Record. Thus, although timely legislation, judicial cases, learned treatises, and dictionary definitions may be relevant as extrinsic evidence where not applicably set out in the Congressional Record, under "The STA Corollary" to The STA Rule of Omniscience, timely extrinsic evidence is not conclusive and may be superseded by intrinsic evidence. When relevant as extrinsic evidence, such evidence may be used only to help explain the body Congress' meaning of a vague or ambiguous term used in a floor discussion or report. Extrinsic evidence may not be used to help explain the

meaning of any term in a bill, whether that bill is enacted or unenacted.

Here, the body Congress' meaning of due compensation is reasonably determined from the intrinsic evidence alone to have its ordinary and reasonable meaning of compensation. Thus, it is improper to give any weight to extrinsic evidence to alter the disputed term's reasonably determined meaning. However, a discussion of extrinsic evidence here will allow this Article to demonstrate the use of extrinsic evidence under the STA Method in the unlikely event that extrinsic evidence will be needed for another statute, as well as how the conditions of timeliness and relevance limit the use of extrinsic evidence.

Extrinsic evidence includes the transcripts from the Hearing before the House Committee on Patents.¹⁰¹ During this House committee hearing, invited witness Mr. Folk¹⁰² brought into issue the meaning of due compensation by stating, "I was confused about general damages and due compensation. I have not given the bill sufficient study to see exactly what that means."¹⁰³ Confusing the word "damages" with the term "general damages" without actually explaining the meaning of the "due compensation" term in the bill before the Committee, invited witness Mr. C. Henry responded to Mr. Folk by stating:

Apropos of Mr. Folk's remark about compensation, I anticipated that that question would come up, and for that reason I tried to read into the [committee hearing] record awhile ago [at page 9] a statement of what damages really are [with the first sentence of the reading beginning, "What are damages?"]. Damages, in a legal sense, means . . . compensation¹⁰⁴

At the end of the hearing, invited witness John Stedman, who worked for John Sonnett at the Department of Justice, proposed

¹⁰¹ See *Recovery in Patent Infringement Suits: Hearing on H.R. 5231 Before the House Comm. on Patents, 79th Cong.* (1946).

¹⁰² Mr. George E. Folk was the 1946 patent advisor to the National Association of Manufacturers and invited to the Hearing as a witness just two days before the Hearing. *Id.* at 10.

¹⁰³ *Id.* at 11.

¹⁰⁴ *Id.*

modifying the bill: “[S]trike the word ‘general’ and insert the words ‘reasonable royalties as;’ then strike the words ‘which shall be due compensation.’”¹⁰⁵ However, the House committee supported the use of the term due compensation by rejecting invited witness Mr. Stedman’s proposed modifications.¹⁰⁶

Rhetorically, why would Mr. Stedman’s principal, Mr. John Sonnett, direct his agent, Mr. Stedman, to request that the bill R.S. 4921 (1946)’s “general damages” term be changed to read “reasonable royalties as damages” if the text of the bill already allowed the awarding of reasonable royalties? Moreover, why would the entire 1946 House Patent Committee reject Mr. Stedman’s proposal to change the bill R.S. 4921 (1946)’s “general damages” term to read “reasonable royalties as damages” if the bill R.S. 4921 (1946) already allowed the awarding of reasonable royalties? These are strong clues that R.S. 4921 (1946) does not allow the award of a reasonable royalty, contrary to current patent law practice.

Turning to the above three quotes, since this extrinsic exchange was embodied into the intrinsic Committee report only to the extent that this exchange was consistent with the Committee report’s proposition of “general damages as due compensation,” no light is shed on the intrinsic evidence presumption of due compensation as compensation by this extrinsic evidence. This extrinsic evidence statement is, after all, merely an isolated excerpt from a statement made by an unelected witness to a single committee meeting of a single House as ultimately embodied in a single intrinsic committee report by unelected staff members, where the single intrinsic committee report is analyzed along with all the other intrinsic evidence for use in determining the body Congress’ meaning of a statutory term enacted by the body Congress. Under the STA Method, transcripts from Committee meetings are not bestowed encyclical weight. Moreover, the best use of an extrinsic evidence Committee meeting transcript is to identify the legislative proposals that lose during the legislative process but are impermissibly revived by judicial activists during the judicial process.

As for other extrinsic evidence before August 1, 1946, the Hearing before the House Committee on Patents referenced five

¹⁰⁵ *Id.* at 20, 21.

¹⁰⁶ *Id.*

legal cases for the proposition of protracted patent infringement litigation,¹⁰⁷ a quotation from Seventh Circuit Judge Evan A. Evans given in a speech before the Patent Law Association in Pittsburgh,¹⁰⁸ and one New York Times article.¹⁰⁹ Since none of this evidence was set out in the Congressional Record, this evidence is at best extrinsic evidence, and in any case does not provide information about the meaning of “due compensation” as compensation.

Extrinsic evidence that is even less relevant than the New York Times article that was expressly cited in the committee transcripts of the *Hearing before the House Committee on Patents* are timely legal cases not cited during the committee hearing. The reason for this is that the body Congress’ meaning of a disputed term in a statute is set out by the elected members of Congress in the Congressional Record as authorized by the Constitution. Case opinions—including U.S. Supreme Court opinions—not applicably set out in the Congressional Record by a member of Congress or other congressional material essentially carry no weight as to the body Congress’ meaning of a term in a statute. Congress, not the judiciary, is the architect for the basic human or societal needs of the People under our Government by Constitution. As Justice Stevens admonished: “Justice Frankfurter’s scholarly observation concerning the [analysis] of a statutory [term] also applies to the analysis of legislative history: ‘One must . . . listen attentively to what it does not say.’”¹¹⁰

f. Conclusion: Due Compensation. With the appropriate evidence set out and analyzed, a proper conclusion can be determined about the body Congress’ meaning of due compensation in R.S. 4921 (1946).

Along with the jejune preamble to R.S. 4921 (1946) supporting the presumed ordinary and reasonable meaning of due compensation as compensation, each floor discussion, bill, and report consistently used the term “due compensation” in the ordinary and reasonable sense of compensation. Although Senator Pepper

¹⁰⁷ *Id.* at 3, 4, 7, 8, 13.

¹⁰⁸ *Id.* at 7.

¹⁰⁹ *Id.* at 13, 14.

¹¹⁰ *Connecticut Nat'l Bank v. Germain*, 503 U.S. 249, 255 n.2 (1992) (Stevens, J., concurring) (quoting Frankfurter, *supra* note 42, at 536).

referred to general compensatory damages during Senate floor discussion No. 1, the entire Senate considered the term “compensation” in its vote and did not consider Senator Pepper’s “general compensatory damages” term.¹¹¹ Thus, through analysis of the intrinsic evidence, the meaning of due compensation is reasonably determined to mean compensation. In addition, because analysis of the intrinsic evidence alone was sufficient to reasonably determine the body Congress’ meaning of due compensation, it is improper to give any weight to extrinsic evidence to alter due compensation’s reasonably determined meaning of compensation.

Since the body Congress did not intend for the term “due compensation” in R.S. 4921 (1946) to have a different and particular meaning from due compensation’s presumed ordinary and reasonable meaning of compensation, the presumed ordinary and reasonable meaning of due compensation as compensation is not rebutted and thus the term “compensation” controls. Thus, due compensation has its ordinary and reasonable, August 1, 1946 meaning, namely, compensation.

It took a lot of mental effort to get to this conclusion which seemed obvious from the beginning of the due compensation analysis. However, where a statutory term is deemed a disputed term, the Judiciary must fully and completely analyze the undisputed Article I, Section 5, Clause 3 public record for the body Congress’ meaning of that disputed term, even where the body Congress’ meaning of the disputed term appears to be ordinary and reasonable at the start of the analysis. “Nothing worthwhile is easy.”¹¹² The Judiciary must completely perform its *Marbury v. Madison* duty to say what the law is.¹¹³

As discussed above, the text of R.S. 4921 (1946) is clear in that the recovery category of general damages means that due compensation shall be recovered. In other words, the term “general damages” is defined as due compensation under R.S. 4921 (1946), by which the successful claimant is entitled to due compensation. Since as was just shown, due compensation under R.S. 4921 (1946)

¹¹¹ 92 CONG. REC. 9188 (1946).

¹¹² Alex Kozinski, *My Pizza with Nino*, 12 CARDOZO L. REV. 1583, 1587 (1991) (paraphrasing a plaque that resides on Justice Scalia’s office wall).

¹¹³ *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803) (“It is, emphatically, THE . . . DUTY of the judicial department, to say what the law is.”) (emphasis added).

means compensation, the body Congress intended that the successful patent infringement claimant be entitled to compensation under R.S. 4921 (1946). Thus, the successful claimant is entitled to compensation under R.S. 4921 (1946), not “damages.” As to why this distinction in terms makes a difference, please be patient. Before continuing, take contemplative solitude in the words of Judge Bowen, who stated that “the wheels of justice grind slowly with the dripping and cooling water of deliberate thought and human understanding upon the contrariety of life.”¹¹⁴

Since the use of the term “compensation” comports with Congress’ meaning of the term due compensation, the term compensation will be used in the proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) in Appendix I.

3. *Compensation Term.* As discussed above, the two terms at issue were identified as general damages and due compensation. Since the body Congress expressly defined the term “general damages” as due compensation and intended the term “due compensation” in R.S. 4921 (1946) to have the ordinary and reasonable meaning of compensation, the previously latent term “compensation” now becomes the third term at issue. Again, the rule under the STA Method is that each possible manifestation of compensation within R.S. 4921 (1946) is to be set out and analyzed to determine whether that manifestation analytically subsumes the other manifestations, is analytically merged into the other manifestations, or is found not relevant concerning the term at issue so that only one term at issue remains. The body Congress’ meaning of this one remaining term at issue is then derived through the six steps of analyzing Congress’ specification of the law. Since due compensation was shown to be the only “due compensation” term remaining in R.S. 4921 (1946) and the meaning of due compensation was shown to be compensation, only the term “compensation” remains as the term at issue.

a. *R.S. 4921 (1946) Text Body.* Where a term at issue is defined expressly in the statute, it is improper to give any weight to further evidence, either intrinsic or extrinsic, to alter the body Congress’ definition of that term. Where a term at issue is not

¹¹⁴ *Sylvester v. Sylvester*, 154 N.E.2d 747, 749 (Ind. App. 1958) (referring to the duties of a judge of a court of appeals).

expressly defined in the statute itself, the term at issue is deemed a disputed term.

Where the term at issue is a disputed term, the body Congress is presumed to have given that term its ordinary and reasonable meaning as of the enactment date of the statute. If the body Congress reasonably intended for the disputed term to have a different and particular meaning from the disputed term's presumed ordinary and reasonable meaning, then the different and particular meaning rebuts this presumption and thus controls. For the disputed term, the key issue is whether the body Congress reasonably intended for the disputed term to have a different and particular meaning from the disputed term's presumed ordinary and reasonable meaning.

Since compensation is not expressly defined in R.S. 4921 (1946) itself,¹¹⁵ it will be presumed that the body Congress gave compensation its ordinary and reasonable meaning as of August 1, 1946, whatever that may have been, absent some showing to the contrary. If the body Congress reasonably intended for compensation in R.S. 4921 (1946) to have a different and particular meaning from compensation's presumed ordinary and reasonable August 1, 1946 meaning, then the different and particular meaning rebuts this presumption and thus controls.

The key issue is whether it can be shown that the body Congress reasonably intended for compensation to have a different and particular meaning from compensation's presumed ordinary and reasonable August 1, 1946 meaning.

b. R.S. 4921 (1946) Preamble & Title. The relevant parts of the preamble and title to the Patent Act of 1946 are next analyzed as the second step of part three of the STA Method. Since the statute's preamble and title require brevity, this brevity is to be considered when giving weight to the jejune preamble and jejune title language. In other words, the statute's preamble and title are far from conclusive evidence of the body Congress' meaning of the disputed term.

Since the term "compensation" appears once in the preamble to the Patent Act of 1946,¹¹⁶ the preamble is relevant to the analy-

¹¹⁵ See Patent Act of 1946, ch. 726, 60 Stat. 778 (1946).

¹¹⁶ *Id.*

sis. Although the preamble to R.S. 4921 (1946) states “[t]o amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of compensation for infringement,”¹¹⁷ it does not provide information about whether the body Congress reasonably intended for compensation to have a different and particular meaning.

c. Floor Discussions, Bills, Reports. The third step in analyzing compensation for the body Congress’ meaning of compensation is to organize the relevant and timely (A) floor discussions, (B) bills, (C) reports into groups. Next, each Congressional Record entry within each group is set out expressly and analyzed in reverse chronological order.

i. Floor Discussions. In the Congressional Record, floor discussion intrinsic evidence includes three substantive discussions: House floor discussion No. 2, Senate floor discussion No. 1, and House floor discussion No. 1.¹¹⁸

(a). House Floor Discussion No. 2 (p. 9881). Under the STA Rule of Omniscience, relevant upstream-in-time floor discussion, bill, and report evidence is irrebuttably presumed known by each member of the body Congress prior to the current floor discussion, bill, or report being analyzed. In House floor discussion No. 2, the Speaker of the House stated, “[i]s there objection to the request of the gentleman from Texas [Mr. Lanham]? There was no objection. The Senate amendments were concurred in.”¹¹⁹ Thus, by concurring in the amendments of the Senate made during Senate floor discussion No. 1 without challenge, the House also adopted the conclusions of the Senate made during Senate floor discussion No. 1 (see below). Under Article I, Section I of our Constitution, there is but one Journal and one Congress with all legislative power vested therein.

(b). Senate Floor Discussion No. 1 (pp.9187-88). In Senate floor discussion No. 1, Senator Pepper distinguished the term “general [compensatory] damages” (which includes both profits and damages) from the term “[compensatory] damages” (which only includes damages) by stating, “[t]his House bill . . . only changes

¹¹⁷ *Id.*

¹¹⁸ See *supra* notes 76, 77, and 78.

¹¹⁹ 92 CONG. REC. 9881 (1946).

somewhat the basis of recovery in patent infringement suits. . . The essential change proposed is that the court may award 'general compensatory damages', whereas, under the present law [R.S. 4921 (1922)], the court has to determine [both] the profits which may have been made by the infringer, as well as 'compensatory damages.'¹²⁰ Senator Pepper went on to reiterate that R.S. 4921 (1946) general damages may include the infringer's profits as well as the claimant's damages by stating: "Consequently, the basis laid down by this bill is general compensatory damages which the plaintiff in the suit sustains. Of course, that may include profits, but is not limited to profits. . . ."¹²¹

When the time came for the Senate to vote on House Bill 5311 during Senate floor discussion No. 1, two items remained open: Senator Pepper's statement that "[t]he essential change proposed is that the court may award general . . . damages"¹²² and the bill embodying R.S. 4921 (1946) with its own reasonable royalty floor and its own general damages definition. Rather than conflict with the bill, Senator Pepper's statement that the court may award general damages merely reiterated the text of the bill embodying R.S. 4921 (1946) in that the pending bill eliminated the recovery category of profits and the recovery category of damages in favor of the single recovery category general damages. Just after Senator Pepper stated that general damages may include profits, but is not limited to profits, the entire Senate passed the bill containing the reasonable royalty floor and the general damages definition as compensation for making, using, or selling the invention without further discussion of the term "compensation."¹²³

Since House Bill 5311 passed without challenge to Senator Pepper's last remarks that general damages may include the infringer's profits and there were no other items that conflicted with the proposition that general damages may include the infringer's profits, the Senate intended that the infringer's profits be recoverable as compensation in a patent infringement action by entitling the claimant to compensation under R.S. 4921 (1946), just

¹²⁰ 92 CONG. REC. 9188 (1946) (punctuation added).

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Id.*

as in R.S. 4921 (1922). Further, from the phrase “not limited to profits,”¹²⁴ the Senate intended for the claimant’s damages to be recoverable as compensation in a patent infringement action by entitling the claimant to compensation under R.S. 4921 (1946), just as in R.S. 4921 (1922).

The Senate based its collective intent on the adiaphorous belief (one that is neither right nor wrong) that a pre-1946 claimant was required to prove the infringer’s profits under R.S. 4921 (1922) to be entitled to R.S. 4921 (1922)’s injunction remedy¹²⁵: “[Now, under R.S. 4921 (1946),] it is not necessary to prove profits, if the [claimant] does not find it appropriate to do so.”¹²⁶ It is important to note that because of the commensal relationship among belief, meaning, and motive, the legal issue is not whether the body Congress’ belief about R.S. 4921 (1922)’s mandatory infringer’s profits requirement was legally or politically right or wrong, but whether the body Congress held such a belief, as the Senate did in this case. The courts are to implement the body Congress’ meaning of a statutory term, not inquire into their beliefs or motives.¹²⁷

Thus, showing its collective concern for the plight of a claimant required by the law to prove the infringer’s profits, the Senate voted to make proving the infringer’s profits permissive under R.S. 4921 (1946), rather than mandatory as in R.S. 4921 (1922), reasoning that “[e]xperience has proven that it is such a difficult accounting matter to determine what the profit of the alleged infringer has been that there is almost always an interminable delay [for the claimant] in connection with the recovery sought [by the claimant].”¹²⁸ Thus, by permissively allowing a claimant to

¹²⁴ *Id.*

¹²⁵ See 42 Stat. 389, 392 (1922) (reading: “The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits TO BE ACCOUNTED FOR by the defendant, the damages the complainant has sustained thereby; and the court SHALL assess the same or cause the same to be assessed under its direction.” (emphasis added to demonstrate that it was necessary for the R.S. 4921 (1922) claimant to prove the infringer’s profits, regardless of whether the claimant found it appropriate to do so).

¹²⁶ 92 CONG. REC. 9188 (1946) (remarks by Sen. Pepper) (emphasis added).

¹²⁷ *United States v. Constantine*, 296 U.S. 287, 298-99 (1935) (Cardozo, J., dissenting).

¹²⁸ 92 CONG. REC. 9188 (1946) (remarks by Sen. Pepper).

seek an infringer's profits under R.S. 4921 (1946), the patent infringement claimant could avoid, but need not avoid, the "interminable delay in connection with the recovery sought" by the claimant.¹²⁹

The important point to take away from Senate floor discussion No. 1 is that the Senate intended for the infringer's profits and the claimant's damages to be recoverable within the R.S. 4921 (1946) recovery category of compensation. Thus, in answering the key issue of whether the body Congress reasonably intended for compensation to have a different and particular meaning from compensation's presumed ordinary and reasonable meaning, the Senate intended the different and particular meaning of compensation, by which an infringer's profits and a claimant's damages are recoverable within the R.S. 4921 (1946) recovery category of compensation.

(c). *House Floor Discussion No. 1 (p. 1857)*. In House floor discussion No. 1, Mr. Lanham asserted that under "non-willful" infringement circumstances, the claimant would be entitled to no more than a reasonable royalty: "This [House Bill 5311] simply provides . . . in case the infringement of the patent is innocent, merely to assess royalties . . . [t]he measure of [which] . . . is clearly set out."¹³⁰ House member Mr. Cravens agreed with Mr. Lanham.¹³¹ But when House member Mr. Cole challenged Mr. Lanham's remark concerning recovery of no more than a reasonable royalty, Mr. Lanham indicated that the House committee's definition of a reasonable royalty was contrary to Mr. Lanham's reasonable royalty ceiling assertion and further indicated that the House committee intended to make a reasonable royalty the measure of minimum damages: "MR. COLE of New York. I would like to be sure. Do I understand correctly that the effect of this bill is to make a reasonable royalty for an infringement the measure of minimum damages to any holder of a patent whose patent has been infringed?" where Mr. Lanham responded: "That is the purpose of the bill as brought out before the committee."¹³² Mr. Lanham

¹²⁹ *Id.*

¹³⁰ 92 CONG. REC. 1857 (1946).

¹³¹ *Id.*

¹³² *Id.*

emphasized the House committee's commitment to their reasonable royalty floor definition by stating: "The committee, I may say, reported this bill unanimously after rather adequate hearings."¹³³ By distinguishing Mr. Lanham's remarks from the House committee's remarks, Mr. Lanham made it clear that his remarks were his individual remarks, and not those of the committee or the House as a whole body. Since Mr. Lanham's remarks concerning the reasonable royalty as a ceiling conflicted with the House committee report and the expressed reasonable royalty floor provisions in the text of House Bill 5311,¹³⁴ only that proposed reasonable royalty provision expressly adopted by the House could eventually be that of Congress as a whole body.

Another conflict existed at the time of the House vote on House Bill 5311. Mr. Lanham and the House committee report requested that general damages be defined as "any damages a complainant can prove, not less than a reasonable royalty, together with interest from the time the infringement occurred, rather than damages based upon profits."¹³⁵ However, the text of House Bill 5311 defined general damages as "due compensation for making, using, or selling the invention."¹³⁶ Since Mr. Lanham and the House committee's definition of general damages conflicted with the express definition of general damages in the text of House Bill 5311, only that proposed definition of general damages expressly adopted by the House could eventually be that of Congress as a whole body.

When the time came for the House to vote on House Bill 5311 during House floor discussion No. 1, two items remained open: (i) whether the reasonable royalty was to be a ceiling or a floor; and (ii) whether general damages was to be defined as "any damages a complainant can prove, not less than a reasonable royalty, together with interest from the time the infringement occurred, rather than damages based upon profits" or defined as "due compensation for making, using, or selling the invention."¹³⁷ Not only did the entire House pass the bill containing the reasonable royalty floor

¹³³ *Id.*

¹³⁴ H.R. 5311, 79th Cong. (1946).

¹³⁵ 92 CONG. REC. 1857 (1946).

¹³⁶ *Id.*

¹³⁷ *Id.*

and the general damages definition of “compensation for making, using, or selling the invention,” but Mr. Lanham’s proffered ceiling definition as well as Mr. Lanham’s and the House committee’s proffered definition of general damages that eliminated recovery of the infringer’s profits were never even brought to a vote.¹³⁸

The important point to take away from House floor discussion No. 1 is that because the attempt by a House member and House committee to eliminate recovery of an infringer’s profits was presented to the entire House but was not brought to a vote, the definition of general damages as “any damages a complainant can prove, not less than a reasonable royalty, together with interest from the time the infringement occurred, rather than damages based upon profits”¹³⁹ was not enacted into law.¹⁴⁰ Further, because the entire House both (i) rejected Mr. Lanham and the House committee’s definition of general damages that eliminated recovery of an infringer’s profits and (ii) passed the bill containing the reasonable royalty floor and the general damages definition of “compensation for making, using, or selling the invention,” the House body in floor discussion No. 1 intended that an infringer’s profits be recoverable within the meaning of compensation under R.S. 4921 (1946)—just as in R.S. 4921 (1922). Thus, in answering the key issue of whether the body Congress reasonably intended for compensation to have a different and particular meaning from compensation’s presumed ordinary and reasonable meaning, the House intended the different and particular meaning of compensation, by which an infringer’s profits are recoverable within the R.S. 4921 (1946) recovery category of compensation. Bill evidence is analyzed next.

ii. Bills. The three intrinsic evidence bills that went into R.S. 4921 (1946) were House Bill 5311, House Bill 5231, and House Bill 4143.¹⁴¹ The text of these bills remained unchanged over time concerning the issue of whether the body Congress reasonably

¹³⁸ 92 CONG. REC. 1857 (1946).

¹³⁹ *Id.*

¹⁴⁰ *Cf. Georgia-Pacific Corp. v. United States Plywood Corp.*, 243 F. Supp. 500, 526 (S.D.N.Y. 1965) (adopting Mr. Lanham’s and the House Committee’s definition of general damages definition over Congress’ Article I, Section 8, Clause 18 enacted R.S. 4921 (1946)’s definition of general damages).

¹⁴¹ *See supra* text accompanying notes 79, 80, and 81.

intended for compensation to have a different and particular meaning from compensation's presumed ordinary and reasonable meaning. Thus, each bill reemphasizes the meaning of compensation that is found in the other intrinsic evidence.

iii. Reports. The three intrinsic evidence reports which went into R.S. 4921 (1946) were Senate Report 1503, House Report 1587 (Part 2), and House Report 1587 (Part 1).¹⁴²

Through Senate Report 1503, the Senate Committee on Patents adopted House Report 1587 (Part 1) in full.¹⁴³ House Report 1587 (Part 2) was written to comply with the Ramseyer rule relating to procedural approval by the House's legislative counsel and thus added nothing substantive to House Report 1587 (Part 1).¹⁴⁴

Each report proffered the definition of general damages as: "any damages the complainant can prove, not less than a reasonable royalty, together with interest from the time the infringement occurred, rather than profits and damages."¹⁴⁵ However, as discussed in Part III.C.3.c.i. (compensation term: floor discussion) of this Article, the definition of general damages as "compensation" was approved by the full House in House floor discussion No. 2 and No. 1 and the full Senate in Senate floor discussion No. 1 without bringing to a vote the definition of general damages as proffered in the three reports—a definition which appeared to seek elimination of the recovery of an infringer's profits. Thus, recovery of the infringer's profits was not eliminated from R.S. 4921 (1946)'s compensation recovery category merely because the three intrinsic reports appeared to seek elimination of the recovery of the infringer's profits.

As demonstrated under the STA Method, until the House and Senate vote into law a committee report proposal, this committee report proposal, like other intrinsic proposals not voted upon or passed, lacks legislative authority and, therefore, is discarded alongside the political road in favor of those proposals that are voted upon and passed. This supports the rule under The STA Rule of Omniscience that it is not legally relevant whether a particular

¹⁴² See *supra* text accompanying notes 82, 83, and 84.

¹⁴³ S. REP. NO. 79-1503, at 2 (1946).

¹⁴⁴ 92 CONG. REC. 1789 (1946). See also *United States v. Casson*, 434 F.2d 415, 420-21 n.22 (D.C. Cir. 1970) (defining the Ramseyer rule).

¹⁴⁵ See, e.g., H.R. REP. NO. 79-1587, pt. 1, at 1 (1946).

member actually hears, reads, or otherwise has genuine knowledge of these presentations on the congressional floor to the body Congress as evidenced by their entry in the Congressional Record.

d. R.S. 4921 (1946) Progression History Estoppel. For the fourth of six steps in analyzing compensation in R.S. 4921 (1946), each relevant and timely floor discussion, bill, and report entry is analyzed sequentially by Record entry date. The STA rule of progression history estoppel determines whether any Congressional meaning of compensation found in analyzing the grouped floor discussions, bills, and reports was effectively disclaimed in subsequent congressional entries. Although floor discussions, bills, and reports are analyzed as groups, the entries within each group influence and may supersede one another as each entry of each group individually makes its appearance on the congressional floor. Thus, this forward entry progression history limits the body Congress' meaning of compensation or estops assertion of the body Congress' meaning of compensation to exclude any meaning of compensation in R.S. 4921 that was effectively disclaimed during downstream progression of that term through Congress. To coin a phrase, this is the "Progression History Estoppel."

Here, R.S. 4921 went from the House,¹⁴⁶ to the Senate,¹⁴⁷ back to the House,¹⁴⁸ to the President,¹⁴⁹ and into law¹⁵⁰. An analysis of the progression history reveals that in the July 24, 1946, House floor discussion No. 2,¹⁵¹ Mr. Lanham asked for the House's "unanimous consent . . . in concurr[ing] in the Senate amendments" made in the July 17, 1946 Senate discussion No. 1¹⁵² without challenging anything set out in the Congressional Record by the Senate on July 17, 1946.¹⁵³ Since, as discussed above, the entire Senate intended the different and particular meaning of compensation by which an infringer's profits and a claimant's damages are recoverable within the R.S. 4921 recovery

¹⁴⁶ 91 CONG. REC. 8879 (Sept. 20, 1945).

¹⁴⁷ 92 CONG. REC. 1905 (Mar. 5, 1946).

¹⁴⁸ 92 CONG. REC. 9881 (July 24, 1946).

¹⁴⁹ 92 CONG. REC. 10,230-31 (July 26, 1946).

¹⁵⁰ 92 CONG. REC. 10,649 (Aug. 1, 1946).

¹⁵¹ 92 CONG. REC. 9881 (1946).

¹⁵² 92 CONG. REC. 9187-88 (July 17, 1946).

¹⁵³ See 92 CONG. REC. 9881 (1946).

category of compensation, Mr. Lanham's July 24, 1946 request for the House's "unanimous consent . . . [to] in concur in the Senate amendments" demonstrates Mr. Lanham's change of mind concerning his March 4, 1946, House floor discussion No. 1 proposal to eliminate an infringer's profits from patent infringement recovery.¹⁶⁴ Thus, Mr. Lanham effectively disclaimed his House floor discussion No. 1 proposal to eliminate an infringer's profits from patent infringement recovery.

As demonstrated by the above analysis, it is illogical and mutually inconsistent to think that Mr. Lanham, the author of the 1946 Lanham (Trademark) Act that revolutionized United States trademark law, would want to deny recovery of the patent infringer's profits to a patent claimant under the Patent Act of 1946 but allow recovery of the trademark infringer's profits to a trademark claimant under the Trademark Act of 1946. This provides evidence of erroneous reasoning within current patent legal theory.

Of course, more importantly, through House floor discussions No. 2, No. 1, and the progression history estoppel, the entire House expressed its collective intent that an infringer's profits and a claimant's damages were to be recoverable within the R.S. 4921 recovery category of compensation. This conclusion is supported by the House's actions of subsequently adopting the Senate's amendments to R.S. 4921 in House floor discussion No. 2 without challenging the Senate's intent as expressed in the Congressional Record that an infringer's profits and a claimant's damages were to be recoverable within the R.S. 4921 recovery category of compensation as brought out in Senate floor discussion No. 1. With no one in either the House or the Senate left advocating that the body Congress define compensation within the R.S. 4921 (1946) to eliminate the recovery of an infringer's profits, any assertion under any circumstances that the body Congress intended to eliminate the recovery of the infringer's profits by enacting R.S. 4921 (1946) is unconditionally estopped through progression history estoppel.

e. Extrinsic Evidence. Where an analysis of the intrinsic evidence alone will reasonably determine the body Congress' meaning of a disputed term, it is improper to give any weight to extrinsic evidence to alter the disputed term's reasonably deter-

¹⁶⁴ See 92 CONG. REC. 1857 (Mar. 4, 1946).

mined meaning. The rationale for this is that the intrinsic evidence—the Act, floor discussions, bills, and reports—rather than extrinsic evidence, constitutes the Article I, Section 5, Clause 3 record of the elected members that make up the body Congress. Since analysis of the intrinsic evidence alone reasonably determined the body Congress' meaning of compensation, it is improper to give any weight to extrinsic evidence that may alter compensation's reasonably determined meaning.

f. Conclusion: Compensation. With the appropriate evidence set out and analyzed, a proper conclusion can be determined about the body Congress' meaning of compensation in R.S. 4921 (1946).

Both the House and Senate intended the different and particular meaning of compensation under R.S. 4921 (1946) to include recovery of both an infringer's profits and a claimant's damages, rather than the presumed ordinary and reasonable meaning of compensation, whatever it may have been.¹⁵⁵ The body Congress intended that the claimant have a choice on whether or not to prove an infringer's profits under R.S. 4921 (1946). The policy underlying the "claimant's election" was the body Congress' concern for the plight of the claimant where "[e]xperience has proven that it is such a difficult accounting matter to determine what the profit of the alleged infringer has been that there is almost always an interminable delay [for the claimant] in connection with the recovery sought [by the claimant]."¹⁵⁶

This "Claimant's Election" rule makes sense since elimination of the recovery of an infringer's profits would show concern for the plight of the intellectual property infringer, something in which Congress has never shown much interest. Further, eliminating the recovery of the patent infringer's profits inconsistently gives patent law the weakest intellectual property remedy between patent law, trademark law, and copyright law, even though patent law's liability law offers much stronger protection than the liability laws for trademark law or copyright law. This is another clue that something is wrong with current patent legal theory.

¹⁵⁵ See also *Binger v. Unger*, 7 F.R.D. 121, 122, 72 U.S.P.Q. (BNA) 166, 167 (S.D.N.Y. 1946) (stating: "It would thus appear that profits can now, under [R.S. 4921 (1946)], be included in general damages and recovered."). *Binger*, filed July 2, 1946, is the only published case that was impacted by the August 1, 1946 enactment of R.S. 4921 (1946).

¹⁵⁶ 92 CONG. REC. 9188 (1946) (remarks of Sen. Pepper).

D. CONCLUSION: 35 U.S.C. § 284 (1994)

As the fourth and final part of the STA Method, the trier of law draws a conclusion as to the statute at issue and applies that conclusion to the issues of the litigants before the court. Here, with the body Congress' meaning of general damages, due compensation, and compensation properly defined, R.S. 4921 (1946) may be applied to the issues at hand. As will be obvious below, the body Congress' "intent" becomes a foregone conclusion with the body Congress' meaning of each term in a statute determined under the STA Method. In other words, any conclusion by the tier of law as to the body Congress' intent has importance only as a heuristic technique of determining the body Congress' meaning of a term in a statute.

As of this writing, there is no adequate or authoritative judicial analysis of 35 U.S.C. § 284's terms requiring a court in a patent infringement action to award a "reasonable royalty" as the alternative remedy to unavailable "damages" or "lost profits." Further, because the substantive law of patent infringement compensation under 35 U.S.C. § 284 (1994) has remained unchanged since at least 1946, what is proven as the law under R.S. 4921 (1946) is proven as the law under 35 U.S.C. § 284 (1994).

The R.S. 4921 (1946) "general damages" term was proven to mean due compensation. The "due compensation" term was proven to mean compensation. Compensation under R.S. 4921 (1946)—and therefore under 35 U.S.C. § 284 (1994)—was proven to include the award of the infringer's profits and the claimant's damages, just as before the Patent Act of 1946. This makes sense because the body Congress' fundamental purpose behind patent infringement compensation is to award the claimant full compensation for the infringement conduct proven during the trial's liability phase,¹⁵⁷ despite any showing during the trial's remedy phase of the claimant's ability to exploit that claimant's patent. As CAFC Chief

¹⁵⁷ See *Monessen S.W. Ry. Co. v. Morgan*, 486 U.S. 330, 339 n.9 (1988) (leaving intact dissent's reiteration of the fundamental purpose of full compensation in a patent infringement suit); *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 654 (1983) (noting that Congress intended that the harm suffered by a patent infringement claimant be compensated by full compensation); *Birdsell v. Shaliol*, 112 U.S. 485, 489 (1884) (analogizing full compensation of a patent owner with the taking of personal property).

Judge Markey concluded back in 1988: Distinguishing a claimant's statutory right to full compensation on whether that claimant lacks money and manufacturing capacity disserves the public's Article I, Section 8, Clause 8 interest in technological advancement by favoring corporations over individuals, and creates a "survival of the fittest" jungle mentality that was to be replaced, not served, by the law.¹⁵⁸

The difference in patent infringement compensation awarded after 1946 from that awarded before 1946 is that the body Congress effectively eliminated any possibility of double recovery¹⁵⁹ and interminable delay that afflicted pre-1946 compensation awards.¹⁶⁰ Congress accomplished this by using two techniques:

- (i) the biunial act of embodying the infringer's profits and claimant's damages within the single, 35 U.S.C. § 284 (1994) recovery category of compensation; and
- (ii) the act of removing R.S. 4921 (1922)'s mandatory requirement in favor of allowing the 35 U.S.C. § 284 (1994) claimant to decide whether to seek the infringer's profits.

Thus, rather than two explicitly separate recovery categories, the body Congress intended that the infringer's profits and the claimant's damages be the two elements that make up the single recovery category of compensation,¹⁶¹ thereby foreshadowing a Federal Circuit "compensation split" holding such as *State Indus-*

¹⁵⁸ *Fromson v. Western Litho Plate & Supply Co.*, 853 F.2d 1568, 1575, 7 U.S.P.Q.2d (BNA) 1606, 1613 (Fed. Cir. 1988).

¹⁵⁹ *Kori Corp. v. Wilco Marsh Buggies & Draglines, Inc.*, 761 F.2d 649, 654, 225 U.S.P.Q. (BNA) 985, 987 (Fed. Cir. 1985) (Judge Rich stating that "[t]he 1946 amendment to the damages provision [of the Patent Statutes] effectively eliminated this double recovery" to prevent a successful claimant from being "placed in a better position than he would have been if the infringer had not infringed.").

¹⁶⁰ See 92 CONG. REC. 9188 (1946) (Senate floor discussion No. 1) (remarks by Sen. Pepper: "[T]here is almost always an interminable delay in connection with the recovery sought.").

¹⁶¹ Unlike the separate recovery categories of copyright and trademark infringements, patent infringement placed its infringer's profits and claimant's damages recovery definitions under the single recovery category labeled compensation. To achieve consistent intellectual property law, this author recommends that Congress recodify the copyright and trademark compensation statutes to a form similar to the proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) in Appendix I.

*tries v. Mor-Flo Industries.*¹⁶²

Since the 1952 Act merely codified R.S. 4921 (1946) into 35 U.S.C. § 284 (1952) and the monetary recovery remedy under § 284 has remained unchanged since 1952, Congress intended 35 U.S.C. § 284 (1994) as statutory authority for the courts to award the infringer's profits as compensation under § 284, contrary to our court's practice for the last 33 years. Recovery of the infringer's profits and the claimant's damages within the recovery category of compensation has been embodied within this Article's proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) in Appendix I.

That R.S. 4921 (1946) provides for general damages and that the term "general damages" means compensation is not some mere abstract proposal with which the judiciary may do as it pleases *ex post facto*, but a decisive rule of law by all concerned. The law decisively states: "General damages . . . shall be . . . compensation."¹⁶³ Further, by passing R.S. 4921 (1946), the House of Representatives intended that general damages shall be compensation and that the claimant shall be entitled to compensation. By passing R.S. 4921 (1946), the Senate intended that general damages shall be compensation and that the claimant shall be entitled to compensation. Finally, by signing R.S. 4921 (1946) into law, the President of the United States intended that the enacted term general damages shall be compensation, and that the claimant shall be entitled to compensation. In short, the two relevant branches of our tripartite system of government have decided legislatively that general damages shall be compensation and that the successful patent infringement claimant shall be entitled to compensation.

Compensation under 35 U.S.C. § 284 includes both the infringer's profits and the claimant's damages. To reach further into intrinsic or extrinsic evidence using techniques of judicial advocacy for the tribunal purpose of giving compensation a meaning that excludes from recovery the infringer's profits usurps Congress' Constitution-

¹⁶² 883 F.2d 1573, 1577, 12 U.S.P.Q.2d (BNA) 1026, 1028 (Fed. Cir. 1989) (compensation award split between the two available forms of compensation), *approved in* Rite-Hite Corp. v. Kelley Co., 56 F.3d 1538, 1545, 35 U.S.P.Q.2d (BNA) 1065, 1069 (Fed. Cir. 1995) (in banc).

¹⁶³ Patent Act of 1946, ch. 726, 60 Stat. 778 (1946).

al power to make all laws granted to the Legislative Branch by We the People of the United States. This usurpation may seem trivial to some in the Judicial Branch because, in this case, it is just patent law. However, the tribunal's philosophy behind the "it's just . . ." thinking incrementally and imperceptibly degrades into personal fiefdoms everything our ancestors fought and died for in support of our Constitution and the power that flows from our Constitution. The next part of this Article, Part IV, bears this out.

IV. THE ARO II PLURALITY DICTA VIEW

If one man can be allowed to determine for himself what is law, every man can. That means first chaos, then tyranny. Legal process is an essential part of the democratic process.

—Justice Frankfurter, 1947¹⁶⁴

The following analysis exposes the judicial activist method that four Supreme Court Justices used in the obscure, 1964 patent infringement case of *Aro Manufacturing Co. v. Convertible Top Replacement Co.*,¹⁶⁵ to usurp Congress' vested power to make all laws, thereby causing devastating effects on court opinions and the rule of law, on litigants who seek justice, and on Congress and the entire judicial system.

A. ARO I & ARO II

In the case of *Aro Manufacturing Co. v. Convertible Top Replacement Co.* ("Aro II")¹⁶⁶ and its predecessor case, *Aro I*,¹⁶⁷ the defendant (Aro Manufacturing Co.) was accused under 35 U.S.C. § 271 of infringing the claimant's (Convertible Top Replacement Co., a.k.a. "CTR" Co.) patent claims through the defendant's action of § 271(c) contributory infringement. The claimant's patent claims covered the structure used to create the convertible tops for automobiles made by carmakers in the 1960s. The claimant's

¹⁶⁴ *United States v. United Mine Workers*, 330 U.S. 258, 312 (1947).

¹⁶⁵ 377 U.S. 476 (1964) ("Aro II").

¹⁶⁶ *Id.*

¹⁶⁷ 365 U.S. 336, 128 U.S.P.Q. (BNA) 354 (1961) ("Aro I").

patented structure consisted of two elements: mechanical parts and a fabric top that normally wore out after three years of use.¹⁶⁸

The two *Aro* cases have very similar facts. In both *Aro* cases, the defendant sold component replacement fabric tops to the owners of convertibles made by both General Motors (*Aro I*) and Ford (*Aro II*) without a license from the claimant to make or sell component replacement fabric tops.¹⁶⁹ By repairing their car's worn out fabric tops, these owners/purchasers themselves made the structure covered by the claimant's patent claims.¹⁷⁰ The key difference between *Aro I* and *Aro II* was that General Motors (*Aro I*) was licensed by the claimant to make and sell General Motors convertibles using the claimant's patented structure whereas Ford (*Aro II*) made and sold Ford convertibles without a license from the claimant.¹⁷¹ In both *Aro I* and *Aro II*, the Supreme Court would find the defendant liable for § 271(c) contributory infringement only if one or more of the defendant's purchasers could be found liable under § 271(a) direct infringement for replacing their car's fabric top as an element of § 271(c).¹⁷²

In *Aro I*, the Supreme Court found that the owners of General Motor cars were entitled to repair their car's patented convertible tops using the defendant's fabric top, reasoning that an implied license to repair flowed from the claimant to the defendant's purchasers through the defendant's purchasers' ownership of convertibles made by the claimant's licensee, namely, General Motors.¹⁷³ Since each fabric top purchaser in *Aro I* had an implied license to repair, the Court concluded that the defendant's purchasers could not be found liable under § 271(a) direct infringement for replacing their car's fabric tops with the defendant's unlicensed fabric tops. Since the *Aro I* claimant could not prove the § 271(a) element of § 271(c) contributory infringement, the Court held that the *Aro I* defendant did not commit § 271(c) contributory infringement, reasoning that it "is no more than the lawful right of

¹⁶⁸ *Aro II*, 377 U.S. at 478-79 (U.S. Patent No. 2,569,724, "Convertible Folding Top with Automatic Seal at Rear Quarter").

¹⁶⁹ *Id.* at 479.

¹⁷⁰ *Id.* at 483.

¹⁷¹ *Id.* at 478-79.

¹⁷² *Id.* at 483.

¹⁷³ *Id.* at 483-84 (*Aro II* bringing out this *Aro I* point).

the owner to repair his property.”¹⁷⁴

At the time the *Aro II* Court addressed the issues before them, the lower courts had not addressed the compensation issues, and the parties had not briefed the compensation issues.¹⁷⁵ Thus, in *Aro II*, only the liability phase of the claimant’s patent infringement trial was before the Court. In the Court opinion written by Justice Brennan and joined by Justices Stewart, White, Goldberg, and Harlan, the majority held that the owners of Ford cars were not entitled to repair their car’s convertible tops since Ford itself did not have a license from the claimant through which an implied license to repair could flow.¹⁷⁶ Since the persons who purchased cars from Ford lacked the claimant’s express or implied authority to repair their car’s convertible tops, these people could be found liable under § 271(a) “making infringement” for replacing their car’s worn out fabric top with the defendant’s unlicensed fabric top. Since the *Aro II* claimant could prove the § 271(a) element of § 271(c) contributory infringement as well as each other element,¹⁷⁷ the majority went on to hold the *Aro II* defendant liable for contributory infringement within the terms of § 271(c).¹⁷⁸

Since the Court completed its *Aro II* analysis concerning the issues of liability, the Justices were required under the “cases and controversies” requirement of Article III, Section 2, Clause 1 to end their discussion there. But Brennan, Stewart, White and Goldberg felt compelled to go beyond the liability issues that were before the Court and issued their plurality dicta view in section IV of the *Aro II* opinion.¹⁷⁹ Under the great, pestiferous influence of section IV of *Aro II*, the lower courts have continued the pre-1946 two-recovery category scheme eliminated by the 1946 Congress through

¹⁷⁴ *Aro I*, 365 U.S. at 346.

¹⁷⁵ *Aro II*, 377 U.S. at 502 (plurality dicta view).

¹⁷⁶ *Id.* at 485.

¹⁷⁷ *Id.*

¹⁷⁸ *Id.* at 492-93. For follow up, see *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 240 F. Supp. 805, 145 U.S.P.Q. (BNA) 61 (D. Mass. 1965) (“*Aro III*”).

¹⁷⁹ *Aro II*, 377 U.S. at 502 n.18 (plurality dicta view) (In section IV of this case, a plurality 4 of 9 justices stated their views in dicta while Mr. Justice Harlan restrained himself from participating in unripe matters dealt with in section IV). See *supra* text accompanying note 37 (discussing the plurality dicta view). Although it is likely Justice Brennan wrote section IV of *Aro II* since he wrote the majority opinion for the *Aro II* Court, there is no express indication as to which of these four wrote the plurality dicta view.

the practice of awarding “damages” (“lost profits”) under the pre-1946 recovery category of damages or awarding a “reasonable royalty” under the post-1964 recovery category of reasonable royalty. This has persisted despite lacking the statutory authority under 35 U.S.C. § 284 for either award.

As the reader can imagine, pulling the wool over the eyes of the People, the members of Congress and the judiciary is no easy feat of deception. This is especially true where the deception lasts thirty-three years and is overlooked by hundreds of thousands of attorneys. Such an abditive feat requires a great skill—a “Supreme skill”—at manipulating words and their meaning. The plurality dicta view masterfully achieved this deception through distortion and then a tying arrangement. First, the plurality dicta view distorted the body Congress’ meaning of the terms in R.S. 4921 (1946) into something that the body Congress never intended. The plurality dicta view then piggybacked this distortion onto *Aro II*’s majority holding to tie the Supreme Court’s ultimate authority as the analyzer of the terms of statutes and our Constitution to the plurality dicta view’s distortion. This tying arrangement between the Supreme Court’s Constitutional authority and the plurality dicta view’s distortion was crafted to impart the misconception that the plurality dicta view’s distortion was statutory law enacted by Congress and the President. The plurality dicta view achieved the distortion part of their overall deception in five steps.

1. *Step 1: Find the Constitution Superseded.* Since 1792, it has been clear that the Supreme Court’s jurisdiction over issues is limited to those issues that satisfy the Article III, Section 2, Clause 1 “case or controversy” requirement. This constitutional requirement states that “[t]he judicial Power shall extend to all Cases and to controversies.”¹⁸⁰ On this, the 1997 Court in *Clinton v. Jones*¹⁸¹ cited the 1792 case of *Hayburn’s Case*¹⁸² and stated:

[T]his Court early and wisely determined that it would not give advisory opinions even when asked by the Chief Executive. More generally, we have broadly stated that executive

¹⁸⁰ U.S. CONST. art. III, § 2, cl. 1.

¹⁸¹ 117 S. Ct. 1636 (1997).

¹⁸² 2 U.S. (2 Dall.) 408 (1792).

or administrative duties of a nonjudicial nature may not be imposed on judges holding office under Art. III of the Constitution. These restrictions on judicial activities help ensure the independence of the Judicial Branch and to prevent the Judiciary from encroaching into areas reserved for the other branches.¹⁸³

This Constitutional mandate makes sense since Congress may still “authorize [the Court] to enter orders necessary and appropriate to the final disposition of a suit that is before [the Court] for review” concerning matters “‘reasonably ancillary to the primary, dispute-deciding function’ of the federal courts.”¹⁸⁴ Moreover, abstract or hypothetical questions before the Court lack the long-term, lower-court analysis needed by the minimally staffed Justices to make wise, final, non-political decisions. Justice Harlan knew this and appropriately restrained himself in *Aro II* by expressly stating that the patent infringement compensation matters were not ripe for decision, leaving them for determination in the future course of *Aro II*'s litigation.¹⁸⁵

It is a sad commentary on Chief Justice Earl Warren's 1964 Court that only one Justice in the *Aro II* majority—Justice Harlan—felt bound by that Justice's sworn oath of Office to uphold our Constitution by restraining himself. Justice Frankfurter once explained the difference between judging and judicial activism:

[The] courts are not at large. . . . They are under the constraints imposed by the judicial function in our democratic society. As a matter of verbal recognition certainly, no one will gainsay that the function in construing a statute is to ascertain the meaning of words used by the [body Congress]. To go beyond it is to usurp a power which our democracy has lodged in its elected legislature. . . . A judge must not rewrite a statute, neither to enlarge nor to contract it. Whatever temptations the statesmanship of [judicial] policy-

¹⁸³ *Clinton*, 117 S. Ct. at 1647 n.33 (internal quotations and citations omitted).

¹⁸⁴ *U.S. Bancorp Mortgage Co. v. Bonner Mall Partnership*, 513 U.S. 18, 22 (1994) (internal citations omitted).

¹⁸⁵ *Aro II*, 377 U.S. at n.18.

making might wisely suggest, construction must eschew interpolation and evisceration. He must not read in by way of creation. He must not read out except to avoid patent nonsense or internal contradiction. . . . [At present, the] only sure safeguard against crossing the line between adjudication and legislation is an alert recognition of the necessity not to cross it and instinctive, as well as trained, reluctance to do so.¹⁸⁶

Even with a clear understanding of the constraints they were under as federal judges, Brennan, Stewart, White, and Goldberg gave the Constitution's case or controversy mandate a 1960's wink by deeming Article III, Section 2, Clause 1 of our Constitution—the Supreme law of our land—superseded by so-called administration concerns: "It is true that the lower courts have not yet expressly addressed themselves to the damages issue, and that the parties have not argued it here. . . . [Nonetheless], we deem it in the interest of efficient judicial administration to express those views at this time."¹⁸⁷

The so-called administration concerns that Brennan, Stewart, White, and Goldberg used to supersede constitutional imperatives were the personal conclusion of these four Justices that "we are, indeed, doubtful that CTR can properly be allowed recovery of anything more than nominal damages from Aro."¹⁸⁸ The plurality dicta view developed its analysis to support this predetermined conclusion because these Justices personally believed that "[a] patent owner's ability to recover the infringer's profits reflect[s] the notion that he should be able to force the infringer to disgorge the fruits of the infringement even if it caused him no injury."¹⁸⁹ With their *ad hominem* pretense of jurisdiction, the four members of this *ipse dixit* coterie could now proceed to the more pernicious parts of their view: enacting statutory law from the Court's bench.

2. Step 2: Disguise Plurality Dicta View Definitions As Congress' Definitions. To distort Congress' law, the illusion had to be created

¹⁸⁶ Frankfurter, *supra* note 42, at 533-35, quoted in *FBI v. Abramson*, 456 U.S. 615, 633 (1982).

¹⁸⁷ *Aro II*, 377 U.S. at 502.

¹⁸⁸ *Id.* at 504.

¹⁸⁹ *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 654, 217 U.S.P.Q. (BNA) 1185, 1188 (1983).

that the plurality dicta view was implementing the body Congress' meaning of the terms in R.S. 4921 (1946) and not their own meaning. To achieve this, the plurality dicta view first correctly pointed out that the Patent Act of 1952 did not change the law concerning R.S. 4921 (1946): "[t]he [1952] stated purpose [for consolidating R.S. 4919 (1946) and R.S. 4921 (1946) into 35 U.S.C. § 284] was merely . . . 'to clarify the statement of the statutes.'"¹⁹⁰ Their disingenuous purpose for pointing this out was to imply without analysis that § 284 (1964) was an acceptable patent statute for use in analyzing the body Congress' 1946 meaning of the terms in R.S. 4921 (1946), even though the body Congress' meaning of the terms in § 284 were set out 18 years before the existence of § 284 (1964). This makes a mockery of the requirement that the analysis of a patent law question necessarily begins with the relevant patent statute¹⁹¹ and, as will be so clear, is an affront on our Constitution.

Analyzing the body Congress' meaning of the terms in R.S. 4921 (1946) under § 284 (1964) allowed the plurality dicta view to avoid Congress' 1946 action of removing the R.S. 4921 (1922) statutory basis for awarding "damages" and "profits" as separate recovery categories by enacting a new R.S. 4921 (1946) umbrella patent infringement recovery category labeled "general damages"¹⁹² and by defining general damages as "due compensation for making, using, or selling the invention." Violating their sworn oath under Article VI, Clause 3 to support the terms of the United States Constitution by avoiding Congress' 1946 removal of both the R.S. 4921 (1922) profits recovery category and the R.S. 4921 (1922) damages recovery category, the plurality dicta view could now put into effect their hidden agenda. The plurality dicta view declared that the 1946 Congress eliminate the recovery of profits by eliminating only the R.S. 4921 (1922) recovery category of profits, while keeping the recovery of damages by not eliminating the R.S. 4921 (1922) recovery category of damages. As they put it, "[t]he

¹⁹⁰ *Aro II*, 377 U.S. at 505 n.20.

¹⁹¹ *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1544 (Fed. Cir. 1995) (in banc) (citing *General Motors Corp. v. Devex Corp.*, 461 U.S. at 653-54).

¹⁹² See, e.g., *Ric-Wil Co. v. E. B. Kaiser Co.*, 179 F.2d 401, 407, 84 U.S.P.Q. (BNA) 121, 127 (7th Cir. 1950) (stating R.S. 4921 (1946) "provides recovery for nothing other than 'general damages'").

statute was changed . . . whereby only 'damages' are recoverable."¹⁹³

In actuality, in making this statement, the plurality dicta view was actually stating that the 1946 Congress eliminated recovery of the infringer's profits by changing the text in 1952. This positive misprision of retroactively attributing the recodification by the 1952 Congress to the 1946 Congress created the illusion that the plurality dicta view was implementing 1946 Congress' meaning of the terms in R.S. 4921 (1946) rather than the plurality dicta view's meaning of the terms in R.S. 4921 (1946). The Federal Circuit's observations are relevant here:

Distortion of the record, by deletion of critical language in quoting from the record, reflects a lack of the candor required by the MODEL RULES OF PROFESSIONAL CONDUCT, Rule 3.3 (1983), wastes the time of the court and of opposing counsel, and imposes unnecessary costs on the parties and on fellow citizens whose taxes support this court and its staff. A quotation containing deletions that so clearly distort the meaning and relevance of the quotation as to render it misleading will not in this court be encouraged by acquiescence.¹⁹⁴

3. *Step 3: Circumvent Congress' Post-1946 General Damages Recovery Category.* Since the plurality dicta view had successfully created the illusion that they were implementing the body Congress' meaning of the terms in R.S. 4921 (1946) and not their own meaning, the plurality dicta view could take the third of their five steps to distort the body Congress' meaning of the terms in R.S. 4921 (1946) into something that the body Congress never intended. These four Justices knew that they had to circumvent Congress' post-1946 general damages recovery category since, as discussed above in Part III of this Article, Congress' meaning of post-1496 general damages included the infringer's profits and the claimant's damages.

¹⁹³ *Aro II*, 377 U.S. at 505.

¹⁹⁴ *Amstar Corp. v. Envirotech Corp.*, 730 F.2d 1476, 1486, 221 U.S.P.Q. (BNA) 649, 656 (Fed. Cir. 1984).

To circumvent Congressional law, the plurality dicta view of *Aro II* relied on a textual change in R.S. 4921 (1946) from the 1946 law to the 1952 law in order to assert that Congress made a substantive change in R.S. 4921 (1946) from the 1922 law to the 1946 law. The Patent Act of 1952's codification of R.S. 4921 (1946) into § 284 (1952) changed the R.S. 4921 (1946) text, "the complainant shall be entitled to recover GENERAL DAMAGES which shall be due compensation for making, using, or selling the invention"¹⁹⁵ to, "the court shall award the claimant DAMAGES."¹⁹⁶ While there is no written record of why the text was changed from "general damages" to "damages," the members of the plurality dicta view admitted that this text change was not a substantive change in the law: "the stated purpose [for consolidating R.S. 4919 (1946) and R.S. 4921 (1946) into § 284 through the Patent Act of 1952's codification] was merely . . . to clarify the statement of the statutes."¹⁹⁷ It is likely, however, that the drafters of the 1952 Act believed, without the benefit of analysis, that the term "general damages" was a superfluous description of the word "damages" since, as observed by the Supreme Court in 1980, "[t]he 1952 Act was approved with virtually no floor debate. . . . Perhaps because of the magnitude of the recodification effort, the Committee Reports accompanying the 1952 Act also gave relatively cursory attention to its features."¹⁹⁸ Given the 1952 drafters' enormous task of recodifying all of patent law, their confusing mistake of eliminating the modifier "general" from the term "general damages" is understandable. Justices Brennan, Stewart, White, and Goldberg's 1964 capitalization on this confusion, however, is inexcusable.

¹⁹⁵ Patent Act of 1946, 60 Stat. at 778 (codified as revised in 1952 at 35 U.S.C. § 284 (1994)) (emphasis added).

¹⁹⁶ Patent Act of 1952, ch. 29, sec. 3, § 284, 66 Stat. 792, 813 (1952) (codified at 35 U.S.C. § 284 (1994)) (emphasis added).

¹⁹⁷ *Aro II*, 377 U.S. at 505 n.20 (plurality dicta view).

¹⁹⁸ *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 203, 206 U.S.P.Q. (BNA) 385, 399 (1980). As an aside, luck was with the 1952 drafters when they removed the modifier "due" from the term "due compensation" in codifying R.S. § 4921 (1946) into § 284 (1952) since, as shown in Part III.C.2. of this Article, the 1946 Congress intended for "due compensation" to mean "compensation." Nevertheless, rather than relying upon luck, the courts must rely upon the rules of the STA Method or, in the future, on the Federal Rules of Evidence to determine the body Congress' meaning of a statutory term.

Through *parisology* (a deliberate ambiguity in the use of words), the plurality dicta view linked a series of words mixed up in a nonsensical fashion to create statements concerning the word “damages” that circumvented Congress’ post-1946 general damages recovery category: “We are, indeed, doubtful that CTR can properly be allowed recovery of anything more than nominal damages from *Aro*.”¹⁹⁹ This is because “[R.S. 4921 (1946)] was [textually] changed [by the 1952 Act] to approximately its present form, whereby only ‘damages’ are [substantively] recoverable. . . .”²⁰⁰ This is so even though in the 1952 codification, “[t]he stated purpose [of consolidating R.S. 4919 (1946) and R.S. 4921 (1946) into § 284] was merely reorganization in language to clarify the statement of the statutes.”²⁰¹ Nevertheless, “[t]he purpose of the [1952 codification] change was precisely to [substantively] eliminate the [1946] recovery of profits as such and allow recovery of damages only.”²⁰² Thus, “there can be no doubt that the [1946] amendment succeeded in effectuating this purpose; it is clear that under [§ 284 (1964)] only damages are recoverable.”²⁰³ As for the claimant, “[the recovery of damages only] reduces substantially—quite possibly to a mere nominal sum—the amount of recovery that CTR may be awarded.”²⁰⁴ In conclusion then, we judicially enact that CTR and all other claimants who lack exploitation capacity are “not entitled . . . to anything more than nominal damages.”²⁰⁵

With the plurality dicta view’s word-salad assertion that Congress themselves intended that only damages (not general damages) be recoverable in a patent infringement action, the plurality dicta view could now define the term “damages” within their damages recovery category in any way that the *Aro II* plurality dicta view chose, simply because the 1964 *Aro II* plurality dicta view substantively eliminated the 1946 Congress’ recovery category of “general damages.”

¹⁹⁹ *Aro II*, 377 U.S. at 504.

²⁰⁰ *Id.* at 505.

²⁰¹ *Id.* at 520 n.20.

²⁰² *Id.* at 505.

²⁰³ *Id.* at 506.

²⁰⁴ *Id.* at 493.

²⁰⁵ *Id.* at 510 (plurality dicta view).

4. *Step 4: Revive the Dead Pre-1946 Damages Recovery Category.* The fourth step of the plurality dicta view's distortion required the plurality dicta view to create at least one definition of "damages" within their recovery category of damages to replace the removal of Congress' general damages recovery category, which included Congress' definition of general damages encompassing the infringer's profits and the claimant's damages. Since the plurality dicta view's purpose was to prevent a patent infringement claimant from recovering the infringer's profits (e.g. nothing "more than nominal damages") without raising suspicion as to what they were up to, the most likely source for their recovery category was something that Congress had addressed in the past. Here, the pre-1946 recovery category of damages that was eliminated by Congress in 1946 fit their necrolexigraphic purpose. Justices Brennan, Stewart, White, and Goldberg implicitly revived the dead pre-1946 recovery category of damages by explicitly citing to three different sources: an unenacted 1946 legislative proposal, a definition from a dead recovery category, and an untimely and out of context lower court opinion.

a. *Unenacted 1946 Legislative Proposal.* Along with Congress' vested power to make all laws under Article I, Section 8, Clause 18, Congress logically has the power to choose between two legislative proposals to enact one of these two proposals into law. As discussed above, the definition of general damages as "compensation" was approved by the full House and the full Senate without bringing to a vote the definition of general damages as "any damages a complainant can prove," a definition proffered by Mr. Lanham and the three reports relating to R.S. 4921 (1946) meaning "actual damages."

The four justices of *Aro II*'s plurality dicta view never addressed R.S. 4921 (1946)'s express definition of general damages by which the full House, the full Senate, and the President intended to include the recovery of both damages and profits, but not require the recovery of either. Rather, the plurality dicta view usurped Congress' Article I, Section 1 legislative power to make all laws under Clause 18 relating to Congress' Clause 8 patent power to impermissibly revive the 1946 legislative proposal defining general

damages as “any damages the complainant can prove,”²⁰⁶ thereby supporting these Justices’ personal view that “[t]here can be no doubt that the [1946] amendment succeeded in effectuating this purpose; it is clear that under the present [1964] statute only damages are recoverable.”²⁰⁷

Now that these four unelected government employees enacted the definition of general damages as “any damages the complainant can prove,” the plurality dicta view needed to define what they meant by the term “any damages the complainant can prove.” They offered the bar three definitions of post-1946 “plurality dicta view damages,” two of which came from two pre-1946 (actually pre-1900) cases. The two pre-1946 definitions will be addressed first.

b. Pre-1946 Patent Profits & Damages. In general, post-1946 patent law opinions are given more weight than pre-1946 patent law opinions because 1946 marked the beginning of clarity in Patent Law.²⁰⁸ To understand the importance of the period from when the plurality dicta view sourced two versions of their “plurality dicta view damages” definition, it is necessary to look at the relevant patent law history of the word “damages.” Before August 1, 1946, patent law had its own different and particular definition of “damages” and its own different and particular definition of “profits”—neither of which comported with the ordinary and reasonable definitions for the same two words. Under the *Duplate* definitions, pre-1946 patent law “damages” were defined as “‘what the owner of the patent loses by such infringement.’”²⁰⁹ Pre-1946 patent law “profits” were defined as “‘what the infringer makes.’”²¹⁰ However, as discussed above, through the Patent Act of 1946, Congress eliminated the pre-1946 recovery category of “damages” and the pre-1946 recovery category of “profits” without changing the pre-1946 substantive law by enacting a new, single patent infringement recovery category labeled

²⁰⁶ *Id.* at 505-06.

²⁰⁷ *Id.* at 506.

²⁰⁸ See, e.g., *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1548 n.7 (Fed. Cir. 1995) (in banc) (finding as unpersuasive the dissenting opinion’s use of pre-1946 case regarding compensation).

²⁰⁹ *Duplate Corp. v. Triplex Co.*, 298 U.S. 448, 451, 29 U.S.P.Q. (BNA) 306, 308 (1936) (quoting *Diamond Stone-Sawing Maching Co. v. Brown*, 166 F.306 (2d Cir. 1908)).

²¹⁰ *Id.* (quoting *Diamond Stone-Sawing Maching Co. v. Brown*, 166 F.306 (2d Cir. 1908)).

“general damages,” and by providing as law the different and particular definition of the term general damages as due compensation for making, using, or selling the invention.

Despite Congress’ action of killing the pre-1946 patent law damages recovery category pursuant to Congress’ Constitutional authority, the plurality dicta view again invoked Congress’ Article I, Section 1 legislative powers to make law relating to Congress’ patent power. The plurality dicta view mandated that the definitions of damages set out in the 1895 case of *Coupe v. Royer*²¹¹ and the 1886 case of *Yale Lock Manufacturing Co. v. Sargent*²¹² were to be the sole theory on which a claimant could recover more than nominal damages within the “plurality dicta view damages” recovery category. Further, by omitting the citation dates to these pre-1900 case citations from the text of the *Aro II* plurality dicta view, these four Justices made it less likely that other judges and lawyers reading *Aro II*’s plurality dicta view would realize that these two infringement recovery definitions were taken from before the turn of the century.²¹³

c. *Untimely & Out-of-Context Lower Court Opinion.* The plurality dicta view also implicitly revived the pre-1946 recovery category of damages by taking out of context a statement from a lower court opinion issued twelve years after the Patent Act of 1946. The plurality dicta view cited to the Fifth Circuit’s opinion in *Livesay Window Co. v. Livesay Industries* (hereinafter “*Livesay II*”),²¹⁴ where the Fifth Circuit stated that “the question to be asked in determining damages is how much had the Patent Holder and Licensee suffered by the infringement. And that question (is) primarily: had the infringer not infringed, what would Patent Holder-Licensee have made?”²¹⁵

In *Livesay II*, the Fifth Circuit did not indicate why the above statement was made or the basis for the statement. Further, this

²¹¹ 155 U.S. 565 (1895).

²¹² 117 U.S. 536 (1886).

²¹³ *Aro II*, 377 U.S. at 507 (citing *Yale Lock Mfg. Co. v. Sargent*, 117 U.S. 536, 552 (1886) and *Coupe v. Royer*, 155 U.S. 565, 582 (1895), but omitting the years of both opinions—here 1886 and 1895—from the published, *Aro II* plurality dicta view case citation).

²¹⁴ 251 F.2d 469, 116 U.S.P.Q. (BNA) 167 (5th Cir. 1958).

²¹⁵ *Aro II*, 377 U.S. at 507 (quoting *Livesay Window Co. v. Livesay Indus.*, 251 F.2d at 471).

case was one of accounting for profits and damages²¹⁶ where the Fifth Circuit stated, “[t]he profit is but the true measure of that which infringement has taken from the patent owner.”²¹⁷ Thus, the context of the untimely *Livesay II* opinion recognized that both the infringer’s profits and the claimant’s damages were the economic sources from which the claimant could recover compensation.

Nonetheless, through their behavior of explicitly citing to three, non-legislative sources that were inapplicable to R.S. 4921 (1946), the plurality dicta view judicially enacted the dead pre-1946 recovery category of damages as the redivivus (once dead; now living) pre-1946 recovery category of damages. Moreover, under the *Aro II* “plurality dicta view damages” recovery category, only “damages the complainant can prove” were recoverable. Proving these “actual damages” under the *Aro II* “plurality dicta view damages” first requires that the claimant prove that it had the capacity to exploit that claimant’s patent grant at the time of the infringement. Thus, only those claimants who had the money and resources to exploit that claimant’s patent grant at the time of the infringement could prove *Aro II* “plurality dicta view damages.” With all else being equal under this living constitution approach, a claimant who was rich at the time of the infringement would succeed in a court of law under the plurality dicta view’s damages recovery scheme where as a poor claimant would not. In short, the plurality dicta view’s actions of gutting Congress’ statute like just another 1960’s fish to be fried, left a void in those circumstances where the claimant did not or could not prove “actual damages.” To fill this void, these four citizens implemented their own compulsory licensing scheme.

5. *Step 5: Create the Post-1964 Reasonable Royalty Recovery Category.* The fifth and final step of the plurality dicta view’s distortion required the plurality dicta view to account for unconstitutionally removing Congress’ laws relating to recovery of an infringer’s profits. This accounting was necessary since in those

²¹⁶ This was brought out in *Livesay Indus. v. Livesay Window Co.*, 202 F.2d 378, 379, 96 U.S.P.Q. (BNA) 285, 286 (5th Cir. 1953) (“*Livesay I*”).

²¹⁷ *Livesay Window Co.*, 251 F.2d at 472. See also *Kori Corp. v. Wilco Marsh Buggies & Draglines, Inc.*, 761 F.2d 649, 655 (Fed. Cir. 1985) (Judge Rich making the same observation).

circumstances where a claimant lacks the timely capacity to exploit the claimant's patent claim, that claimant, by definition, could not prove actual damages beyond mere speculation. Like the early patent law case of *Whittemore v. Cutter*,²¹⁸ the plurality dicta view must have recognized that there needs to be some type of statutory recovery award for infringement conduct if the statute proscribes the conduct. This required the plurality dicta view to create a new, post-1964 recovery category as the other half of their two-recovery category scheme.

Again, since the plurality dicta view's purpose was to prevent a patent infringement claimant from recovering the infringer's profits without raising suspicion as to what they were up to, the most likely source for their recovery category was a meaning of a term and a term that Congress had addressed in the past. Here, compulsory licensing fit their need for the meaning of a term in the statute and "reasonable royalty" fit their need for a term in the statute. As will be shown, through *subintelligitur* (a meaning implied but not stated), the plurality dicta view created the post-1964 reasonable royalty recovery category with compulsory license as the implied meaning of their reasonable royalty term.

The concept of a patent reasonable royalty is an old one. The Patent Act of 1793 provided as infringement remedy: "[The infringer] shall forfeit and pay to the patentee, a sum, that shall be at least equal to three times the price, for which the patentee has usually sold or licensed to other persons, the use of the said invention. . . ."²¹⁹ Thus, an infringer was liable for three times the estimated monetary amount the claimant usually received for the noninfringing use of the claimant's invention. The amount a claimant received for noninfringing use falls under the ordinary and reasonable definition of a royalty. The royalty amount a claimant usually received from noninfringers falls under the ordinary and reasonable definition of a "reasonable royalty." Although this is the source for a patent reasonable royalty, royalties for invention patents were not mentioned in case law until

²¹⁸ 29 F. Cas. 1120, 1121 (C.C.D. Mass. 1813) (No. 17,600) ("Whittemore I") (concerning patent law, Judge Story stated that "[e]very violation of a right imports some damage, and if none other be proved, the law allows a nominal damage").

²¹⁹ Patent Act of 1793, ch. 11, § 5, 1 Stat. 318, 322 (1793) (repealed 1836).

Goodyear v. Beverly Rubber Co.,²²⁰ some sixty six years later.

However, as shown above, the 1946 Congress never meant for the reasonable royalty to be a recovery category. The reasonable royalty was meant to be a check and balance on the compensation awarded. Nevertheless, the plurality dicta view threw the lower courts a bone in the form of a reasonable royalty by incorrectly stating that § 284 EXPRESSLY allowed the award of a reasonable royalty under the circumstances where the claimant lacked exploitation capacity: “[T]he statute [§ 284 (1964)] allows the award of a reasonable royalty.”²²¹ The logic avoided by this negative misprision of the plurality dicta view was that if § 284 does not allow an award that is less than a reasonable royalty, § 284 INFERENTIALLY allows (or does not allow) for the award of a reasonable royalty. Thus, the text of 35 U.S.C. § 284 is ambiguous concerning the issue of awarding a reasonable royalty.

An ambiguous meaning of a statutory term requires an inference of law by the trier of law. For an inference of law, a process of logic and reason—an illation—must be made in writing by a judge before concluding, as a matter of law, what the body Congress meant by a statutory term. Since a dianoetic process must be made in this regard, the terms of § 284 must first be analyzed before arriving at a conclusion that, as a matter of law, § 284 allows or does not allow for an award in the form of a reasonable royalty.

As this Article’s analysis in Part III.C demonstrated, § 284 only allows for an award in the form of compensation from the compensation recovery category under § 284 and not from a reasonable royalty recovery category or any other recovery category. As discussed above, the terms and legislative history of R.S. 4921 (1946), § 284 (1964), and § 284 (1994) clearly establish that a reasonable royalty is but a measure, a floor, a nominal amount by

²²⁰ 10 F. Cas. 638, 641 (C.C.D. Mass. 1859) (No. 5,557).

²²¹ *Aro II*, 377 U.S. at 505. Subsequent support for Justice Brennan’s et al. judicial law came from friends in the courts below. See *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116, 1127, 166 U.S.P.Q. (BNA) 235, 244 (S.D.N.Y. 1970) *modified*, *Georgia-Pacific Corp. v. United States Plywood-Champion Papers, Inc.*, 446 F.2d 295, 170 U.S.P.Q. (BNA) 369 (2d Cir. 1971) (concluding that “[i]t is clear, then, that under the statute a reasonable royalty is an alternative way of recovering general compensatory damages”); *Georgia-Pacific Corp. v. United States Plywood Corp.*, 243 F. Supp. 500, 547 n.28 (S.D.N.Y. 1965) (observing that “Sen. Pepper stated, in the 1946 Senate Debate, that: ‘the basis laid down by this bill is general compensatory damages’”).

which the compensation award must be in excess of or equal to. This is in accord with the Federal Circuit which held in banc that “[s]ection 284 further instructs that a [compensation] award shall be ‘in no event less than a reasonable royalty’; the purpose of this alternative is not to direct the form of compensation, but to set a floor below which damage awards may not fall.”²²² This has been incorporated into the proposed amendments in Appendix I.

Awarding the claimant a true reasonable royalty under such circumstances of infringement amounts to disgorging a license from that claimant through an election to infringe. Under an economic theory of breach of implied contract license, an election to infringe is “a handy means for competitors to impose a compulsory license policy upon every patent owner.”²²³ Moreover, the “imposition on a patent owner who would not have licensed his invention for [a certain] royalty is a form of compulsory license, against the will and interest of the person wronged, in favor of the wrongdoer.”²²⁴ Even in the text of 35 U.S.C. § 284 (1994), the statute clearly distinguishes “damages” from a “royalty” by listing the two terms separately: “an aid to the determination of damages or of what royalty.”²²⁵ Where is the express statutory basis for a court to award a “royalty” when § 284 (1994) precedes its qualitative phrase “adequate to compensate” by expressly stating the “the court shall award the claimant damages”?²²⁶ If a reasonable royalty is damages, then what does the statute indicate to award when not awarding a reasonable royalty? Where in the statute is the term “lost profits”? Is it not important to read the statute? Is everyone afraid to say that “the King has no clothes on.”²²⁷ That being said, the key to understanding how patent law ended up where it is today is that no patent statute enacted by Congress and the

²²² *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1544 (Fed. Cir. 1995) (in banc).

²²³ *Id.* at 1555 (quoting *TWM Mfg. v. Dura Corp.*, 789 F.2d 895, 900, 229 U.S.P.Q. (BNA) 525, 528 (Fed. Cir. 1986)).

²²⁴ *Id.* (quoting *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1328, 5 U.S.P.Q.2d (BNA) 1255, 1261 (Fed. Cir. 1987) (alteration in original)).

²²⁵ 35 U.S.C. § 284 (1994).

²²⁶ *Id.*

²²⁷ *Commissioner v. Culbertson*, 337 U.S. 733, 752 (1949) (Frankfurter, J., concurring) (“Men may put on the habiliments of a partnership whenever it advantages them to be treated as partners underneath, although in fact it may be a case of ‘The King has no clothes on’ to the sharp eyes of the law.”).

President allows the court to award a reasonable royalty—only the unelected citizens of the *Aro II* plurality dicta view do.

6. *Conclusion.* In summary, before 1946, a patent infringement claimant's recovery derived from two congressionally enacted recovery categories: (i) from the recovery category of damages, which included the definition of claimant's damages and (ii) from the recovery category of profits, which included the definition of infringer's profits. Through the Patent Act of 1946, Congress eliminated this two-recovery category scheme without changing the pre-1946 substantive law. Congress did this by enacting a new, umbrella patent infringement recovery category labeled "general damages" and by defining general damages as due compensation for making, using, or selling the invention. Thus, a post-1946 claimant's recovery derived from the recovery category of general damages, with Congress' definition of general damages including the infringer's profits and the claimant's damages. After Congress' 1952 textual codification of the 1946 Act, a claimant still recovered money from a single recovery category that still included the infringer's profits and the claimant's damages. However, the 1952 textual codification confusingly renamed the 1946 "general damages recovery category" as the "damages recovery category" without substantively changing the law enacted 1946.

In section IV of the 1964 case *Aro II*, Justices Brennan, Stewart, White, and Goldberg circumvented Congress' single recovery category scheme by usurping Congress' law making power to revive one of the two pre-1946 recovery categories eliminated by the 1946 Congress: namely, the pre-1946 recovery category of damages, with the included definition of claimant's damages excluding recovery of the infringer's profits.²²⁸ To account for unconstitutionally removing Congress' laws relating to recovery of an infringer's profits, these four Justices again usurped Congress' law making power to create the post-1964 reasonable royalty recovery category, with a definition of reasonable royalty that amounts to nothing more than a compulsory license.

Thus, by asserting their own "damages" recovery category and their own "reasonable royalty" recovery category, the plurality dicta

²²⁸ *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 502-13 (1964) ("*Aro II*").

view had masterfully distorted the body Congress' meaning of the terms in R.S. 4921 (1946) into something the body Congress never intended. With the "fidelity" portion of their work done, all that remained necessary was the issuance of the *Aro II* opinion. Justice Brennan chose Monday, June 8, 1964 to announce that decision.²²⁹

When America woke up on Monday morning, June 8, 1964, the newspapers again signaled that the existing state of things in America would no longer be preserved. On that morning, Americans read that United States Supreme Court Chief Justice Earl Warren had spent over three hours taking testimony from condemned slayer Jack Ruby in the Dallas County Jail, even though no Chief Justice had ever before visited a jail to take testimony from a prisoner, and though such a case was likely to reach the Supreme Court.²³⁰ They read about 223 constitutional lawyers, including fifty five law school deans, making a plea to Congress to oppose any amendment to the Constitution that would permit school religious exercises,²³¹ and that the biggest headache for the workers of Planned Parenthood was breaking down old attitudes concerning birth control.²³² The *Los Angeles Times* had printed part eight of its accounting of President Kennedy's 1961 failure at Cuba's Bay of Pigs,²³³ and Jack Ruby's defense attorney, Melvin Belli, announced plans to sue the president of the American Bar Association for injudicious and insulting remarks.²³⁴ Rounding up the news of that Monday, thirty three years ago, United States Ambassador to the United Nations, Adlai E. Stevenson, unbelievably ignored his constitutional oath of office²³⁵ by proclaiming to young Americans and non-Americans in his Colby College commencement speech that, in demanding civil rights, "a jail sentence is no longer a dishonor but a proud achievement," after which

²²⁹ *Id.* at 476.

²³⁰ *Warren Talks 3 Hours With Ruby in Jail*, L.A. TIMES, June 8, 1964, § 1, at 1.

²³¹ *223 Lawyers Fight Plan to Permit School Prayer*, L.A. TIMES, June 8, 1964, § 1, at 7.

²³² Harry Nelson, *Catholic Opposition to Family Planning Denied*, L.A. TIMES, June 8, 1964, I, at 2.

²³³ Haynes Johnson, *The Bay of Pigs: Lack of Planes Spells Failure*, L.A. TIMES, June 8, 1964, § 1, at 2.

²³⁴ *Belli to Sue President of U.S. Bar*, L.A. TIMES, June 8, 1964, § 1, at 5.

²³⁵ U.S. CONST. art. VI, cl. 3.

Stevenson was given an honorary degree of Doctor of Humane Letters by Colby College.²³⁶

Even with all of these signs, when America woke up on that Monday morning of June 8, 1964, they had no reason to expect that four members of our Supreme Court were about to subvert the United States Constitution through their usurpation of Congress' power to make all laws. Moreover, for a moment, put yourself in the position of Elliott I. Pollock, the attorney who represented the claimant in *Aro II* before the Supreme Court. Imagine that just two days after your thirty-seventh birthday,²³⁷ you go into work on Monday morning and see this *Aro II* opinion sitting on your desk. With your jaw dropped, you read the plurality dicta view in section IV and realize that the plurality dicta view has decimated your client's chances of recovering anything more than a nominal amount, despite the fact that you never even had a chance to brief the compensation issues. As you fall back into your desk chair concerned with your client, there is no way for you to know that you are the first among millions over the next thirty-three years to be driven under by the judicial weight of the plurality dicta view as justified by the so-called living Constitution.

When the *Aro II* majority opinion was issued on Monday, June 8, 1964, it carried with it the plurality dicta view's "damages" recovery category and the plurality dicta view's "reasonable royalty" recovery category in section IV of the *Aro II* opinion. By piggybacking their "laws" onto *Aro II*'s majority holding, these "Monday-morning legislators"²³⁸ tied the Supreme Court's ultimate authority as the analyzer of the terms of the laws of the United States to the "laws" of the *Aro II* plurality dicta view.

This tying arrangement between (i) the Supreme Court's Constitutional authority to issue legal opinions and (ii) the laws judicially enacted by the plurality dicta view imparted the misconception that the plurality dicta view's laws were statutory laws of the United States enacted by Congress and the President. Under the great influence of the *Aro II* Supreme Court's authority, the

²³⁶ *Stevenson Says Rights Bill Just a Beginning*, L.A. TIMES, June 8, 1964, § 1, at 15.

²³⁷ 4 MARTINDALE-HUBBELL, LAW DIRECTORY DC 780B (1997).

²³⁸ Orrin Hatch, *Judicial Nominees: The Senate's Steady Progress*, WASH. POST, Jan. 11, 1998, § Op-Ed, at C09 ("Judges must understand their role in our constitutional system as impartial magistrates, not Monday-morning legislators.")

lower courts have wrongfully been convinced for the past thirty three years that the application of § 284 only allows awards of amounts that constitute either damages (lost profits) under the pre-1946 recovery category of damages or a “reasonable royalty” under a post-1964 recovery category of reasonable royalty.²³⁹ When the American People look at § 284, Title 35 of the United States Code and see the word “damages” and the words “reasonable royalty,” our belief is that the elected members of Congress used their power to make all laws and passed both the terms and their meanings into the statute. The truth is that these words were given meaning and enacted by the four unelected Supreme Court Justices of *Aro II*'s plurality dicta view.

B. EFFECT OF *ARO II*'S PLURALITY DICTA VIEW

America's road to destruction is paved by those propagating our Constitution as a living constitution. One of the more divisive means the Court uses to subvert Congress and the Constitution is the Court's *Doctrine of Prospective Decisionmaking*. Prospective decisionmaking is “the [Court] practice of [making a new judicial law] but applying it neither to the parties involved in the watershed case nor to others similarly situated.”²⁴⁰ This forked tongue assault from within simultaneously usurps Congress' vested power to make all law under Article I, Section 8, Clause 18 as well as violates the Constitution's cases or controversies mandate under Article III, Section 2, Clause 1. Chief Justice Earl Warren, who viewed prospective decision making as part of the judicial process, stated in 1969 that “the problem inherent in prospective decision-making . . . must be balanced against the impetus the [usurpation] technique provides for the implementation of long overdue [legislative] reforms, which otherwise could not be practicably effected.”²⁴¹

To believe that five to nine, unelected citizens, immune from the economic and political fallout of their own law, are sufficient to

²³⁹ 7 DONALD S. CHISUM, CHISUM ON PATENTS § 20.02[4][c], at 20-74 (1997) (noting that *Aro II*'s plurality dicta view caused a shift in the course of many lower court decisions).

²⁴⁰ *In re Grand Jury Subpoena Duces Tecum*, 112 F.3d 910, 925 (8th Cir. 1997).

²⁴¹ *Jenkins v. Delaware*, 395 U.S. 213, 218 (1969).

make law effecting over two hundred million people is sheer arrogance. Deleterious in its nature, prospective decisionmaking is pessimism at its worst. It is to hold the belief that, but for the knight-errant living constitutionalist, all things American ultimately tend towards evil. Such chimerical idealism pays no regard to the practicality of operating a country, to the visionary of our democratic process, or to the majesty of the American people. It is to wander into extrajudicial territory in search of adventures to prove their chivalry to their fellow living constitutionalists on the backs of those who they seek to protect. Striving to put an end to the Court's doctrine of prospective decisionmaking, Justice Scalia wrote:

Prospective decisionmaking is the handmaid of judicial activism, and the born enemy of *stare decisis*. It was formulated in the heyday of legal realism and promoted as a techniqu[e] of judicial lawmaking in general, and more specifically as a means of making it easier to overrule prior precedent. . . . In the eyes of its enemies, the "doctrine smacked of the legislative process," "encroached on the prerogatives of the legislative department of government," removed one of the great inherent restraints upon this Court's departing from the field of interpretation to enter that of lawmaking, caused the Court's behavior to become assimilated to that of a legislature, and tended to cut the courts loose from the force of precedent, allowing them to restructure artificially those expectations legitimately created by extant law and thereby mitigate the practical force of *stare decisis*. All this was not denied by the doctrine's friends, who also viewed it as a device to augment the power of the courts to contribute to the growth of the law in keeping with the demands of society, as a deliberate and conscious technique of judicial lawmaking, as a means of facilitating more effective and defensible judicial lawmaking. (internal citations omitted)²⁴²

This brings us to Justice Brennan's et al. *Aro II* plurality dicta view. By distorting Congress' carefully constructed R.S. 4921

²⁴² Harper v. Virginia Dep't of Taxation, 509 U.S. 86, 105-108 (1993).

(1946) statutory scheme through prospective decisionmaking, Brennan, Stewart, White, and Goldberg's plurality dicta view has caused devastating effects on court opinions and the rule of law, on litigants who seek justice, and on Congress and the judicial system.

The following analysis of the effects of *Aro II*'s plurality dicta view will bring into reality the American burden caused by the idolatrical support of Justice Brennan's quixotic view that the United States Constitution is a living constitution as well as his imperial promotion of the Judicial Branch as final and infallible.²⁴³ Springing to life from "the great first principles of the social compact,"²⁴⁴ these mystical ideas, which can only be described as subversive to our system of Government by Constitution, are best characterized in a laudatory speech Justice Brennan gave twenty three years after the *Aro II* plurality dicta view. Standing before the 1987 Association of the Bar of the City of New York, Justice Brennan claimed in a self-contradictory statement that "[t]he Constitution will endure as a vital charter of human liberty as long as there are those with the courage to defend it, the vision to interpret it, and the fidelity to live by it."²⁴⁵ Given Justice Brennan's lead role in the *Aro II* plurality dicta view, *Washington Times* reporter Peter Parisi's statement about Justice Brennan's legacy seems more accurate: "Mr. Eisenhower's 1956 selection of Mr. Brennan . . . who legislated from the bench, rather than adjudicated—was a mistake that outlasted Ike's presidency by three decades, and one that has had profoundly negative consequences for the culture and governance of this country."²⁴⁶ The following analysis validates Mr. Parisi's observations.

1. *Effect on Court Opinions & Rule of Law.* Income is defined as an accession to wealth, clearly realized, over which the infringer has dominion.²⁴⁷ Merely by infringing, the infringer has an

²⁴³ See *Judicial Activism: Defining the Problem and Its Impact 1997: Before the Subcomm. on the Constitution, Federalism, and Property Rights of Senate Judiciary Comm. Cong. (1997)* (statement of Edwin Meese III) ("rather than making one branch final and 'infallible' (in the word of former Justice William Brennan)").

²⁴⁴ *Calder v. Bull*, 3 U.S. (3 Dall.) 386, 388 (1798).

²⁴⁵ William J. Brennan, *Reason, Passion, and 'The Progress of the Law'*, 42 *Rec. Assoc. Bar. City of N.Y.* 948, 962 (1987) (the Cardozo Lecture).

²⁴⁶ Peter Parisi, *Judicial Limitation*, *THE WASHINGTON TIMES*, Aug. 13, 1997, at A17.

²⁴⁷ *Commissioner v. Glenshaw Glass Co.*, 348 U.S. 426, 431 (1955).

undeniable accession to wealth as being better off than before the infringement. Realized gain (or loss) is gain (or loss) resulting from an identifiable event, such as a sale or an exchange of property.²⁴⁸ In the case of patent infringement, the infringer clearly realizes wealth upon completing the identifying event, namely infringement. At this point, the infringer has complete dominion over the accessed, clearly realized wealth. In circumstances such as infringing by making, the economic value of realized income may be nominal, but the income is realized nonetheless.

In patent infringement suits, every infringer realizes gross income merely by infringing. Often, the infringer's gross income will be an extremely large amount, anywhere from one to three million dollars to over 800 million dollars.²⁴⁹ Moreover, an individual or small business claimant typically will have lacked the capacity to exploit their now-at-issue patent claim at the time of the infringement and thus cannot prove at trial beyond speculation the claimant's "actual damages."

The dilemma that courts face under this typical scenario is that on one hand, the infringer became rich by practicing the claimant's intellectual property; and on the other hand, the claimant's lack of exploitation capacity precludes the claimant from the plurality dicta view's recovery category of "damage." Thus, under the *Aro II* plurality dicta view, the only other recovery category that has been available post-1964 has been the "plurality dicta view reasonable royalty" recovery category. Since the awarding of a true reasonable royalty under such circumstances would be the equivalent of disgorging a license from the claimant and giving this windfall to the infringer, no court could, in good conscious, award a true reasonable royalty under such circumstance. For the sake of equity, the lower courts have subsequently contorted any reasonableness out of the royalty awarded under the post-1964 recovery

²⁴⁸ BLACK'S LAW DICTIONARY 1264 (6th ed. 1990).

²⁴⁹ See RUSSELL L. PARR, INTELLECTUAL PROPERTY INFRINGEMENT DAMAGES 12 (Cumulative Supp. 1995) (Figure 1.18 "Breakdown of Patent Damages - All Cases Included for the Period 1982 - June 1994" listing \$873,158,971 as the highest award). See also *GNB Battery Techs., Inc. v. Exide Corp.*, 886 F. Supp. 420, 434 (D. Del. 1995) (Russell L. Parr providing expert testimony regarding hypothesized royalties, reflecting the cost of changeover to a non-infringing alternative), *aff'd*, 78 F.3d 605, 38 U.S.P.Q.2d (BNA) 1506 (Fed. Cir. 1996).

category of *Aro II* reasonable royalties. This contortion of reasonableness, in turn, decimated patent law's Willing Buyer/Willing Seller rule.

The first case to articulate that a reasonable royalty was to be based in the Willing Buyer/Willing Seller rule was the post-1964 case of *Georgia Pacific Corp. v. United States Plywood Corp.*²⁵⁰ The court in *Georgia Pacific* adopted this rule from the pre-1946 case of *Horvath v. McCord Radiator & Manufacturing Co.*²⁵¹ In *Horvath*, the Sixth Circuit stated:

In fixing damages on a royalty basis against an infringer, the sum allowed should be reasonable and that which would be accepted by a prudent licensee who wished to obtain a license but was not so compelled and a prudent patentee, who wished to grant a license but was not so compelled.²⁵²

However, in setting out this Willing Buyer/Willing Seller rule, as the rule became known, the Sixth Circuit in the 1938 case of *Horvath* stated that it was faced with a pre-1946 “case present[ing] many difficulties.”²⁵³ Although R.S. 4921 (1922) provided for damages and profits,²⁵⁴ the court noted, “Horvath has not availed himself of his patent rights by granting sufficient licenses nor are his license fees of such uniformity as to prove his damage by established royalties.”²⁵⁵ Further, the *Horvath* court noted that “[n]o basis [was] in the record on which to award Horvath the precise amount of profits to which he is entitled.”²⁵⁶ Thus, the court concluded that “[t]his case is one for a reasonable royalty.”²⁵⁷

The Willing Buyer/Willing Seller rule was the appropriate rule—a good rule—in Horvath’s case since Horvath could not prove

²⁵⁰ 318 F. Supp. 1116, 166 U.S.P.Q. (BNA) 235 (S.D.N.Y. 1970).

²⁵¹ 100 F.2d 326, 335, 40 U.S.P.Q. (BNA) 394, 403 (6th Cir. 1938).

²⁵² *Id.* at 335.

²⁵³ *Id.*

²⁵⁴ Patent Act of 1922, ch. 58, sec. 8, § 4921, 42 Stat. 389, 392 (1922) (providing that “profits to be accounted for by the defendant, the damages”) (amended 1946, codified as revised in 1952 at 35 U.S.C. § 284 (1994)).

²⁵⁵ *Horvath*, 100 F.2d at 334.

²⁵⁶ *Id.* at 335.

²⁵⁷ *Id.*

beyond speculation the claimant's damages or the infringer's profits. In this narrow circumstance, the pre-1946 *Horvath* court held that compensation may be found or assessed by requiring that the compensation found or assessed be in excess of or equal to the royalty income reasonable for the practice made of the invention by the infringer.²⁵⁸ In this narrow circumstance, the Willing Buyer/Willing Seller is a good test—an appropriate test—that provided an optional basis for the *Horvath* court to do justice under R.S. 4921 (1922). As the Bible states, “[w]e know that the law is good, if a man use it lawfully.”²⁵⁹ The proposed amendments to 35 U.S.C. § 284(b) (1994), in Appendix I provide this optional basis to do justice in a patent infringement action in proposed section 284(b).

However, *Aro II*'s post-1946 plurality dicta view “legislatively” compels the lower courts to award a reasonable royalty in this federal statutory law area, even where the claimant who lacks exploitation capacity can prove the infringer's gross income. The lower courts understood that the equitable question before them was whether a poor claimant, who lacks the capacity to mine that claimant's gold claim, is actually injured (“actually loses profits”) when a rich infringer enters the claimant's land without permission, mines the claimant's gold, and keeps it. *Aro II*'s plurality dicta view stated that, because the plurality personally believed that there was no injury to such a claimant as a result of the infringer's illegal ditation, that claimant would not recover more than the “plurality dicta view's reasonable royalty” (i.e., nominal damages). Since the personal view of these four Justices flew in the face of the common sense of equity, the lower courts were forced by the plurality dicta view to (i) conclude incorrectly that the Willing Buyer/Willing Seller is a bad test²⁶⁰ and (ii) that a reasonable royalty can best be discerned by running an unbelievable

²⁵⁸ *Id.*

²⁵⁹ *Joseph Bancroft & Sons Co. v. Shelley Knitting Mills, Inc.*, 374 F.2d 28, 31 n.2 (3d Cir. 1967) (quoting *Mayer v. Walter*, 64 Pa. 283, 285-286 (1870)).

²⁶⁰ *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 n.13 (Fed. Cir. 1995) (in banc) (finding that the “willing licensor/willing licensee” negotiation . . . is an inaccurate, and even absurd, characterization”); *Fromson v. Western Litho Plate & Supply, Co.*, 853 F.2d 1568, 1574-76 (Fed. Cir. 1988) (devoting three pages to the improper willing licensor/willing licensee methodology).

gauntlet of nineteen factors, any of which may be ignored in reaching a conclusion, where the court may ignore the conclusion reached.²⁶¹ This, in turn, has resulted in the courts awarding 1% or less as a “reasonable” royalty rate,²⁶² but more often awarding more than 20% as a “reasonable” royalty rate.²⁶³ One court even awarded a 70% royalty rate.²⁶⁴

Since these reasonable royalty awards either fall into one of two cases—deficient compensation cases, resulting in a windfall for the infringer and forfeiture for the claimant,²⁶⁵ or excessive compensation cases, resulting in a forfeiture for the infringer and a

²⁶¹ See, *Brunswick Corp. v. United States*, 36 Fed. Cl. 204, 211-12 (1996) (setting out and analyzing the fifteen factors plus four additional factors).

²⁶² See, e.g., *Fromson v. Western Litho Palte and Supply, Co.*, 853 F.2d 1568 (Fed. Cir. 1988) (“Fromson IV”) (stating that infringer challenges’ royalty rate of .825% on appeal); *Hughes Aircraft Co. v. United States*, 86 F.3d 1566, 1568, 39 U.S.P.Q.2d (BNA) 1065, 1067-68 (Fed. Cir. 1996), *vacated for other reasons*, 117 S. Ct. 1466 (1997) (noting trial court finding that 1% was a reasonable royalty under “willing buyer/willing seller” rule); *Devex Corp. v. General Motors Corp.*, 667 F.2d 347, 356, 212 U.S.P.Q. (BNA) 643, 649 (3d Cir. 1981) (holding trial court award of a royalty of .75% unconscionably low), *aff’d*, 461 U.S. 648 (1983). See also *State Indus. v. Mor-Flo Indus.*, 883 F.2d 1573, 1577 (Fed. Cir. 1989) (awarding 3% against an infringer who urged the effective rate of .163%).

²⁶³ *Williams v. Skid Recycling, Inc.*, No. 92 C 7026, 1994 U.S. Dist. LEXIS 5219 (N.D. Ill. Apr. 21, 1994) (35%); *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 900 (Fed. Cir. 1986) (30%); *TP Orthodontics, Inc. v. Prof'l Positioners, Inc.*, 20 U.S.P.Q.2d (BNA) 1017 (E.D. Wis. 1991), *modified*, 22 U.S.P.Q.2d (BNA) 1628 (E.D. Wis.), *aff’d*, Nos. 92-1203, 92-1253, 1992 U.S. App. LEXIS 26639 (Fed. Cir. Oct. 14, 1992) (unpublished) (30%); *Additive Controls & Measurement Sys. v. Flowdata, Inc.*, 986 F.2d 476, 25 U.S.P.Q.2d (BNA) 1798 (Fed. Cir. 1993) (25%); *SmithKline Diagnostics, Inc. v. Helena Lab. Corp.*, 926 F.2d 1161, 17 U.S.P.Q.2d (BNA) 1922 (Fed. Cir. 1991) (25%); *Bandag, Inc. v. Al Bolser Tire Stores, Inc.*, 750 F.2d 903, 223 U.S.P.Q. (BNA) 982 (Fed. Cir. 1984) (23.75%); *DNIC Brokerage Co. v. Morrison & Dempsey Communications, Inc.*, 14 U.S.P.Q.2d (BNA) 1043 (C.D. Cal. 1989) (22%); *ALM Surgical Equip., Inc. v. Kirschner Med. Corp.*, 15 U.S.P.Q.2d (BNA) 1241 (D.S.C. 1990) (20.3%). See also Russell L. Parr, *Intellectual Property Infringement Damages* 12 (John Wiley & Sons Cumulative Supp. 1995).

²⁶⁴ In *Hartness Int'l, Inc. v. Simplimatic Eng'g Co.*, 819 F.2d 1100, 1112, 2 U.S.P.Q.2d (BNA) 1826, 1830 (Fed. Cir. 1987), proof of infringement of claims covering a device used to load bottles into cartons by drop packing resulted in the CAFC affirming the Western District of Virginia’s award of a 70% royalty where the defendant argued at trial that a 3 to 5% royalty was reasonable. The CAFC implied that the district court confused [Aro II’s] reasonable royalty recovery category with [Aro II’s] actual damages recovery category. *Id.* at 1112.

²⁶⁵ *King Instruments Corp. v. Perego*, 65 F.3d 941, 951, 36 U.S.P.Q.2d (BNA) 1129, 1136 (Fed. Cir. 1995).

windfall for the claimant²⁶⁶—the plurality dicta view’s patent compensation scheme has degraded the progress of science and useful arts into legal tools of forfeitures and windfalls. The current solutions that are being offered to this problem of inadequate compensation under the “plurality dicta view’s reasonable royalty” scheme include judges wholly abandoning their judicial role by impermissibly tapping into the delicately structured patent infringement recovery categories of “treble damages, attorney fees and prejudgment interest” to bolster the claimant’s award when that award is based on a reasonable royalty.²⁶⁷

2. *Effect on Litigants Who Seek Justice.* In the business world, a royalty rate between a patent licensor and patent licensee generally falls in the area of 4% to 10%.²⁶⁸ An infringer litigant told by the infringer’s attorney that the claimant is seeking a “reasonable royalty” would not expect to pay 20% and certainly not up to 70% as a “reasonable royalty.” A claimant litigant, on the other hand, views the claimant’s property as stolen by the infringer. Thus, a claimant litigant would not expect to receive less than 20%, 70% or even 100% as a “reasonable royalty.”

For example, in *Pentech International v. Hayduchok*,²⁶⁹ the infringer asserted that “a reasonable royalty would be three to five percent of its *net sales* of the marker kits. [Claimant] on the other hand, [sought] fifty percent of [the infringer’s] *profit* on the ERASABLES.”²⁷⁰ In *Zegers v. Zegers, Inc.*,²⁷¹ the plaintiff contended that “a reasonable royalty should be at least 250% of the net sales price of defendant’s infringing clips.”²⁷² In *Fromson v.*

²⁶⁶ *SmithKline Diagnostics, Inc. v. Helena Labs. Corp.*, 926 F.2d 1161, 1163 (Fed. Cir. 1991) (providing that fifty percent of the claimant’s profit (i.e., forty-eight percent of the infringer’s price), which is the “reasonable royalty” theory advanced by the claimant, “is not credible because that amount would be a windfall to” the claimant and would result in forfeiture by the infringer.”).

²⁶⁷ *King Instruments Corp.*, 65 F.3d at 951 n.6 (observing that the suggested solutions to “the problem of inadequate compensation . . . based on a reasonable royalty . . . include awards of treble damages, attorney fees and prejudgment interest”).

²⁶⁸ Interview with Robert P. Hart, Patent Counsel to the Gas Research Institute, in Chicago, Ill. (May 23, 1997) (indicating that, among other factors, the business type and accounting basis for the percentage multiplication affects the numerical range).

²⁶⁹ 931 F. Supp. 1167 (S.D.N.Y. 1996).

²⁷⁰ *Id.* at 1173.

²⁷¹ 458 F.2d 726, 173 U.S.P.Q. (BNA) 385 (7th Cir. 1972).

²⁷² *Id.* at 730.

Western Litho Plate & Supply Co. (“Fromson IV”),²⁷³ Chief Judge Markey observed that “Fromson challenge[d] the 0.825% rate as ‘unreasonable’. Western, not surprisingly, says the 0.825% rate is perfectly reasonable.”²⁷⁴

Of course, the entire patent law concept of having the jury determine a reasonable royalty rate is nonsensical since a court cannot actually award a percentage. A percentage is merely a mathematical device that can neither be taxed nor put food on the table. Moreover, awarding a percentage gives advocates an unbelievably wide latitude to make arguments as to what tangible item or numerical figure should be applied to the royalty rate. In *Fromson IV*, Chief Judge Markey poignantly brought this out by stating: “percent of what? (price? gross sales revenue on all infringing plates? net revenue? gross profits? net profits?)”²⁷⁵ Nonetheless, our courts continue to evaluate “reasonable royalty” awards in the form of a percentage rather than a numerical monetary amount due to the tremendous weight of the *Aro II* plurality dicta view.

Since there always is a perceived unfairness in this deficient/excessive compensation dichotomy set up by *Aro II*'s plurality dicta view, one litigant to an infringement suit always has a strong motivation to appeal awards of a reasonable royalty. This, in turn, has created more work for the Court of Appeals, thus ringing true President Roosevelt's apt observation that “[i]t is difficult to make our material condition better by the best of laws, but it is easy enough to ruin it by bad laws.”²⁷⁶ The plurality dicta view's effect on Congress and the judicial system bears this out.

3. *Effect on Congress & the Judicial System.* On Wednesday, November 4, 1981, the House released the *Court of Appeals for the Federal Circuit Act of 1981* that identified the patent validity issue as the virus causing the crisis that patent law was facing.²⁷⁷ The symptoms described in this report amazingly read as a 1981 medical case report of a patient infected by an unknown second

²⁷³ 853 F.2d 1568 (Fed. Cir. 1988).

²⁷⁴ *Id.* at 1576.

²⁷⁵ *Id.* at 1570 n.2.

²⁷⁶ Theodore Roosevelt, *18 Works of Theodore Roosevelt* (1925), in *THE WORLD ALMANAC OF PRESIDENTIAL QUOTATIONS* 125 (Elizabeth Frost-Knappman ed., Pharos Books 1988).

²⁷⁷ H.R. REP. NO. 97-312 (1981).

virus where the second virus had just been discovered as the *Aro II* plurality dicta view virus.

The 1981 House Report begins by detailing the crisis in the federal appellate system over the previous twenty years. From the period just prior to the 1964 issue of the *Aro II* plurality dicta view to the 1982 creation of the Court of Appeals for the Federal Circuit, the report noted that appellate court filings had not only increased more than fivefold from 4,832 cases to a crisis level of 26,362 cases, but that the increase itself experienced an increase—an acceleration—to the point where the federal appellate system was facing a crisis that was actually worsening.²⁷⁸ The House Report expressly stated that the crisis had spilled out beyond the time, docket, and intracircuit conflict pressures of the courts and into the rule of law, to the litigants who sought justice, and to the Nation itself.²⁷⁹

In the House Committee report's section titled *The Need for Increased Uniformity in Patent Law*, the Committee concluded that Congress needed to increase the predictability of litigation under patent rules and needed to eliminate expensive, time-consuming, and unseemly patent litigation forum shopping.²⁸⁰ As noted by the report, the forum shopping in the patent law area was caused by different outcomes in different courtrooms in substantially similar cases resulting from the application of the same law to similar facts.²⁸¹ Gerald Mossinghoff, a key figure in the bipartisan effort to establish the Federal Circuit Court of Appeals, later explained:

[Effectively there were] nine different patent laws depending on which circuit you were in. Patent lawyers spent a fortune of their clients' money arguing about where a case would be tried, because once you knew that, you knew how the case would come out. The 8th circuit, for example, simply did not respect patents. The 5th circuit usually did hold them

²⁷⁸ *Id.* at 17.

²⁷⁹ *Id.* (citing STAFF OF DEPARTMENT OF JUSTICE COMMITTEE ON REVISION OF THE FEDERAL JUDICIAL SYSTEM 1, 95 CONG., REPORT (Comm. Print. 1977)).

²⁸⁰ *Id.* at 21.

²⁸¹ *Id.*

valid.²⁸²

With the overwhelming evidence before it, the Committee concluded that the judiciary's application of the law was inconsistent,²⁸³ although the law itself, including 35 U.S.C § 284, was consistent nationwide. The House Report characterized this inconsistency of application as a "widespread . . . uncertainty of [patent law] legal doctrine" resulting in "a great variety of approaches and attitudes towards the patent system."²⁸⁴ Although these symptoms describe the effects of *Aro II*'s plurality dicta view judicially enacted "damages" and "reasonable royalty" recovery category scheme, the authors of the House report focused on the liability phase of a trial—specifically the patent claim validity issue—to establish the House report's assertion of forum shopping.

Focusing on the validity issue makes sense. Before recovering compensation in all patent trials, the patent claim must be valid and infringed. Of the percentage of those patent claims found valid, a percentage would be proven infringed. For those found infringed, a percentage of claimants would lack exploitation capacity and thus be compelled to seek an *Aro II* plurality dicta view reasonable royalty. Thus, between the validity issue and the plurality dicta view reasonable royalty issue, the validity issue is more significant in its impact and thus plays a greater role in patent litigation than infringement conduct compensation.²⁸⁵

Since establishing forum shopping through the validity issue was sufficient for the House Report's purposes, it neither included nor excluded compensation recovery as a cause of the 1981 crisis facing patent law. However, the House report's generalizing statement

²⁸² Bruce Rubenstein, *Patent Litigation is Expensive, But Worth Every Penny*, ILLINOIS LEGAL TIMES, June, 1997, § Intellectual Property, at 14 ("The system . . . became an anachronism the nation could ill afford when high-tech industries emerged as economic powerhouses in the late 1970s. Soon it became a recognized fact, first in corporate boardrooms and then in Washington, that without exclusivity, the investment in research and development required to make the United States a high-tech leader would not be forthcoming.").

²⁸³ H.R. REP. NO. 97-312, at 21 (1981).

²⁸⁴ *Id.*

²⁸⁵ For court cases coming to the same conclusion, see *Cardinal Chemical Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 100, 26 U.S.P.Q.2d (BNA) 1721, 1729 (1993) and *Sinclair & Carroll Co. v. Interchemical Corp.*, 325 U.S. 327, 330, 65 U.S.P.Q. (BNA) 297, 299 (1945).

about the patent system inferentially includes the problems of compensation recovery through *Aro I*'s plurality dicta view "reasonable royalty" recovery category as a part of the crisis. Further, because the accelerating increase in appeals substantially paralleled the 1964 issue date of *Aro II* plurality dicta view, it is logical to infer that an attorney's decision to file in one jurisdiction over another was based in part on the disparity in the amount of money recoverable. The infringer would forum shop for a deficient compensation court whereas the claimant would forum shop for an excessive compensation court, each hoping to take advantage of the inconsistent application of the Willing Buyer/Willing Seller rule to the facts of their specific case.

Congress was moved by this 1981 crisis facing patent law to form the Court of Appeals for the Federal Circuit, thereby significantly impacting the federal appellate system. *Aro I*'s plurality dicta view's "damages recovery" category and the plurality dicta view's "reasonable royalty" recovery category are still followed as of this writing because the validity issue overshadowed the compensation issue at the time of the 1981 House report. Today, this is no longer the case. The *Aro I*'s plurality dicta view has been revealed for what it is: usurpation of Congress' Constitutional power to make all laws by four Supreme Court Justices.

C. CONCLUSION

Simply stated, we have worked ourselves into a conceptual box by adopting the artificial construction of the patent laws as proffered by the plurality dicta view in *Aro II*. The windfall-forfeiture scheme of *Aro I*'s plurality dicta view has fostered degradation rather than promotion of the useful arts—the primary purpose of the patent system as mandated by the Constitution. By usurping Congress' carefully constructed 1946 statutory scheme, Brennan's et al. prospective decisionmaking forced contorted money awards, decimated the Willing Buyer/Willing Seller rule, compelled litigants to appeal their cases, maneuvered Congress into forming the Federal Circuit, and drove lower court judges to the brink of wholly abandoning their judicial role.

There is no need to stretch the imagination to understand that these results are so unlikely that Congress could not have intended 35 U.S.C. § 284 (1994) to exclude the infringer's profits from recovery by a claimant who lacks exploitation capacity as compelled by the *Aro II* plurality dicta view. As the Supreme Court wrote in 1982: judicial analysis for the body Congress' meaning of a statutory term is not conclusive where "the . . . application of a statute will produce [or produces] a result demonstrably at odds with the intentions of its drafters [for the meaning of a statutory term], and those intentions must be controlling."²⁸⁶ It is because Congress' Constitutional power to make all laws does not permit this undemocratic Judiciary lawmaking that this author recognized the need to analyze § 284's statutory terms for Congress' meaning of these terms as expressed through the undisputed Article I, Section 5, Clause 3 public record.

This author's statutory term analysis in Part III was undertaken with the understanding that Congressional will is not the will of the elected members of Congress, but the will of the People of the United States of America—all 250,000,000 plus. The fundamental power structure of our Government flows from the People, into the Constitution, to Congress, to the President, and into law, where upon the Judiciary is given the duty of analyzing each term in the statute for Congress' meaning of that term. Under Congress' Constitutional power to make all laws, there is no possible way that the judiciary's analysis task was meant to provide the Judiciary with a child's "telephone game" opportunity to substitute in the judiciary's own meaning of Congress' statutory terms by selectively ignoring Congress' Article I, Section 5, Clause 3 intrinsic evidence and regaling extrinsic Court opinion evidence to a higher—or even—intrinsic evidence status. The Judiciary's *Marbury v. Madison* task is but one of the six fundamental power structure steps involved in implementing the law: 1. People → 2. Constitution → 3. Congress → 4. President → 5. Law → 6. Judiciary. In most situations, this will-of-the-people analysis task will be enormous because there are 250,000,000 plus Americans. More important, without the analytical aid of the Judicial Branch, "the effectiveness and rationality of congressional commands are

²⁸⁶ *Griffin v. Oceanic Contractors, Inc.*, 458 U.S. 564, 571 (1982).

inevitably eviscerated.”²⁸⁷ However, this enormous task is what is required of the Judicial Branch by the People through our Constitution. The Judicial Branch cannot avoid participating in our tripartite system of checks and balances that exclusively allows the Legislative Branch to define Congress’ meaning of a statutory term, exclusively allows the Judicial Branch to analyze the intrinsic and extrinsic evidence for Congress’ meaning of a statutory term, and exclusively allows the Executive Branch to enforce Congress’ meaning of a statutory term. Regardless of any perceived shortcomings by living constitutionalists in the judicial goal of being wholly objective, the courts must uphold the judiciary’s end of our tripartite system of checks and balances and eschew the illegitimate exercise of Congress’ Article I, Section 1 legislative power.²⁸⁸

The analysis of the intrinsic and extrinsic evidence for Congress’ meaning of the terms in § 284 has been done. The results are above in Part III of this Article; the action for Congress to take concerning § 284 is to enact the proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) in Appendix I of this Article.

As lawyers skilled in the art of analysis, it is relatively easy for members of the Judicial Branch to take from the many pieces of the intrinsic and extrinsic evidence that make up the relevant record and create an analysis that supports a pre-determined conclusion. As advocates for clients, that is what we do; that is our job. With opposing pre-determined conclusions and their supporting antipodal analysis presented before a court of law, the will of “We the People of the United States” will be analyzed correctly and the truth will prevail for everything of relevance will have been presented to the tribunal who will make the right decision. This is because the tribunal’s ethics are beyond question. That the tribunal’s ethics are beyond question is best seen through comparison of the *Model Rule of Professional Conduct* (hereinafter “MRPC”) to the Code of Judicial Conduct (hereinafter “CJC”). MRPC Rule 3.3 sets out the

²⁸⁷ Note, *Intent, Clear Statements, and the Common Law: Statutory Interpretation In the Supreme Court*, 95 HARV. L. REV. 892, 904 (1982).

²⁸⁸ Compare *id.* (often quoted, but *unsigned* thesis centered around flawed argument that, as a result of perceived shortcomings in the judicial goal of being “wholly objective, courts cannot avoid . . . defining [Congress’ legislative] policies”).

duty of candor owed by advocates toward the tribunal,²⁸⁹ but there is no reciprocal CJC rule. Considering the extreme judicial activist behavior of Brennan et al. as evidenced by the Aro II plurality dicta view, perhaps there ought to be. The following section corrects this judicial activist behavior through proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994).

V. BACKGROUND: PROPOSED AMENDMENTS TO SECTION 284 & SECTION 285

If we desire respect for the law we must first make the law respectable.

—Mr. Justice Brandeis²⁹⁰

Title 35 U.S.C. § 284 (1994) has ten structural flaws.²⁹¹ The text of the statute fails to parallel chronologically the proceedings in a patent infringement suit. The statute states, “[u]pon finding for the claimant the court shall award” without explaining what is supposed to be found before the final step of the court making the compensation award. The statute implies that “damages” are to be awarded, despite Congress’ 1946 removal of this Patent Act of 1922 recovery category. The statute did not maintain the Patent Act of 1946’s recovery category of “compensation.” The phrase “adequate to compensate for the infringement” is a qualitative statement, not quantitative, since the adjective “adequate” cannot grammatically modify the transitive verb phrase “to compensate” (which itself lacks the grammatically necessary object). The statute improperly states the phrase “but in no event less than,” instead of the proper phrase “but shall not be less than.” Since the royalty under Section 284 (1994) is based on the “use” made of the invention, the statute fails to consider that the infringer may not be infringing by use, but by other “practices” under 35 U.S.C. § 271 such as making, selling, importing, or even the practice of submitting an application under Section 505(j) of the Federal Food, Drug, and Cosmetic Act. The

²⁸⁹ MODEL RULES OF PROFESSIONAL CONDUCT Rule 3.3 (1997).

²⁹⁰ *In re Cohen*, 195 N.Y.S.2d 990, 1003 (N.Y. App. Div. 1959) (quoting LOUIS DEMBITZ BRANDEIS, *THE BRANDEIS GUIDE TO THE MODERN WORLD* 166 (Alfred Lief ed., 1941)).

²⁹¹ For this discussion, see generally 35 U.S.C. § 284 (1994) in Appendix II.

statute states, “[w]hen the damages ARE not found by a jury” (emphasis added). Does this mean that there is more than one type of “damages” for the jury to find? Does this mean that, although a jury asserts a compensation amount, it may be held that such an assertion is not a finding by the jury? Further, the statute fails to state expressly why the judge may further award up to three times the compensation amount found or assessed. Is it because the judge feels like it? Is it because of improper litigation conduct? And, most egregiously, the statute states “to the determination . . . of what royalty would be reasonable under the circumstances.” Reasonable for what purpose? The purpose of an award? Congress ONLY authorized the courts to award compensation.

As is evident from the above observations, between 1946 and the present, something went wrong. Where the 1964 plurality dicta view in *Aro II* states, “the [1922] statute was changed to approximately its present form” by the 1946 amendment,²⁹² the reality is that the 1946 amendment has been masterfully distorted by four Supreme Court Justices from Congress’ meaning into something that Congress never intended. The loser in this game of judicial manipulation is the American public for whom the U.S. Constitution serves as our Government’s promise to promote the progress of the useful arts.²⁹³ Without the right to obtain the compensation provided for by Congress, the collective right-to-exclude granted to claimants by the U.S. Government under § 154 has only a fraction of the value it was intended to have and diminishes the overall incentive “to engage in the toils of scientific and technological research.”²⁹⁴ The American public has a right to expect that its inventors enjoy the full value of their invention in the marketplace, free from nefarious plurality dicta views, deceitful politicians, and foreign influences who would have it otherwise. It is with this in mind that amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) are proposed as follows.

²⁹² *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 505 (1964).

²⁹³ U.S. CONST. art. I, § 8, cl. 8.

²⁹⁴ *Smith Int’l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1578, 219 U.S.P.Q. (BNA) 686, 690 (Fed. Cir. 1983).

A. THE WORD "DAMAGES"

First and foremost, the word "damages" has been obliterated from Section 284. Like a malleable nose of wax,²⁹⁵ patent law "damages" has been proffered over the last 178 years for litigation purposes that have altered statutory compensation, depending on whether being offered by the hammer or the nail. The tradition of using the all encompassing, fictile word "damages" as a means to proffer the patent advocate's position is traced to the 1800 Circuit Court, District of Massachusetts patent law case of *Whittemore v. Cutter* ("*Whittemore I*")²⁹⁶ and the 1818 Supreme Court patent law case of *Evans v. Eaton*,²⁹⁷ the Supreme Court's first patent infringement decision.

In *Whittemore I*, the infringer's advocate proffered the word "damages" for the statute's express term "damage" (which lacks the terminal "s") by asserting that there can be no "actual damages" for an infringement-by-making situation because only an action for "actual damage" is allowed under Section 3 of the Patent Act of 1800.²⁹⁸ Ignoring the advocate's use of the word "damages" for the statute's term "damage," Circuit Justice Story held that where the law provided a civil action for proscribed infringement conduct, the mere doing of that infringement conduct imported a damage to the claimant. As Justice Story put it, "[w]e are however of the opinion, that where the law gives an action for a particular act, the doing of that act imports of itself a damage to the party."²⁹⁹ If the claimant could not prove this imported damage, Circuit Justice Story held that the law allowed a nominal damage.³⁰⁰ This meant that, in a typical infringement-by-making situation under the existing patent statute, the decision maker was to find or

²⁹⁵ Case of Fries, 9 F. Cas. 826, 899 (C.C.D. Pa. 1799) (No. 5,126) ("If the constitution only intended the three definitions of levying war which I have laid down, it is clear that a man cannot overstep those constitutional limits without intending to do it. Go beyond this, and you leave jurors and judges to make the constitution anything or nothing—a mere nose of wax, to be molded into any form at their will. . . .").

²⁹⁶ 29 F. Cas. 1120 (C.C.D. Mass. 1813) (No. 17,600) (Story, J.).

²⁹⁷ 16 U.S. (3 Wheat.) 454 (1818).

²⁹⁸ *Whittemore*, 29 F. Cas. at 1121. See also Patent Act of 1800, ch. 25, § 3, 2 Stat. 37, 38 (1800) (repealed 1836) (enacting compensation for breach of patent right).

²⁹⁹ *Whittemore*, 29 F. Cas. at 1121.

³⁰⁰ *Id.*

assess the economic value of this allowed nominal damage as a numeric amount and then to multiply that amount by three to obtain the compensation to be awarded.³⁰¹ As *Whittemore I* stated, its holding both effectuated Congress' intent to provide a remedy in the typical infringement-by-making situation and conformed to the clear import of the language structure of the Patent Act of 1800.³⁰²

Eighteen years later, the Supreme Court reproduced the *Whittemore I* holding in the appendix to Volume sixteen of the United States Reports as part of footnote (a) of the 1818 case of *Evans v. Eaton*,³⁰³ reasoning that "[i]t may be useful . . . to . . . bring in review the [patent act] adjudications in the courts of the United States."³⁰⁴ The *Evans* Court's sole purpose was to publish *Whittemore I*, stating "[i]t is a matter of regret that so few of them have been published."³⁰⁵ But in an unfortunate turn of events for patent law and for no listed reason, the Court in *Evans v. Eaton* added the terminal "s" to the word "damage" and stated that *Whittemore I* stood for the proposition: "[W]here the making only, without a user, is proved, nominal damages only are to be [awarded to the claimant]."³⁰⁶

³⁰¹ See Patent Act of 1800, 2 Stat. at 38 (stating that "any person [who] shall make, devise, use, or sell the thing . . . shall . . . pay [the claimant] a sum equal to three times the actual damage sustained by [the claimant]" as compensation for the infringement). As an aside, if the Patent Act of 1800 read, "three times the actual damages sustained" (through the addition of the terminal "s"), the enhanced amount would be a mandatory punitive remedy, not compensation remedy since the term "damages" is different and particular from the term "damage," which subtly lacks the terminal "s." Compare Patent Act of 1836, ch. 357, § 14, 5 Stat. 117, 123 (1836) ("[I]t shall be in the power of the court to render judgment for any sum above the amount found by such verdict as the actual damages sustained by the plaintiff, not exceeding three times the amount thereof . . ."). With this in mind, see *SRI Int'l, Inc. v. Advanced Tech. Labs., Inc.*, 127 F.3d 1462, 1468, 44 U.S.P.Q.2d (BNA) 1422, 1427 (Fed. Cir. 1997) ("The history of enhancement of damages demonstrates a long-standing legislative policy. In the Patent Act of 1793 all patent infringement damages were required to be enhanced at least threefold. The Patent Act of 1836 made increased damages discretionary, recognizing the injustice of treating all infringement damages the same. Thereafter enhancement of damages was consigned to the court's discretion, the statutes varying the ceiling between twofold and threefold.") (internal citations omitted).

³⁰² *Whittemore*, 29 F. Cas. at 1121.

³⁰³ 16 U.S. (3 Wheat.) 454 (1818).

³⁰⁴ *Id.* at 519 n.(a) app. at 13.

³⁰⁵ *Id.* at 23.

³⁰⁶ *Id.* at 26.

Thus, rather than the decision maker finding or assessing the economic value of the nominal damage as a numeric amount and then multiplying that amount by three to obtain the compensation to be awarded, the claimant, per the Court in *Evans*, was only entitled to nominal damages. While providing a remedy, the holding *Whittemore I* as reproduced by the Supreme Court in *Evans* now failed to conform to Congress' clear import in the language structure of the Patent Act of 1800 that mandated—through the jussive term “shall”—that treble multiplication was to be performed once infringement was proven. Nonetheless, the incongruent damage/damages holding of *Whittemore I* as mistranscribed by the *Evans* Court has been one of the foundations upon which patent law remedies have been built.³⁰⁷

Confusion between the word “damages” and the word “damage” is common place because of the awkward grammatical structure the use of these two words imposes on writers and speakers who seek to use these words with various meanings. For example, during the House Committee meetings on patents, Mr. C. Henry stated, “[d]amages, in a legal sense, means compensation.”³⁰⁸ Note how Mr. C. Henry's use of the subject “damages” does not agree in number with the verb “means.”

Even in a modern, sophisticated society, the Supreme Court has difficulty in distinguishing the difference between the words “damage” and “damages.” In *American Stevedores, Inc. v. Porello*,³⁰⁹ the Court went to great lengths to distinguish between damage and damages.³¹⁰ However, in *United States v. James*,³¹¹ the Court completely ignored the distinction between damage and damages.³¹² Because of the judicial gamesmanship that has developed around the legally ambiguous words of damage

³⁰⁷ It is possible that the *Evans* Court took the incorrect “damages” word from a pre-1818 version of *The Public Statutes at Large of The United States of America*. The authors of *The Public Statutes at Large* could have easily confused the word “damage” for the word “damages” since these two words are only one letter apart. See 2 *The Public Statutes at Large* 320, Footnote (a) (Richard Peters, Esq. ed., 1861) (“If there be a mere making, and no use proved, nominal damages are to be recovered.”).

³⁰⁸ *Recovery in Patent Infringement Suits: Hearing on H.R. 5231, supra* note 101, at 11.

³⁰⁹ 330 U.S. 446 (1947).

³¹⁰ *Id.* at 450 n.6.

³¹¹ 478 U.S. 597 (1986).

³¹² *Id.* at 616.

and damages (whose numerous, valid meanings bizarrely make these words simultaneously ambiguous and vague), this author recommends that Congress replace the words damage and damages in the 1,244 federal statutes that currently use either of the words damage or damages.³¹³ Particularly, before some clever patent attorney seizes upon the cauldron of the vague and ambiguous uses of damage/damages that percolate and bubble gray throughout patent law, this author recommends that Congress quickly replace the uses of the words damage or damages within Congress' pending patent legislation House Bill 400³¹⁴ and Senate Bill 507³¹⁵ as well as the enacted terms in the patent statutes 35 U.S.C. § 118, 183, 271, 284, 287, and 296.³¹⁶

As is clear, encompassing different-meaning legal terms such as harm suffered, enjoyed enrichment, harm inflicted, unjust enrichment, loss, injury, injury suffered, detriment, deterioration, diminution, loss suffered, actual and real harm suffered, actual and real loss suffered, compensation, reparation, indemnity, interest, cost, punitive remedy, and attorney fees all under the imprecise rubric of "damages," fails to promote the useful arts. Since the malleable word "damages" fails to promote the useful arts, the word "damages" has conclusively been removed from patent law compensation in the proposed amendments to 35 U.S.C. § 284 and 35 U.S.C. § 285, as set out in Appendix I.

³¹³ Number of federal statutes obtained by search of LEXIS, Genfed Library, USCS File (Oct. 19, 1997) (search string <text (damage)>).

³¹⁴ 21st Century Patent System Improvement Act H.R. 400, 105th Cong. (1997).

³¹⁵ Omnibus Patent Act of 1997 S. REP. 507, 105th Cong. (1997) (A bill to establish the United States Patent and Trademark Organization as a Government corporation).

³¹⁶ See 35 U.S.C. § 118 (1994) ("to prevent irreparable DAMAGE"); § 183 (1994) ("for compensation for the DAMAGE caused by the order of secrecy," "in full settlement for the DAMAGE and/or use," "considers just compensation for the DAMAGE and/or use," "shall constitute just compensation for the DAMAGE and/or use," "for just compensation for the DAMAGE caused by reason of the order"); § 271(e)(4)(C) (1994) ("DAMAGES or other monetary relief may be awarded against an infringer"); § 284 (1994) ("section 284. DAMAGES," "the court shall award the claimant DAMAGES adequate to compensate for the infringement," "When the DAMAGES are not found," "the court may increase the DAMAGES," "an aid to the determination of DAMAGES or of what royalty"); § 287(a) (1994) ("no DAMAGES shall be recovered," "in which event DAMAGES may be recovered"), § 287(b)(1) (1994) ("shall be subject to all the provisions of this title relating to DAMAGES"); § 296(b) (1994) ("Such remedies include DAMAGES, interest, costs, and treble DAMAGES under section 284.") (emphasis on the terms "damage" and "damages" added).

B. CLAIMANT/INFRINGER VS. PLAINTIFF/DEFENDANT

There is a logical trap lurking between Title 35 (Patent) and Title 28 (Judiciary and Judicial Procedure) of the United States Codes. The wrongdoer in a 35 U.S.C. § 271 patent infringement action may be the plaintiff in a 28 U.S.C. § 2201 "*Declaration of Noninfringement*" action.³¹⁷ Where this is the case, the plaintiff may be found subsequently liable on a counterclaim of 35 U.S.C. § 271 infringement as asserted by the defendant patent holder. To avoid this confusion, the terms "claimant," "accused infringer," and "infringer" are used for clarity in the proposed amendments rather than the familiar terms "plaintiff" and "defendant."

C. SECTION 284(a)(2)(A)(ii) "CLAIMANT'S UNREALIZED INCOME"

The use of the term "lost profits" has been replaced with the term "claimant's unrealized income" in the proposed amendments. In a simple sense, only patent law profits remain after fixed costs are subtracted from the gross income. The term "profits" implies that fixed costs are to be subtracted first before determining the numerical amount of profits. In this case, the term "profits" means net income. However, in practice, the claimant may use the incremental income approach under the appropriate circumstances³¹⁸ and not be required to subtract fixed costs in determining profits. Under these circumstances, the term "profits" means gross income. Thus, the patent law term "profits" is ambiguous—susceptible of meaning gross income or net income.

The term "unrealized income" is more precise than the term "lost profits" in that, under the appropriate circumstances, the claimant's unrealized income may be either claimant's unrealized gross income or claimant's unrealized net income, thus accounting for incremental income approach circumstances. Further, the term "lost" in the term-phrase "lost profits" implies that something will be "found" by the claimant rather than being "realized" by the claimant after

³¹⁷ 28 U.S.C. § 2201 (1994). See *supra* note 6.

³¹⁸ See *Paper Converting Mach. Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 22, 223 U.S.P.Q. (BNA) 591, 599 (Fed. Cir. 1984) (demonstrating the incremental income approach using a first group (or *N* group) and a second group (or *N+I* group)).

receiving the section 284(f)(1)³¹⁹ compensation award.

As set out in the proposed amendments, the term “unrealized” in the section 284(a)(2)(A)(ii) phrase “unrealized income” serves as a necessary textual device to distinguish the claimant’s unrealized income under section 284(a)(2)(A)(ii) from both the infringer’s gross income under section 284(a)(2)(B)(ii) and the royalty income under section 284(b). Moreover, the claimant’s income is held as unrealized when the 284(a)(2)(A)(ii) claimant’s unrealized income is shown to be causally connected to the section 284(a)(2)(A)(i) claimant’s impoverishment. Since realized gain (or loss) is gain (or loss) resulting from an identifiable event, such as a sale or an exchange of property,³²⁰ the claimant’s receipt of the section 284(f)(1) compensation award is an identifiable event resulting in gain—and thereby realizing gain—for the claimant.

Note that as used in tax law, the terms “unrealized,” “no accession,” and “no dominion” are the three ways to avoid income that may or may not subsequently be taxed.³²¹ However, tax law nomenclature uses “unrealized income” as a shorthand method of referring to any of the three ways to avoid income. This is consistent with the proposed use of the term “unrealized” in patent law.

D. SECTION 284(a)(2)(B)(ii) “INFRINGEMENT’S GROSS INCOME”

The proposed amendments in Appendix I use the term “infringer’s gross income” as a numerical measure. This use of the term “infringer’s gross income” as a numerical measure in combination with both the modern approach of viewing patent claims as a whole and the modern approach that, to be entitled to section 284(e) compensation, the section 284(a)(1) infringement conduct must be causally connected to the section 284(a)(2)(B)(i) infringer’s enrichment, eliminates just about every problem the pre-1946 equity courts were having in awarding compensation based on the “infringer’s profits.”

³¹⁹ All section 284 and section 285 citations without the symbol “§” refer to the proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) in Appendix I.

³²⁰ BLACK’S LAW DICTIONARY 1264 (6th ed. 1990).

³²¹ See *Commissioner v. Glenshaw Glass Co.*, 348 U.S. 426, 431 (1955) (Income is undeniable accessions to wealth, clearly realized, and over which the infringer has complete dominion.).

Before 1946, a patent claim was generally, but, as we know now, wrongly viewed as having two sets of elements: the non-patented elements belonging to the public and the remaining elements belonging to the inventor, which were deemed the inventive portion of the claim. The source of this historical accident was the patent practice in foreign countries brought to the United States before 1917 and codified in 37 C.F.R. § 1.75(e) (1976) *Jepson* claim which lists old or so-called “non-patented” elements in the preamble and the “new” or so-called “inventive” elements after the phrase “wherein the improvement comprises:”³²²

Also at that time, to be essentially recoverable, the infringer’s enrichment was at times required by the courts to be causally connected to the infringing device, not the infringement conduct, even though R.S. 4921 prohibited the infringement conduct of making, using, or selling. Thus, although an infringing device would use all five elements of a hypothetical patented claim having three inventive elements and two non-inventive elements, only three of the infringing device’s elements at most could be found to use the inventive portion of the claim.

For example, assume that a pre-1946 infringer made a transformer covered by the claimant’s patent claim and that this transformer embodies the three elements of the claimant’s “improvements” in the claimant’s five element patent claim.³²³ Further assume that the transformer also embodies four elements of another patentee’s invention for a total of seven inventive elements embodied in the infringing transformer. Before the Patent Act of 1946, the claimant’s job was to apportion the profits attributable to the claimant’s three improvements and the profits attributable to the four improvements of the other, independent patentee. Learned Hand observed that “[t]he difficulty of allocating profits in such cases has plagued the courts from the outset, and will continue to do so, unless some formal and conventional rule is laid down, which

³²² *Ex parte Jepson*, 1917 Dec. Comm’r Pat. 62, 65, 243 Off. Gaz. Pat. Office 525, 528 (1917) (approving and encouraging the use of the British or German type of claim); *Williams Mfg. Co. v. United Shoe Mach. Corp.*, 316 U.S. 364, 369, 53 U.S.P.Q. (BNA) 478, 480-81 (1942) (approving *Jepson* type claims).

³²³ This example is loosely taken from *Westinghouse Elec. and Mfg. Co. v. Wagner Elec. and Mfg. Co.*, 225 U.S. 604, 15 U.S.P.Q. (BNA) 46 (1912) (cited in *Recovery in Patent Infringement Suits: Hearing on H.R. 5231*, *supra* note 101, at 3, 7).

is not likely. Properly, the question is in its nature unanswerable.³²⁴ Even if the claimant's accountant could perform this apportionment successfully, the court then reduced this amount by the infringer's own valuation of the infringer's material and services provided in generating the infringer's illegal enrichment, rather than by the industry standard valuation of the material and services provided by the infringer. This pre-1946 final amount (value of three claimant's improvements minus value of four other's improvements minus infringer's valuation of material and services costs) was labeled the "infringer's profits."

After 1946, all elements of a patented claim make the whole invention; the pre-1946 requirement of patent law apportionment of inventive and non-inventive claim portions is dead. More importantly, whether the claims are viewed as a whole is irrelevant concerning § 284 compensation recovery. The Federal Circuit brought American patent law into the 21st century by holding in banc in *Rite-Hite Corp. v. Kelley Co.* that the infringer's enrichment must have been caused in fact and proximately caused by the infringement conduct, not the infringing device or devices covered by the infringed patent.³²⁵ This makes sense because § 284 proscribes infringement conduct by reference to § 271, the claimant devotes much effort during the § 271 liability phase of the trial to prove infringement conduct, the accused devotes much effort to counter the claimant's charges of infringement conduct, and the jury evaluates whether there is infringement conduct. It is ludicrous to require the jury and the parties to turn their attention away from the infringement conduct litigated at the § 284 liability phase of the trial in order to focus on the infringing device or devices covered by the infringed patent at the remedy phase of the trial. For the last 221 years, such historical vestiges of legal fantasy have distorted patent law's legal theory away from the well-established legal theories in other bodies of laws, namely, torts. These historical vestiges of legal fantasy are better off dead.

The proposed, megadont amendments in Appendix I use gross income under section 284(a)(2)(B)(ii) in the sense of 26 U.S.C.

³²⁴ *Cincinnati Car Co. v. New York Rapid Transit Corp.*, 66 F.2d 592, 593, 19 U.S.P.Q. (BNA) 40, 41 (2d Cir. 1933).

³²⁵ 56 F.3d 1538, 1548, 35 U.S.P.Q.2d (BNA) 1065, 1072 (Fed. Cir. 1995).

§ 61³²⁶ regardless of whether such income is taxable, since the use of tax law concepts concerning the Federal Circuit is consistent with the Federal Circuit's jurisdiction over federal tax refund cases.³²⁷ The infringer's gross income for purposes of section 284(a)(2)(B)(ii) includes not only 26 U.S.C. §61(a)(2) (gross income derived from business), but all income from whatever source derived so long as the infringer's gross income has been proven by the claimant to a reasonable probability³²⁸ as the economic value of the section 284(a)(2)(B)(i) infringer's enrichment causally connected to the section 284(a)(1) infringement conduct.

Using gross income avoids the gross-to-net income accounting games that plague intellectual property. For example, in *Railroad Dynamics*, the patent owner waived his injunction rights until decision on appeal, only to later learn that the infringer corporation's two stockholders received \$2,200,000 and \$1,000,000 from the infringer during litigation, thereby increasing the corporate infringer's "fixed costs" and lowering the corporate infringer's net income or "infringer's profits."³²⁹ Another intellectual property, gross-to-net income accounting example that comes to mind is Art Buchwald's percentage of the net for his writing contribution to the 1988 movie *Coming to America*. As of November 29, 1988, *Coming to America* grossed over \$128,000,000, but after the accountants deducted costs for the movie, writer Art Buchwald's net percentage award amounted to \$150,000 where Buchwald's legal expenses were reported to exceed \$6 million.³³⁰

Moreover, using gross income takes into account that The (a)(2)(A) Amount claimant, by definition, lacked the timely capacity to exploit the patent claim at issue and thus is unlikely to have the

³²⁶ 26 U.S.C. § 61 (1994).

³²⁷ *Kane v. United States*, 43 F.3d 1446, 1449 (Fed. Cir. 1994) (noting that the tax code expressly provides that gross income includes "all income from whatever source derived."). See also 28 U.S.C. 1291, 1295(a)(2) (1994) (demonstrating the Federal Circuit's statutory authority for jurisdiction).

³²⁸ See *Rite-Hite Corp.*, 56 F.3d at 1545 (stating "[t]o recover [compensation], the patentee must show to a reasonable probability").

³²⁹ *Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1520, 220 U.S.P.Q. (BNA) 929, 942 (Fed. Cir. 1984).

³³⁰ See Stan Soocher and Andrew Neuwirth, *Net Profits Litigation Reaches Flashpoint; The 'Buchwald' & 'Huggins' Suits*, ENT. L. & FIN., Jan. 1991, at 1 and Stan Soocher, *Buchwald Sets Test for Damages*, ENT. L. & FIN., Apr. 1992, at 1.

economic capacity to carry out protracted discovery once in litigation. By holding out as a carrot the possibility of decreasing the infringer's gross income under section 284(c), the infringer will be encouraged to cooperate fully during discovery of the accounting evidence within the infringer's control without the court resorting to one of the court's sticks. It is important to note that the infringer's gross income under section 284(a)(2)(B)(ii) is not money to be awarded to the claimant, but a numerical measure upon which the jury may find or the judge may assess the compensation amount to be awarded under section 284(e). In other words, under section 284(a), the claimant is entitled to section 284(e) compensation, not the section 284(a)(2)(B)(ii) infringer's gross income.

E. STRUCTURE OF PROPOSED AMENDMENTS TO § 284

One of the difficulties in drafting an intellectual property infringement compensation statute to arrive at the point in the statute's text where the court awards the claimant compensation is the understanding of what structural steps must be completed before the court makes its section 284(f)(1) award. This understanding requires a 5-step logical chain, beginning with the section 284(a)(1) infringement conduct and ending with the section 284(f)(1) award of compensation. A nautical analogy aids in understanding the necessary statutory structure. The possible courses the claimant may take have already been plotted out in Appendix I.

To begin to understand the five structural steps, picture, if you will, a flowing river parted by a small island in the river's middle. As you sit upstream of this ait, you see that there are two navigable courses of travel: to the left (port) and to the right (starboard). Similarly, there are two navigable courses to the necessary statutory structural step understanding, yet both courses start out at Infringement Conduct point and end at The Dock of Compensation. The river's name is Remedy and the island is dubbed Claimant's Capacity.

1. *The (a)(2)(A) Amount Navigable Course of Travel (Exploitation Capacity)*. If, under certain circumstances, the claimant had the exploitation capacity to tap timely into the claimant's patent claim in the marketplace, the claimant will generally travel to the right,

down the navigable course tersely, but intentionally named “The (a)(2)(A) Amount.” This navigable course was previously, but improperly named “actual damages” or “lost profits.”

The claimant proceeds. First the accused infringer’s conduct is section 284(a)(1) infringement conduct. Second, the section 284(a)(1) infringement conduct results in section 284(a)(2)(A)(i) claimant’s impoverishment. Third, the section 284(a)(2)(A)(i) claimant’s impoverishment has the economic value of section 284(a)(2)(A)(ii) claimant’s unrealized income in the form of The (a)(2)(A) Amount. Fourth, the jury or the judge uses The (a)(2)(A) Amount as a numeric measure to arrive at section 284(e) compensation. And fifth, the court section 284(f)(1) awards this section 284(e) compensation to the claimant. It is important that section 284 expressly account for these five steps to avoid use of imprecise terminology such as “The claimant is entitled to the claimant’s unrealized income.” Under these circumstances, the purpose of section 284(a)(2)(A)(ii) claimant’s unrealized income is to direct the form of section 284(e) compensation. Under section 284(a), the claimant is entitled to section 284(e) compensation, not section 284(a)(2)(A)(ii) claimant’s unrealized income.

2. *The (a)(2)(B) Amount Navigable Course of Travel (No Exploitation Capacity).* If, under certain circumstances, the claimant lacked the exploitation capacity to tap timely into the claimant’s patent claim in the marketplace, the claimant will generally travel to the left, down the navigable course tersely, but intentionally named “The (a)(2)(B) Amount.” This navigable course was previously removed from Congress’ law by the *Aro II* plurality dicta view.

The claimant proceeds. First the accused infringer’s conduct is section 284(a)(1) infringement conduct. Second, the section 284(a)(1) infringement conduct results in section 284(a)(2)(B)(i) infringer’s enrichment. Third, section 284(a)(2)(B)(i) infringer’s enrichment has the economic value of section 284(a)(2)(B)(ii) infringer’s gross income in the form of The (a)(2)(B) Amount. Fourth, the jury or the judge uses The (a)(2)(B) Amount as a numeric measure to arrive at section 284(e) compensation. And fifth, the court section 284(f)(1) awards this section 284(e) compensation to the claimant. It is important that section 284 expressly account for these five steps to avoid use of imprecise terminology such as “The claimant is entitled to the infringer’s gross income.”

Under these circumstances, the purpose of section 284(a)(2)(B)(ii) infringer's gross income is to direct the form of section 284(e) compensation. Under section 284(a), the claimant is entitled to section 284(e) compensation, not section 284(a)(2)(B)(ii) infringer's gross income.

3. *Section 284(b)'s Rare Quality of Travel.* In rare circumstances (such as where the claimant primarily desires a § 283 injunction) or circumstances with little monetary return on litigation expenses (such as § 271 infringement conduct by making, infringement conduct by importing,³³¹ or infringement conduct by submitting an application under § 505(j) of the Federal Food, Drug, and Cosmetic Act), the claimant will be low on gas on the claimant's trip down the river named Remedy.³³² While this claimant may choose to navigate down section 284(a)(2)(A) [impoverishment] or section 284(a)(2)(B) [enrichment], the claimant's gas gauge needle will point to section 284(b) royalty income.

The claimant proceeds as the river's current gently urges the claimant's boat forward. First the accused infringer's conduct is section 284(a)(1) infringement conduct. Second, because the section 284(a)(1) infringement conduct is a certain practice made of the invention by the infringer, the income to be proven under section 284(a)(2) may be less than the royalty income reasonable for the practice made of the invention by the infringer. Thus, under the third step, the claimant may prove to a reasonable probability the section 284(b) royalty income as The (a)(2)(A) Amount under section 284(a)(2)(A)(ii) or as The (a)(2)(B) Amount under section 284(a)(2)-(B)(ii). Fourth, the jury or the judge uses the appropriate (a)(2) Amount as a numeric measure to arrive at section 284(e) compensation, such that the compensation found or assessed shall be in excess of or equal to any amount proven under section 284(b). And

³³¹ Under 35 U.S.C. § 281, a patent infringement claimant has remedy by civil action for 35 U.S.C. § 271 (1994) importation infringement and may bring a civil action 28 U.S.C. § 1651 (1994) writ proceedings before the United States International Trade Commission (a.k.a. tariff commission, see William Cunningham, United States International Trade Commission, *USITC: Home Page* (last modified Jan. 5, 1998) <<http://www.usitc.gov/>>) to stop an infringer from importing these products. See *In re Coordinated Pretrial Proceedings in Antibiotic Antitrust Actions*, 185 U.S.P.Q. (BNA) 449, 452 (D. Minn. 1975) (note in particular the first page and item 33).

³³² See *Horvath v. McCord Radiator & Mfg. Co.*, 100 F.2d 326 (6th Cir. 1938) (example of rare quality of travel); *supra* text accompanying notes 236 through 245.

fifth, the court section 284(f)(1) awards this section 284(e) compensation to the claimant. It is important that section 284 expressly account for these five steps to avoid use of imprecise terminology such as “The claimant is entitled to the royalty income.” Under the rare quality of travel circumstances, the purpose of the section 284(b) royalty income is to ensure that the section 284(e) compensation, whether found or assessed, be in excess of or equal to the section 284(b) royalty income. Under section 284(a), the claimant is entitled to section 284(e) compensation, not section 284(b) royalty income.

The term “in excess of or equal to” brings up *Aro II*'s plurality dicta view. By removing the term “or equal to” from § 284(e), Congress will wipe out the last vestiges of *Aro II*'s plurality dicta view's reasonable royalty recovery category with little to no impact on the substantive law. For example, if the section 284(e) compensation found or assessed was \$1 over the section 284(b) royalty income, section 284(e)'s “in excess of” term would still satisfy section 284(e) even if Congress removed the “or equal to” term. However, this removal requires Congress' authority. Thus, this author recommends that Congress remove the § 284 requirement of “or equal to” when recodifying section 284(e) of the proposed amendments.

Note that the imagery of the claimant's low gas boat brings to mind that the river's current (i.e. the judge or the jury) aids the claimant in powering the claimant's boat by ensuring speed greater than or equal to the river's current for the claimant's trip down the river named Remedy. Moreover, it is important to note that the claimant can navigate down section 284(a)(2)(B) under any circumstances of infringement conduct. This is because the infringer will always be enriched with gross income by the mere act of infringing under section 284(a)(1) as discussed above. These intentional results derive from combining the infringement harm to the claimant that always exists in at least a nominal amount with the federal tax code's all encompassing definition of gross income under 26 U.S.C. § 61. Where the infringer is nominally enriched with causally connected gross income, the section 284(a)(2)(B) claimant MAY choose to rely on section 284(b). The permissive section 284 (b) term “may” allows the claimant to avoid what “is almost always an interminable delay in connection with

the recovery sought."³³³ And, probably more in legal theory than in fact but necessary for completeness, where the claimant is nominally impoverished with causally connected unrealized income, the section 284(a)(2)(A) claimant may choose to rely on section 284(b). While it is unlikely that one path under section 284(b) will make any difference over the other path under section 284(b), if it does, then so be it. The law takes care of itself, properly expressed and applied.

F. STATUTORY TITLES

The statutory titles in the proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) are intentional, intended only as labels, and are not to be given legal weight as terms. The title "The (a)(2)(A) Amount" and the title "The (b)(2)(B) Amount" are intentionally stated in this manner to avoid the (a)(2) Amounts being given other labels as an advocacy device to impart a characteristic into that amount other than as a numeric measure. "The (a)(2)(A) Amount" is not to be referred to as "claimant's impoverishment" or "claimant's unrealized income amount." "The (a)(2)(A) Amount" is to be referred to as the neutral "The (a)(2)(A) Amount." "The (a)(2)(B) Amount" is not to be referred to as "infringer's enrichment" or "infringer's gross income amount." "The (a)(2)(B) Amount" is to be referred to as the neutral "The (a)(2)(B) Amount."

It is important to use these neutral terms, especially in instructions to the jury, as one method of emphasizing that the (a)(2) Amounts are but numeric measures to be used in finding or assessing section 284(e) compensation. Under the proposed amendments, this neutrality is intended to avoid the perception of mathematical precision in the section 284(a)(2)(A)(ii) claimant's unrealized income, the section 284(a)(2)(B)(ii) infringer's gross income, and the section 284(b) royalty income. These income amounts are not compensation, but numeric amounts on which to find or assess section 284(e) compensation. This neutrality in presentation to the decision-maker gives them the necessary flexibility in finding or assessing section 284(e) compensation.

³³³ 92 CONG. REC. 9188 (1946) (statement of Sen. Pepper).

As an example, if the claimant offers proof that “The (a)(2)(A) Amount” or “The (a)(2)(B) Amount” was numerically \$100,000 and the jury found or the court assessed that section 284(e) compensation is \$110,000 or even \$90,000, the finding or assessment is subject to the appropriate standard of review and may be affirmed or reversed based on that standard of review. It is important that section 284 expressly account for this neutrality in presentation to avoid any advocate characterization that could be used to circumvent the neutrality objective of this statutory strict liability tort as set out in the proposed amendments. The proper terminology is: “the claimant is section 284(a) entitled to the section 284(e) compensation” and “the court section 284(f)(1) awards the section 284(e) compensation to the claimant.”

G. IMPOVERISHMENT/ENRICHMENT

There are two reasons that the proposed amendments in Appendix I expressly use the term impoverishment and the term enrichment: as a necessary and proper transitional tool and as a necessary and proper distinguishing tool.

1. *Necessary & Proper Transitional Tool.* First, each term serves as the necessary and proper transitional link between the section 284(a)(1) infringement conduct and the appropriate income amount:

- (i) section 284(a)(2)(A)(i) claimant’s impoverishment links section 284(a)(1) infringement conduct to the section 284(a)(2)(A)(ii) claimant’s unrealized income as The (a)(2)(A) Amount; and
- (ii) section 284(a)(2)(B)(i) infringer’s enrichment links section 284(a)(1) infringement conduct to the section 284(a)(2)(B)(ii) infringer’s gross income as The (a)(2)(B) Amount.

2. *Necessary & Proper Distinguishing Tool.* Second, each term, having the mirror meaning of the other, serves as the necessary and proper technique for distinguishing The (a)(2)(A) Amount from The (a)(2)(B) Amount.

a. *Section 284(a)(2)(A)(i) “Claimant’s Impoverishment”.* As used in the proposed amendments, section 284(a)(2)(A)(i) claimant’s impoverishment is defined as:

im-pov-er-ish-ment/nounThe state of being deprived by infringement conduct of the right to exclude others from the practice of the claimed invention resulting in the claimant not realizing wealth, the infringement conduct depleting or draining something causally connected to the claimant's untapped richness or productiveness in quantity, quality, content, power, or value.

The benefit of using impoverishment is that impoverishment is the antonym of enrichment. To date, only one case has used impoverishment as a legal term—the uncelebrated and rarely cited Louisiana Supreme Court case of *E.F. Minyard v. Curtis Products, Inc.*³³⁴ This French law based case is distinguished below. Since impoverishment lacks the sordid history of so many other remedy-type words associated with the word “damages,” the term “claimant's impoverishment” is well suited to use in patent law.

b. Section 284(a)(2)(B)(i) “Infringer’s Enrichment”. As used in the proposed amendments to 35 U.S.C. § 284 (1994), section 284(a)(2)(B)(i) infringer’s enrichment is defined as:

en-rich-ment/nounThe state of depriving the claimant by infringement conduct of the right to exclude others from the practice of the claimed invention resulting in the infringer realizing wealth, the infringement conduct supplying or filling something causally connected to the infringer’s illicit richness or productiveness in quantity, quality, content, power, or value.

The benefit of using enrichment is that enrichment is the antonym of impoverishment. The drawback of using enrichment is that enrichment opens the door to those who would choose to obfuscate patent law by distorting the body Congress’ meaning of infringer’s enrichment into one of “unjust enrichments,” with or without the terminal “s.”

c. Distinguishing Minyard & Unjust Enrichment. Since the compensation awarded under section 284(f)(1) is based upon strict liability, the claimant’s impoverishment is not to be modified by an

³³⁴ 205 So. 2d 422 (La. 1967).

adjective (such as harmful, suffered, injurious) and the infringer's enrichment is not to be modified by an adjective (such as just, unjust, inequitable). Impoverishment is singular and is not to be written as impoverishments or apocoped to impoverishment. Enrichment is singular and is not to be written as enrichments or apocoped to enrichment. Further, because American patent law is not governed by French based law, the common law recovery of unjust enrichment under the test set out in *Minyard* is irrelevant to the statutory recovery of 35 U.S.C. § 284 compensation. Under section 284(a), the claimant is entitled to section 284(e) compensation, not unjust enrichments.

3. *Clear Guidance vs. Damages Example.* Again, one of the difficulties in drafting an infringement compensation statute to arrive at the point in the statute's text where the court awards the claimant section 284(e) compensation is the understanding of what structural steps must be completed before the court makes its section 284(f)(1) award. This understanding requires a 5-step logical chain beginning with the section 284(a)(1) infringement conduct and ending with the section 284(f)(1) award of compensation. Omitting even one of these five steps from the statute invites the same chaos from which patent law has suffered for over 200 years, primarily through the all-meaning word "damages."

For example, compare the wording of the proposed amendments in this Article's Appendix I to the wording of the current (1994) patent infringement compensation statute in Appendix II. The proposed amendments state:

Under the proposed amendments, section 284(e) compensation is to be section 284(f)(1) awarded to the claimant and this section 284(e) compensation amount may be based to a reasonable probability on the section 284(a)(2)(A)(ii) claimant's unrealized income amount that is proven as the economic value of the section 284(a)(2)(A)(i) claimant's impoverishment to the extent that the claimant's impoverishment is causally connected to the section 284(a)(1) infringement conduct.

Note that the section 284 subsection designation marks decrease in sequential order. The sentence can be reversed so that the

subsection designation marks increase in sequential order; yet the law remains unchanged: For a claimant to be entitled to section 284(e) compensation, the claimant must prove to a reasonable probability that the section 284(a)(1) infringement conduct is causally connected to the section 284(a)(2)(A)(i) claimant's impoverishment shown causally connected to the section 284(a)(2)(A)(ii) claimant's unrealized income amount in the form of The (a)(2)(A) Amount as the basis for the section 284(f)(1) award of section 284(e) compensation. Also note how the singular terms compensation, compensation amount, claimant's unrealized income amount, claimant's impoverishment, and infringement conduct grammatically fit within sentence structure.

Now note how the verbs in the sentence structure with the word "damages" need to be altered so that the subject "damages" agrees in number with verbs, even though the subject "damages" is singular like those terms used in the proposed amendments:

Under current practice, § 284 (1994) damages is to be awarded to the claimant and this damages is to be based to a reasonable probability on the claimant's damages that is proven as the economic value of the claimant's damages to the extent that the claimant's damages is causally connected to the infringement damages.³³⁵

Is there any wonder why the plural/singular word "damages" can legally mean whatever the user wants it to mean.

H. SECTION 284(a)(2) "CAUSALLY CONNECTED"

Concerning the section 284(a)(2)(A)(i) term "causally connected," the proposed amendments require the court or jury, as is appropriate, to make two separate determinations. The first determination is whether the section 284(a)(1) infringement conduct was the cause in fact³³⁶ of the section 284(a)(2)(A)(i) claimant's impoverishment.

³³⁵ *Rite-Hite Corp. v. Kelly Co.*, 56 F.3d 1538, 1545 (Fed. Cir. 1995).

³³⁶ *Id.* See also *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 648 (1915) ("During the period of infringement several other manufacturers were selling drills in large numbers in the same localities in direct competition with the plaintiff's drill, and under the evidence it could not be said that, if the sales in question had not been made, the

The second determination is whether the section 284(a)(1) infringement conduct was the proximate cause³³⁷ of the section 284(a)(2)(A)(i) claimant's impoverishment. The equivalent two separate determinations are also made for section 284(a)(2)(A)(ii) "causally connected" term.

Concerning the section 284(a)(2)(B)(i) term "causally connected," the proposed amendments require the court or jury, as is appropriate, to make two separate determinations. The first determination is whether the section 284(a)(1) infringement conduct was the cause in fact of the section 284(a)(2)(B)(i) infringer's enrichment. The second determination is whether the section 284(a)(1) infringement conduct was the proximate cause of the section 284(a)(2)(B)(i) infringer's enrichment. The equivalent two separate determinations are also made for section 284(a)(2)(B)(ii)'s "causally connected" term.

By expressly revealing that patent law does use cause in fact tort law tests, the proposed amendments are designed to include, but not be limited to, general cause in fact tort law tests such as the "but for" test, the rule of concurrent liability, the "substantial factor" rule, the rule of alternative liability, and market share liability as circumstances permit.³³⁸

By expressly revealing that patent law does use proximate cause tort law tests, the proposed amendments are designed to include, but not be limited to, general "proximate cause" tort law tests such

defendants' customers would have bought from the plaintiff rather than from the other manufacturers. Besides, it did not satisfactorily appear that the plaintiff possessed the means and facilities requisite for supplying the demands of its own customers and of those who purchased the infringing drills.".)

³³⁷ *Holmes v. Securities Investor Protection Corp.*, 503 U.S. 258 (1992) (describing proximate cause as a means of limiting legal responsibility); *Rite-Hite Corp.*, 56 F.3d at 1546 ("Judicial limitations on damages, either for certain classes of plaintiffs or for certain types of injuries have been imposed in terms of 'proximate cause' or 'foreseeability' "); *id.* at 1546 ("Being responsible for lost sales of a competitive product is surely foreseeable; such losses constitute the full compensation set forth by Congress, as [concluded] by the Supreme Court, while staying well within the traditional meaning of proximate cause. Such lost sales should therefore clearly be compensable"). While the diverted sales issue may clearly satisfy the proximate cause test without any discussion, other types of compensable injuries—such as unpatented products, convoyed items, spare parts—brings proximate causes' foreseeability into issue.

³³⁸ See generally WILLIAM LLOYD PROSSER, *CASES AND MATERIALS ON TORTS* (8th ed. 1988) (describing these tests cogently).

as the foreseeability approach or other test as circumstances permit.³³⁹ Under the section 284(a)(2)(A) foreseeability approach, the infringer's conduct will be the proximate cause of the claimant's impoverishment where the foreseeable result occurred in a foreseeable manner to a foreseeable claimant. Under the section 284(a)(2)(B) foreseeability approach, the infringer's conduct will be the proximate cause of the infringer's enrichment where the foreseeable result occurred in a foreseeable manner to a foreseeable infringer. Under either foreseeability approach, a foreseeable result is the strongest factor. Because the intangible aspects of intellectual property are worth more than the tangible embodiments made by an infringer,³⁴⁰ foreseeable infringement conduct includes, but is not limited to, infringement conduct results which (i) deplete or drain something causally connected to the claimant's untapped richness or productiveness in quantity, quality, content, power, or value or (ii) supplying or filling something causally connected to the infringer's illicit richness or productiveness in quantity, quality, content, power, or value. These include, but are not limited to, past market sales, customer loyalty, premium selling prices, market dominance, present goodwill, future goodwill, and deprivation of learning curve embodied within the unharvested portion of the patent claim grant at issue.

The rationale for allowing these tests is that infringement is a tort.³⁴¹ However, at best, infringement has often been described as a tort,³⁴² but only in a loose way,³⁴³ and never in the sense

³³⁹ *Id.*

³⁴⁰ *King Instruments Corp. v. Perego*, 65 F.3d 941, 950 n.4 (Fed. Cir. 1995) ("[T]he 'entire market value rule' recognizes that the economic value of a patent may be greater than the value of the sales of the patented part alone.")

³⁴¹ *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1579, 1 U.S.P.Q.2d (BNA) 1081, 1090 (Fed. Cir. 1986) (citing *Carbice Corp. of Am. v. American Patents Dev. Corp.*, 283 U.S. 27, 33, 8 U.S.P.Q. (BNA) 211, 213 (1931)).

³⁴² *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 985 (Fed. Cir. 1995) (in banc) ("The analogy of a patent to a contract is not useful, however, in the context of a patent infringement suit. Patents are not contracts per se and patent infringement actions have never been viewed as breach of contract actions. Patent infringement has often been described as a tort."), *aff'd*, 517 U.S. 370, 38 U.S.P.Q.2d (BNA) 1461 (1996).

³⁴³ See *North Am. Philips Corp. v. American Vending Sales, Inc.*, 35 F.3d 1576, 1579, 32 U.S.P.Q.2d (BNA) 1203, 1205 (Fed. Cir. 1994) (arguing that 35 U.S.C. § 271(a) (1988) does not speak generally of the "tort of patent infringement," but specifically of a liability that arises upon the making, using, or selling of an infringing article.).

of a common law tort.³⁴⁴ Maybe the rationale lies in an analogy between the invention patent grant and the land patent grant.³⁴⁵ This is unlikely since, under 35 U.S.C. § 261, “patents . . . have the attributes of personal property,”³⁴⁶ although 35 U.S.C. § 261 doesn’t seem to address the attributes of the claims within a patent. Perhaps the rationale could be found by analogy to other forms of intellectual property.³⁴⁷ However, government logic should be given its due weight since copyrights are governed by the same Constitutional provision as patents³⁴⁸ but issued by a different government administrative agency,³⁴⁹ whereas, trademarks are issued by the same government administrative agency that issues patents,³⁵⁰ but governed by a different Constitutional provision than patents.³⁵¹ In any event, if the rationale for allowing these causation tests is to be found in an analogy to a

³⁴⁴ *Jim Arnold Corp. v. Hydrotech Sys., Inc.*, 109 F.3d 1567, 1572, 42 U.S.P.Q.2d (BNA) 1119, 1123 (Fed. Cir. 1997), *cert. denied, sub nom Baker Hughes, Inc. v. Jim Arnold Corp.*, 118 S. Ct. 338 (Oct. 20, 1997) (“It is well settled that if the patentee pleads a cause of action based on rights created by . . . the common law of torts, the case is not one ‘arising under’ the patent laws.”); *Belknap v. Schild*, 161 U.S. 10, 18 (1896) (common-law tort of patent infringement case cited in *Idaho v. Coeur D’Alene Tribe of Idaho*, ___ U.S. ___, 117 S. Ct. 2028, 2035-36 (June 23, 1997)).

³⁴⁵ *See Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1572, 19 U.S.P.Q.2d (BNA) 1508, 1511 (Fed. Cir. 1991) (stating “early cases have pointed to the myriad ways in which patent rights—that is, property in patents—are closer in analogy to real than to personal property”).

³⁴⁶ 35 U.S.C. § 261 (1994); *see Filmtec Corp.*, 939 F.2d at 1572 (holding that 35 U.S.C. § 261 “establishes as a matter of law that patents today have the attributes of personal property.”). *Compare Marsh v. Nichols, Shepard & Co.*, 128 U.S. 605 (1888) (describing the patent grant in terms of land patents as a way of relying on real property grant execution rights to take advantage of the fact that the requirements for land deed execution have traditionally been mandatory, not discretionary).

³⁴⁷ *See High Tech Med. Instrumentation, Inc. v. New Image Indus.*, 49 F.3d 1551, 1556, 33 U.S.P.Q.2d (BNA) 2005, 2009 (Fed. Cir. 1995) (“Reasoning by analogy from decisions involving other forms of intellectual property, this court has held that a presumption of irreparable harm arises when a patentee makes a clear showing that a patent is valid and that it is infringed.”).

³⁴⁸ U.S. CONST. art. I, § 8, cl. 8.

³⁴⁹ The United States Copyright Office issues copyrights, whereas the United States Patent and Trademark Office issues patents.

³⁵⁰ The United States Patent and Trademark Office issues both patents and trademarks.

³⁵¹ Trademarks are governed by U.S. CONST. art. I, § 8, cl. 2 (Commerce clause), whereas as patents are governed by U.S. CONST. art. I, § 8, cl. 8 (authors and inventors). *See, e.g., Fairway Foods, Inc. v. Fairway Mkts., Inc.*, 227 F.2d 193, 197, 107 U.S.P.Q. (BNA) 253, 255 (9th Cir. 1955) (observing that “Congress gains its power over trademarks under the Commerce clause of the Constitution.”).

Supreme Court holding, the Supreme Court holding had better be a decisive holding.³⁵²

Make what you will of the above discussion. The important points are that:

- (i) by “cause in fact” the proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) are designed to include, but not be limited by, general tort law tests such as the “but for test,” the “rule of concurrent liability,” the “substantial factor rule,” the “rule of alternative liability,” and “market share liability” as circumstances permit; and
- (ii) by “proximate cause” the proposed amendments are designed to include, but not be limited by, general tort law tests such as the “foreseeability approach” as circumstances permit.

The best rationale for these points is that the Federal Circuit currently uses cause in fact’s “but for test”³⁵³ and “market share liability”³⁵⁴ as well as proximate cause’s foreseeability approach.³⁵⁵ There is no reason to exclude *ipso facto* a general tort

³⁵² *Paper Converting Mach. Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 17, 223 U.S.P.Q. (BNA) 591, 595 (Fed. Cir. 1984) (“We must be cautious in extending five to four [Supreme Court] decisions by analogy.”).

³⁵³ *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1545, 35 U.S.P.Q.2d (BNA) 1065, 1069 (Fed. Cir. 1995) (in banc) (remarking “[t]his surely states a ‘but for’ test.”).

³⁵⁴ *State Indus. v. Mor-Flo Indus.*, 883 F.2d 1573, 1577 (Fed. Cir. 1989) (considering whether compensation can be based on black market share liability). See also *Sindell v. Abbott Labs.*, 607 P.2d 924 (Cal. 1980), *cert. denied*, 449 U.S. 912 (1980) (discussing California’s tort view of Market Share liability). As an example of black market share liability, assume there are four infringer’s—A, B, C, and D—in a multiple infringement case and that the black market of infringement comprises 100% made up of each of the four infringer’s percentage (e.g. A: 40%; B: 20%; C: 10%; D: 30%). As the claimant sues each infringer, one at a time, the black market still comprises 100%, but the weighted percentage of the not-yet-sued infringers increases by the downfall of one of their tacit co-conspirators. Their proportionate black market share remains the same, but their individual liability percentage increases: Suing A results in B: 33% [= 20/(20+10+30)]; C: 17% [=10/(20+10+30)]; D: 50% [=30/(20+10+30)]. Then, suing B results in C: 25% [=17/(17+50)]; D: 75% [=50/(17+50)]. Then, suing C results in D: 100% (=75/75). And suing D results in the claimant completing its causes of actions. The seriatim order of the lawsuits can be strategically arranged by the claimant on a cost/benefit analysis.

³⁵⁵ *King Instruments Corp. v. Perego*, 65 F.3d 941, 947, 36 U.S.P.Q.2d (BNA) 1129, 1133 (Fed. Cir. 1995) (stating that “the section’s broad language awards [compensation] for any injury as long as it resulted from the infringement.”).

law test merely because it is a test that has yet to be applied within patent law.

Each “causally connected” requirement of section 284(a)(2)(A) and section 284(a)(2)(B) in the proposed amendments works in both usual and unusual situations. In *Rite-Hite*, the in banc opinion of the court stated that the claimant’s impoverishment such as “a heart attack of the inventor or loss in value of shares of common stock of a patentee corporation” are not recoverable where they are remote consequences, indirectly caused by the infringement conduct.³⁵⁶ The court did not address the question of whether such impoverishment types would be recoverable in those unusual circumstances where such impoverishment was other than a remote consequence, indirectly caused by the infringement conduct. Under general tort legal theory, where the “cause in fact” test fails to settle the recovery issue, the “proximate cause” test will. Properly expressed and applied, the law takes care of itself.

I. COMPENSATION AWARD SPLIT

Typically, infringement of another’s patent rights only involves one infringer—a “single infringer” situation (under present patent nomenclature, the two-supplier market). However, the Federal Circuit court in *State Industries v. Mor-Flo Industries* was faced with a “multiple infringer” situation (under present patent nomenclature, multiple competitors) where the first infringer had been brought before the district court by the claimant and the other infringers had yet to be brought to justice for one reason or another.³⁵⁷ In *Rite-Hite*, the in banc opinion of the court approved the holding in *State Industries v. Mor-Flo Industries* which held that claimant State Industries could split the compensation award between the two available forms of compensation.³⁵⁸ This is consistent with the 1946 Congress’ action of maintaining the infringer’s profits and the claimant’s damages within the recovery category of compensation. Thus, it is important that section 284 allow for this award split between the two available forms of

³⁵⁶ 56 F.3d 1538, 1546, 35 U.S.P.Q.2d (BNA) 1065, 1069 (Fed. Cir. 1995).

³⁵⁷ 883 F.2d 1573, 1578 (Fed. Cir. 1989).

³⁵⁸ *Rite-Hite Corp.*, 56 F.3d at 1545.

compensation while eliminating any possibility of double recovery or interminable delay.

1. *Parentheticals Allow Split.* The proposed amendments contain two parentheticals that allow for the (a)(2)(A) + (a)(2)(B) = (f)(1) situation split, but prevent double recovery and interminable delay: parenthetical section 284(a)(2)(A)(i) reads, "under circumstances where the claimant has not proven that the infringer's enrichment is causally connected to the infringer's gross income"; and parenthetical section 284(a)(2)(B)(i) reads, "under circumstances where the claimant has not proven that the claimant's impoverishment is causally connected to the claimant's unrealized income."³⁵⁹ The flexibility of the parentheticals lies within the term "under circumstances where." This term allows the meaning to be as broad or narrow as circumstances dictate, subject to the (a)(2) reasonable probability standard and the appropriate standard of review. Since the term "has not proven" in each parenthetical allows the claimant to choose the path to travel (The (a)(2)(A) Amount or The (a)(2)(B) Amount), the term "has not proven" does not mean the phrase "cannot prove." Since construing the term "has not proven" as "cannot prove" would make section 284(b) irrelevant under certain circumstances, a "cannot prove" meaning is wrong.

2. *Observations on the Four "Panduit Factors".* In *Panduit Corp. v. Stahlin Bros. Fibre Works, Inc.*, the Sixth Circuit set out four factors that have been adopted into patent law by which the claimant must prove "(1) demand for the patented product; (2) absence of acceptable non-infringing substitutes; (3) manufacturing and marketing capability to exploit the demand; and (4) the amount of the profit it would have made."³⁶⁰ This demand/absence/capacity/amount test is seen as a non-exclusive test.³⁶¹ Further, the fourth factor is ignored as not relevant to this issue since the claimant's unrealized income under the fourth factor is conditioned on the existence of claimant's capacity under the third factor. This observation alone is enough to conclude that the Sixth Circuit's *Panduit* test is the wrong test for patent law, for

³⁵⁹ See Appendix I.

³⁶⁰ 575 F.2d 1152, 1156, 197 U.S.P.Q. (BNA) 726, 730 (6th Cir. 1978).

³⁶¹ *State Indus.*, 883 F.2d at 1577.

nothing in law is wasted.³⁶² In addition, that the infringer infringed by selling the product means that there was a demand for the patented product under the first factor. In other words, the claimant's impoverishment under the first factor is relevant to causally connected analysis under section 284(a)(2)(A)(ii) only to the extent that the claimant has already proved the claimant's impoverishment under section 284(a)(2)(A)(i). So the first factor is not directly relevant. The claimant's market can be defined as a niche market³⁶³ such that there are no second factor acceptable non-infringing substitutes. So the second factor is not really relevant. The only question left is how could the Sixth Circuit classify three of their four "*Panduit* factors" as factors when they are, for the most part, irrelevant to the proof that the claimant's impoverishment is causally connected to the claimant's unrealized income under section 284(a)(2)(A)(ii). The Sixth Circuit's *Panduit* test needs to be replaced with the following discussion in mind.

It is important to understand that the area of this immediate discussion is 35 U.S.C. § 271(a) infringement by selling. In infringement by selling, the infringer has created and entered a black market to sell goods or services that the claimant may or may not have sold had the claimant possessed such goods or services.³⁶⁴ Irrespective of the claimant's actions, income is generated

³⁶² For example, in capturing the function of a means through use of § 112(6), the phrase "perforation means for tearing" is analyzed first as "means for tearing" whereby the claimant is entitled to the function scope embodied around the means disclosed in the specification and embodied around the equivalents to the means disclosed in the specification; then the phrase is subsequently limited by the term "perforation" such that the claimant is only entitled to perforation function. In invoking § 112(6), a "means plus function" limitation is further limited by reciting definite structure for performing the described function. See *Cole v. Kimberly-Clark Corp.*, 102 F.3d 524, 531, 41 U.S.P.Q.2d (BNA) 1001, 1006 (Fed. Cir. 1996), *cert. denied*, 1185 S. Ct. 56 (1997) ("To invoke [35 U.S.C. § 112, P 6 (1994)], the alleged means-plus-function claim element must not recite a definite structure which performs the described function."). Thus, "perforation means for tearing" can be written as "means for tearing, limited to perforation," both having the same claim construction.

³⁶³ *Yarway Corp. v. Eur-Control USA, Inc.*, 775 F.2d 268, 272, 227 U.S.P.Q. (BNA) 352, 355 (Fed. Cir. 1985) (stating "[t]he court found that the products at issue filled a 'special niche' in the market").

³⁶⁴ In contrast, gray market goods are products made by the claimant under the patent claim, shipped outside the United States, and imported back into the United States by the infringer to be sold on the black market. See generally 35 U.S.C. § 271 (1994); Shashank Upadhye, *Rewriting the Lanham Trademark Act to Prohibit the Importation of All Gray Market Goods*, 20 SETON HALL LEGIS. J. 59 (1996) (arguing that since the essential function

because there is an accession to wealth, clearly realized, over which the recipient has dominion.³⁶⁵ In the infringement by selling situation, the recipient of the wealth will be the infringer. This income wealth had always existed within the claimant's patent claim. It is just that the infringer unlawfully sold this borderless, intangible, intellectual wealth embodied in a tangible form to realize money as economic value. Thus, this money had always existed within the claimant's patent claim.

The key factor that separates the claimant who will seek to have the compensation award based upon the (a)(2)(A) Amount (claimant's unrealized income number) and the claimant who will seek to have the compensation award based upon the (a)(2)(B) Amount (infringer's gross income number) is the claimant's timely capacity to exploit the market demand that was satisfied by the infringer. For a given patent claim under § 284, the claimant with exploitation capacity and the claimant without exploitation capacity will experience the same section 284(a)(2)(A)(i) claimant's impoverishment. However, only the claimant with exploitation capacity can prove the causal connection of section 284(a)(2)(A)(ii) beyond mere speculation—to a reasonable probability. For the claimant without exploitation capacity, in most cases proof of the claimant's unrealized income will not rise beyond a level of speculation.

At this point, an accounting valuation of this "money" is needed for the court to make its section 284(f)(1) award. The valuation need only be a reasonable inference, "approximate," more than mere speculation, or more than a mere guess.³⁶⁶ If the valuation numbers come from the black market set up and run by the infringer, does that mean that the black market numbers are "not a reasonable inference" or "not approximate" or "equal to or less

of the Lanham Act is to reinforce Congress' goals of eliminating consumer confusion and protecting the trademark owner's investment in goodwill, the Act should be enforced to eliminate the Gray Market completely).

³⁶⁵ *Commissioner v. Glenshaw Glass Co.*, 348 U.S. 426, 431 (1955).

³⁶⁶ *Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056, 1065, 219 U.S.P.Q. (BNA) 670, 675 (Fed. Cir. 1983) ("[W]hile the [The (a)(2)(A) Amount or (a)(2)(B) Amount] may not be determined by mere speculation or guess, it will be enough if the [claimant's] evidence show[s] the extent of the [claimant's impoverishment or the infringer's enrichment] as a matter of just and reasonable inference, although the [claimant's unrealized income or the infringer's gross income] be only approximate.") (quoting *Story Parchment Co. v. Paterson Parchment Paper Co.*, 282 U.S. 555, 563 (1931)).

than mere speculation” or “equal to or less than [a] mere guess”? Of course not. Similarly, if the claimant lacks the timely capacity to exploit the claimant’s patent claim, does that mean that the black market numbers are “not a reasonable inference” or “not approximate” or “equal to or less than mere speculation” or “equal to or less than [a] mere guess”? Again, of course not. Markets take care of themselves—even illicit black markets.

What this means is that the infringer’s numbers typically will be lower than the numbers that would be generated if the claimant were the one to make the sale. This is because between a lazy infringer who steals and a hard working claimant, the claimant will be the frugal business operator who seeks out the lowest fixed and variable costs. Low fixed and variable costs increase the net income numbers, whereas high fixed and variable costs decrease the net income numbers. Thus, all things being equal between a section 284(a)(2)(A) claimant with exploitation capacity and a section 284(a)(2)(B) claimant without exploitation capacity, the section 284(a)(2) Amount will be greater for the section 284(a)(2)(A) claimant. This is because the claimant without exploitation capacity must rely on the less efficient black market numbers, rather than that claimant’s non-speculative work ethics. The reliability of the black market numbers is accounted for by three things: the fundamental principle of justice requiring that the risk of uncertainty is to be thrown upon the infringer, as set out in the Supreme Court case of *Story Parchment Co. v. Paterson Parchment Paper Co.*,³⁶⁷ the section 284(c) permissive adjustment to a section 284(a)(2)(B)(ii) infringer’s gross income; and the flexibility of the decision maker in finding or assessing § 284(e) compensation.

There is little equity for an intellectual property infringer in the United States. For example, in the Federal Circuit case of *Atlas Powder Co. v. Ireco Chemicals*,³⁶⁸ Judge Rich found little need to discuss the courts finding that the injury to claimant’s patent rights outweighed the injury to an infringer who would lose 66% of his total sales and be required to lay off 200 of his employees.³⁶⁹ Moreover, as Federal Circuit Court Chief Judge Markey concluded

³⁶⁷ 282 U.S. 555, 563 (1931).

³⁶⁸ 773 F.2d 1230, 227 U.S.P.Q. (BNA) 289 (Fed. Cir. 1985).

³⁶⁹ *Id.* at 1234.

in 1988: Distinguishing a claimant's statutory right to full compensation on whether that claimant lacks money and manufacturing capacity disserves the public's Article I, Section 8, Clause 8 interest in technological advancement by favoring corporations over individuals and creating a " 'survival of the fittest' jungle mentality . . . intended to be replaced, not served, by the law."³⁷⁰

J. SECTION 284(b) "ROYALTY INCOME" AMOUNT

As is clear by now, the current use of the plurality dicta view's post-1964 reasonable royalty recovery category is no longer workable or even salvageable regarding patent law and thus is not literally encompassed within the proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994). Further, the analogy of a "reasonable royalty" to a "floor" has been eliminated. Under the proposed amendments, the section 284(b) royalty income amount is not a floor onto which nefarious plurality dicta views, deceitful politicians, and lawless foreigners may force America's individual inventors and small business to eat scrap bones like a dog, but rather, section 284(b) royalty income amount is a big American butcher's thumb on the scales of justice, with the claimant-owner, judge, and jury working behind the counter, forced into selling the claimant's prime choice meat to an infringer who has taken advantage of the claimant's child; it is the hydraulic lift of justice that raises the claimant's nominal compensation to an award of reasonable compensation, under the circumstances of the claimant's right to exclude; and, it is the unsheathed sword of Damocles brought to bear against an infringer who tempts a king's immunity.

Under the proposed amendments to 35 U.S.C. § 284 (1994), the claimant may prove to a reasonable probability the section 284(b) royalty income as The (a)(2)(A) Amount of the claimant's impoverishment or as The (a)(2)(B) Amount of the infringer's enrichment. Under section 284(b), the claimant may prove the section 284(b) royalty income as an equivalent to either the claimant's or another's established royalty income that is reasonable concerning

³⁷⁰ *Fromson v. Western Litho Plate & Supply Co.*, 853 F.2d 1568, 1575 (Fed. Cir. 1988) ("Fromson IV").

the practice made of the invention by the infringer. Alternatively, the claimant may prove the section 284(b) royalty income under the section 284(b) Claimant Licensor/Infringer Licensee rule.³⁷¹ The section 284(b) Claimant Licensor/Infringer Licensee rule provides:

Section 284(b) Claimant Licensor/Infringer Licensee rule

In fixing section 284(b) royalty income, the amount allowed as The (a)(2)(A) Amount or as The (a)(2)(B) Amount should be reasonable for the practice made of the invention by the infringer and that which would be accepted by the claimant from an imprudent infringer who fails to obtain a license but now is so compelled, where the claimant may or may not have wished to grant a license but now is so compelled.

The Claimant Licensor/Infringer Licensee rule stands in contrast to the Willing Buyer/Willing Seller rule as first modified by the 1970 court in *Georgia-Pacific Corp. v. United States Plywood Corp.*³⁷² In an earlier case, the 1965 court in *Georgia-Pacific* cited in detail *Aro II*'s plurality dicta view as authority and held that the infringer's profits are not recoverable because § 284 text says "damages" and that Mr. Justice Brennan "completely dispelled" the issue in *Aro II*.³⁷³ To the extent the Willing Buyer/Willing Seller rule has subsequently been distorted as the result of *Aro II*'s plurality dicta view, the Willing Buyer/Willing Seller rule is invalidate by the proposed amendments in Appendix I.

When applying the Claimant Licensor/Infringer Licensee rule, the court should sift the evidence and set out the basis in the record for the determination of the amount of section 284(b) royalty income to avoid an arbitrary and reversible conclusion.³⁷⁴ Further, when The (a)(2)(A) Amount or The (a)(2)(B) Amount from

³⁷¹ *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 (Fed. Cir. 1995) (in banc) (allowing the claimant to prove the royalty under an alternative basis).

³⁷² 318 F. Supp. 1116, 1121, 166 U.S.P.Q. (BNA) 235, 239 (S.D.N.Y. 1970).

³⁷³ *Georgia-Pacific Corp. v. United States Plywood Corp.*, 243 F. Supp. 500, 542-46 (S.D.N.Y. 1965).

³⁷⁴ *Horvath v. McCord Radiator & Mfg. Co.*, 100 F.2d 326, 336 (6th Cir. 1938) (stating that "the court should sift the evidence and place its determination of reasonable royalties on something tangible if it can be found in the record in order to avoid an arbitrary conclusion").

section 284(b) is used as a numeric measure to find or assess the section 284(e) compensation, the section 284(e) compensation finding or assessment must be sufficiently supported by the evidence of record to avoid the appellate conclusion that the award of section 284(f)(1) compensation is so outrageously high or outrageously low that The (a)(2) Amount could not support the finding or assessment in section 284(e).³⁷⁵

It is also important to keep in mind that, regardless of any other circumstances, the infringer did drag the claimant into court to protect that claimant's property rights. In *Panduit Corp. v. Stahlin Brothers Fibre Works*,³⁷⁶ the court characterized the claimants legal burdens:

As a result of Stahlin's election to infringe its property right, Panduit has suffered substantially. Though unable to prove the actual amount of lost profits or to establish a damage figure resulting from Stahlin's price cut, Panduit was clearly damaged by having been forced, against its will, to share sales of the patented product with Stahlin. Further, Panduit has been forced into thirteen years of expensive litigation, involving \$400,000 in attorney fees, a trial, a contempt proceeding to enforce the court's injunction, a hearing on damages, and three appeals. For all this, the "damages adequate to compensate for the infringement," 35 U.S.C. § 284, have thus far been found to total \$44,709.60.³⁷⁷

Moreover, in *Lam, Inc. v. Johns-Manville*,³⁷⁸ the court observed:

Lam was hurt and it was hurt badly by the litigation. Its ability to compete against a giant was almost destroyed because of the trade's belief that Lam had nothing to sell

³⁷⁵ *Rite-Hite Corp.*, 56 F.3d at 1554 (stating that "[o]ne challenging only the court's finding as to amount of damages awarded under the 'reasonable royalty' provision of § 284, therefore, must show that the award is, in view of all the evidence, either so outrageously high or so outrageously low as to be unsupportable as an estimation of a reasonably royalty") (citing *Lindemann Maschinenfabrik GmbH v. American Hoist & Derrick Co.*, 895 F.2d 1403, 1406, 13 U.S.P.Q.2d (BNA) 1871, 1874 (Fed. Cir. 1990)).

³⁷⁶ 575 F.2d 1152 (6th Cir. 1978) (internal citations omitted).

³⁷⁷ *Id.* at 1158.

³⁷⁸ 718 F.2d 1056, 219 U.S.P.Q. (BNA) 670 (Fed. Cir. 1983).

which wasn't available from defendant. This was just a little bit of the injury Lam sustained. The real injury was the drain on Lam's resources resulting from the expensive litigation. Lam was drained of its cash and came under the control of its bankers—a situation which rarely leads to growth and success. Its limited human resources had to be devoted to the lawsuit instead of to business. On top of all of this, the record shows that the [infringer's] hastily developed CLASSPAK didn't work very well, and the entire concept of the fixture received a bad name. The market reasoned that if the giant couldn't make a good product, the pygmy surely couldn't.³⁷⁹

K. SECTION 284(c) "INDUSTRY STANDARD VALUES"

Under section 284(c), the court may, under certain circumstances, decrease the infringer's gross income amount proven under section 284(a)(2)(B)(ii) using industry standard values for materials rendered by the infringer or services rendered by the infringer or both material and services rendered by the infringer. This provides flexibility for the court in ultimately awarding section 284(f)(1) compensation to the claimant and assuages opponents' concerns, doubts, fears, and perceived evils of using section 284(a)(2)(B)(ii) infringer's gross income to eliminate the competition.

This "eliminate the competition" ploy was brought up during the Committee Hearing on the Patent Act of 1946. As adopted in *Georgia-Pacific*, Mr. C. Henry, an invited Hearing witness and a 1946 Assistant Commissioner of Patents, stated:

I fully agree with Judge Evan A. Evans, senior judge of the Seventh Circuit Court of Appeals, . . . when he said, that the rule holding an infringer liable as a wrongful trustee for the patent owner - is not workable or practicable and is used by plaintiffs and their counsel to beat and bludgeon a competitor until he, or it, be exterminated. It is not damages that are sought, but the extermination of a competitor.³⁸⁰

³⁷⁹ *Id.* at 1063.

³⁸⁰ *Georgia-Pacific Corp.*, 243 F. Supp. 500, 525 n.23 (quoting *Recovery in Patent Infringement Suits: Hearing on H.R. 5231*, *supra* note 101, at 7).

All courts should eschew this “eliminate the competition” ploy. The claimant is not a sycophant attempting to live off the infringer’s illicit riches. The infringer is not an usufructuary with the right to use and enjoy the claimant’s intellectual property. Moreover, regarding the market covered by the claimant’s claimed invention, the infringer is not a competitor or a competitor to be eliminated, but a wrongdoer who has infringed upon the claimant’s 35 U.S.C. § 154 right to exclude others from practicing the claimed invention. Further, because it is within the infringer’s own control to limit its conduct, the infringer is held liable by section 284(a)(2) for that conduct to the extent of the infringement conduct, even if this liability exceeds the scope of the market covered by the claimant’s claimed invention and spills into the proverbial “entire market.”³⁸¹ Even further, when such an infringer engages in culpable infringement conduct or culpable litigation conduct, it is the infringer who seeks to impede and obstruct the claimant from market participation, or, where the claimant has already entered the market, it is the infringer who seeks to delay, thwart, and even eliminate the claimant’s activities.

With this in mind, the circumstances under section 284(c) that the court may decrease the amount proven under section 284(a)(2)(B)(ii) become clearer. Under circumstances where the court awards a section 285(a)(1) punitive remedy or section 285(b) attorney fees as set out in Appendix I, it would be legally and equitably inconsistent to decrease the amount proven under section 284(a)(2)(B)(ii). Under the circumstances where the court does not make a section 285 award, there will be cases where the court may decrease the amount proven under section 284(a)(2)(B)(ii). Factors for section 284(c) may include, but not be limited to, degree of culpa for the infringement conduct (e.g., due care, slight negligence, ordinary negligence, gross negligence), degree of litigation misconduct, and the relative economic status of the parties at the time of infringement or at the time of trial. The question comes down to this: if a wealthy infringer negligently enters the claimant’s land

³⁸¹ In the context of existing case law, *Rite-Hite Corp.*, 56 F.3d at 1549, and the proposed amendments in Appendix I, the scope of the entire market resides in the causal connection between the claimant’s impoverishment and the claimant’s unrealized income or between the infringer’s enrichment and the infringer’s gross income, to the extent either is caused by the infringement conduct.

without permission and mines out any gold, under circumstances where the claimant lacked or lacks the capacity to work the claim, should the claimant now be compelled to pay for the infringer's rendered material and services just because the infringer was caught and thereby forced the claimant into court to retrieve the claimant's gold?

L. SECTION 285 PUNITIVE REMEDY, ATTORNEY FEES

Since the punitive remedy of section 285(a)(1) and the attorney fees of section 285(b) share a finding of willfulness together³⁸² and are not compensation, interest, or costs, these two are appropriately set out in Appendix I under the same statutory section in Title 35 (patents). This adjustment will aid the district courts in sorting out that willfulness is not relevant under section 284 Compensation, Interest, Costs, but that willfulness is relevant under section 285 Punitive Remedy, Attorney Fees. One small point, infringement under section 284(a)(1) is neither innocent infringement nor non-willful infringement. The correct patent law terminology for section 284(a)(1) infringement itself is "infringement" since section 284(a)(1) infringement is a strict liability tort. The section 285(a) infringement conduct is either nonwillful conduct that does not lead to the punitive remedy of multiple compensation or section 285(a)(1) willful conduct that leads to the punitive remedy of multiple compensation.

M. 28 U.S.C. § 1498 INFRINGEMENT BY U.S.

Certain patent infringement remedies are conditioned on who are the defendants. For example, a patent infringement claimant has no 35 U.S.C. § 283 injunction remedy against the United States Federal Government because such a claimant is limited by 28

³⁸² *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1523 (Fed. Cir. 1995) (in banc) *rev'd on other grounds*, 117 S. Ct. 1040, 41 U.S.P.Q.2d (BNA) 1865 (1997) (finding that "[i]ntent becomes a requirement only if and when the patent owner seeks enhanced damages or attorney fees for willful infringement"); *Pall Corp. v. Micron Separations, Inc.*, 66 F.3d 1211, 1221, 36 U.S.P.Q.2d (BNA) 1225, 1232 (Fed. Cir. 1995) (observing that "willful infringement" is a punitive finding, and can have the consequence of multiplication of damages), *cert. denied*, 117 S. Ct. 1243 (1997).

U.S.C. § 1498 to suing the Federal Government in the United States Court of Federal Claims for compensation under 28 U.S.C. § 1498 rather than under 35 U.S.C. § 284.³⁸³ Although the analysis in this Article addresses 35 U.S.C. § 284, it will also impact cases that are pending or cases that are brought against the Federal Government under 28 U.S.C. § 1498. Since the analysis of this Article will impact these patent infringement compensation cases, this author recommends that Congress rewrite 28 U.S.C. § 1498 to a form similar to the Appendix I proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994). Within this new § 1498, Congress must, among other things, expressly set out whether Congress wants to entitle the United States Federal Government to a compulsory license in those circumstances where the United States Federal Government improperly practices the claimed invention. As stated in *Dawson Chemical Co. v. Rohm & Haas Co.*,³⁸⁴ “[c]ompulsory licensing of patents often has been proposed, but it has never been enacted on a broad scale.”³⁸⁵ The *Dawson* court also noted that “[a]lthough compulsory licensing provisions were considered for possible incorporation into the 1952 revision of the patent laws, they were dropped before the final bill was circulated.”³⁸⁶

VI. FINAL THOUGHTS: PROFESSIONAL RESPONSIBILITY

Of all the duties of the judge, imposing sanctions . . . is perhaps the most unpleasant. A desire to avoid doing so is understandable. But if judges turn from Rule 11 and let it fall into disuse, the message to those inclined to abuse or misuse the litigation process will be clear. Misconduct, once tolerated, will breed more misconduct and those who might seek relief against abuse will instead resort to it in self-defense.

—William W Schwarzer, Senior District Judge³⁸⁷

³⁸³ See generally *Gargoyles, Inc. v. United States*, 113 F.3d 1572, 42 U.S.P.Q.2d (BNA) 1760 (Fed. Cir. 1997) (discussing a patentee's claim against the government under 28 U.S.C. § 1498 for infringement of an eyewear patent).

³⁸⁴ 448 U.S. 176, 206 U.S.P.Q. (BNA) 385 (1980).

³⁸⁵ *Id.* at 215 n.21.

³⁸⁶ *Id.*

³⁸⁷ William W Schwarzer, *Sanctions Under the New Federal Rule 11 - A Closer Look*, 104 F.R.D. 181, 205 (1985).

There are some unctuous advocates who continue to revive legal concepts in patent law that are dead,³⁸⁸ either in exchange for “thirty pieces of silver”³⁸⁹ or out of ignorance.³⁹⁰ These necroadvocates³⁹¹ sell their guile concepts³⁹² to the district courts through the polluting current of prejudice against patent rights and the body of law that protects the same. A patent grant is not a grant of a monopoly.³⁹³ Patent law is just as worthy as other

³⁸⁸ Law that is dead is “necrotized law.” See *United States v. De Lucia*, 256 F.2d 487, 491 (7th Cir. 1958) (“Surely [in denaturalization proceedings,] the defense [of *res judicata*] here has been thoroughly necrotized.”).

³⁸⁹ *Cramer v. United States*, 325 U.S. 1, 55 (1945) (Douglas, J., dissenting) (“A man who voluntarily assists one known or believed to be an enemy agent may not defend on the ground that he betrayed his country for only thirty pieces of silver.”).

³⁹⁰ See MODEL RULES OF PROFESSIONAL CONDUCT Rule 1.1 (1997) (“MRPC”) (Competence) (stating that lawyers shall provide competent representation requiring legal knowledge). Earning an LL.M. (Intellectual Property) master’s degree or passing the United States Patent and Trademark Office (USPTO) “*Registration Examination for Patent Attorneys*” is not merely an academic exercise, but a necessary study to comply with the jurisdiction’s equivalent to MRPC Rule 1.1 (Competence) —a rule so important, it is listed first in the MRPC. Lawyers unassociated with LL.M. (IP) degreed attorneys or licensed patent attorneys assume a serious risk of professional discipline and malpractice in representing clients in patent litigation, patent prosecution, and patent licensing.

³⁹¹ Necroadvocacy is the act of asserting dead law before a court, tribunal or other administrators of law and justice. See *Lamb’s Chapel v. Center Moriches Union Free Sch. Dist.*, 508 U.S. 384, 398 (1993) (Scalia, J., dissenting) (stating that “[l]ike some ghoul in a late-night horror movie that repeatedly sits up in its grave and shuffles abroad, after repeatedly being killed and buried, *Lemon* stalks our Establishment Clause jurisprudence once again, frightening little children and school attorneys. . .”).

³⁹² See MODEL RULES OF PROFESSIONAL CONDUCT Rule 3.3(a)(1) (1997) (making false statement of material law), Rule 3.3(a)(3) (1997) (omitting directly adverse legal authority to advance position), and see FED. R. CIV. P. 11 (1997) (“FRCP”) (sanctions for misleading legal arguments). See also *Judin v. United States*, 110 F.3d 780, 783-85, 42 U.S.P.Q.2d (BNA) 1300, 1303-1305 (Fed. Cir. 1997) (discussing FRCP Rule 11 sanctions).

³⁹³ The Statute of Monopolies, from which the United States patent laws were based, expressly listed a monopoly grant as distinct and separate from a patent grant, stating “[t]hat all monopolies, and all commissions, grants, licenses, charters, and letters patent. . . .” Are monopolies, while other patents are not, if they are granted to the inventors. *Evans v. Eaton*, 16 U.S. (3 Wheat.) 454, 518 n.(a) app. at 13-14 (1818); see also *Slaughter-House Cases*, 83 U.S. (16 Wall.) 36, 104 (1872) (excluding patents from monopoly prohibitions). Despite the Court’s best efforts, patent law has attempted to struggle away from the improper monopoly characterization since the Patent Act of 1790, ch. 7, § 4, 1 Stat. 109, 111 (1790) (repealed 1793). See *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 186 (1933) and *Panduit Corp. v. Stahlin Bros. Fibre Works*, 575 F.2d 1152, 1160 n.8 (6th Cir. 1978) (distinguishing a patent which “gives to public . . . that which the public never before had,” from a monopoly which “takes something from the people.”). Others choose to keep this monopoly characterization alive as a divisive means to their patent grant prejudicial end. See, e.g., *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 530, 173 U.S.P.Q.

bodies of law.³⁹⁴ The district courts must encourage proper advocacy³⁹⁵ through active use of the jurisdiction's rules of professional conduct.³⁹⁶ When an advocate seeks success through distortion or ignorance of the patent laws,³⁹⁷ the court must

(BNA) 769, 774 (1972) ("We must consider petitioner's [patent] claim in light of this Nation's historical antipathy to monopoly. . .").

³⁹⁴ Before 1983, the standard for granting a preliminary injunction was unusually stringent in that the "probability of success on the merits" standard was raised to a "success beyond question" standard in patent cases. This stringent standard was traced to a distrust of an unfamiliarity with patent issues as well as the misguided belief that the *ex parte* examination by the PTO is inherently unreliable. See generally *Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 219 U.S.P.Q. (BNA) 686 (Fed. Cir. 1983) (stating that movant must show patent is definitely valid and infringed). Gerald Mossinghoff, presently senior counsel at Oblon, Spivak, McClelland, Maier & Neustadt in Arlington, Va. and the former 1981 to 1985 PTO commissioner, later commented on this prejudice against patents, "It was like a dog chasing its tail. The motion for preliminary injunction failed because the court was so tough on patents. It's still not easy. The plaintiff bears a pretty good burden, but it is a lot easier." Bruce Rubenstein, *Patent Litigation is Expensive, But Worth Every Penny*, *Merrill's ILLINOIS LEGAL TIMES*, June, 1997, at 14.

³⁹⁵ See *TRW Fin. Sys., Inc. v. Unisys Corp.*, 35 U.S.P.Q.2d (BNA) 1460, 1468-70 (E.D. Mich. 1995) (Rosen, J.) (finding that attorneys from Townsend & Townsend as well as Jones, Day, Revis & Pogue, acted "wholly irresponsibly with respect to [patent related] document production," engaged in "mindless litigation for litigation's sake" lawyering that gives attorneys a bad name." The Court sanctioned a total \$45,000, cost, & fees for engaging "in careful 'non-disclosure' which amounted to misleading the Court by their failure to bring the issue of the P Document's production or non-production in *BancTec* and failure to bring to the Court's attention the fact that copies of the Maker documents were in Townsend & Townsend's possession."); *Sherman Treaters LTD., v. Ahlbrandt*, 115 F.R.D. 519 (D.D.C. 1987) (properly denying defendant's district court motion for attorneys' fees and expenses incurred at the Federal Circuit and U.S. Supreme Court levels, although upholding trial court's \$30,253.26 Rule 11 award). See also *O'Connor Chides Lawyers for Rudeness, Large Fees*, *THE ORLANDO SENTINEL*, Mar. 6, 1994, at A20 (Justice Sandra Day O'Connor: "I have watched with great sadness the decline in esteem held by our society of lawyers." "There must be a rediscovery of civility in the profession." "We need a fundamental change in attorney conduct.").

³⁹⁶ See 37 C.F.R. § 1.344 (1997) (both patent attorneys and patent agents must conform to the standards of ethical and professional conduct set forth in the MODEL CODE OF PROFESSIONAL RESPONSIBILITY adopted by the American Bar Association (e.g. MRPC)). See, e.g., *Energy Conversion Devices, Inc. v. Manbeck*, 741 F. Supp. 965, 16 U.S.P.Q.2d (BNA) 1574 (D. D.C. 1990) (denying petition for a writ of mandamus seeking to remove a specific primary patent examiner for personal bias against inventor Ovshinsky, where inventor Ovshinsky claimed that the examiner's derogatory and derisive remarks about Ovshinsky violated the standards of professional conduct).

³⁹⁷ See *Fromson v. Western Litho Plate & Supply Co.*, 853 F.2d 1568, 1570 (Fed. Cir. 1988) (Markey, C.J.) ("Fromson IV") ("This is the eighty-fourth case in which the court has been forced, ad nauseum, to remind counsel that it is a court of review, i.e., that it will not find the facts *de novo*, that it is not a place for counsel to retry their cases, that its judges do not participate as advocates to fill gaps left by counsel at trial, and that the function of

decisively and effectively correct these misrepresentations,³⁹⁸ mischaracterizations,³⁹⁹ and misleading statements.⁴⁰⁰ Only then will the *Federal Courts Improvement Act of 1982*⁴⁰¹ truly “strengthen the United States patent system in such a way as to foster technological growth and industrial innovation,”⁴⁰² as Constitutionally mandated by Article I, Section 8, Clause 8.

appellant’s counsel in relation to the district court’s findings is to show that those findings are clearly erroneous or, if correct, cannot support the district court’s legal conclusion.”)

³⁹⁸ See *Paulik v. Rizkalla*, 796 F.2d 456, 460, 230 U.S.P.Q. (BNA) 434, 437 (Fed. Cir. 1986) (stating that “[t]his conduct by Rizkalla’s counsel, involving flagrant misrepresentations of the record, was a gross violation of the high standards of professional conduct that we expect and demand of the members of our bar. There is no possible excuse for a lawyer distorting the record in the way that Rizkalla’s counsel has done. In the circumstances, Paulik is awarded double his costs. . . .”).

³⁹⁹ See *Panduit Corp. v. Dennison Mfg. Co.*, 774 F.2d 1082, 1102, 227 U.S.P.Q. (BNA) 337, 351 (Fed. Cir. 1985), *vacated on another ground*, 475 U.S. 809, 229 U.S.P.Q. (BNA) 478 (1986) (stating that “[i]n sum, Dennison’s presentation on appeal is disingenuous, containing mischaracterizations, misleading statements, and improper submissions. It has unnecessarily burdened the court with extraordinary need to check the record in respect of each of its assertions, only to find in too many instances a lack of candor. Accordingly, Panduit is awarded double its costs on appeal.”).

⁴⁰⁰ See *Amstar Corp. v. Envirotech Corp.*, 730 F.2d 1476, 1486, 221 U.S.P.Q. (BNA) 649, 656-57 (Fed. Cir. 1984) (stating that “[d]istortion of the record, by deletion of critical language in quoting from the record, reflects a lack of the candor required by the MODEL RULES OF PROFESSIONAL CONDUCT, Rule 3.3 (1983), wastes the time of the court and of opposing counsel, and imposes unnecessary costs on the parties and on fellow citizens whose taxes support this court and its staff. A quotation containing deletions that so clearly distort the meaning and relevance of the quotation as to render it misleading will not in this court be encouraged by acquiescence. Because Envirotech’s brief relies on a reverse statement of the law of infringement, ignores the numerous and unanimous contrary authorities called to its attention by Amstar’s main brief, distorts a quotation, and presents an estoppel argument based on that distortion, Envirotech shall pay to Amstar an amount equating to double Amstar’s costs on this appeal.”).

⁴⁰¹ Federal Courts Improvement Act of 1982, Pub. L. 97-164, § 302, 96 Stat. 25 (1982) (effective Oct. 1, 1982).

⁴⁰² See 9 Chisum, *supra* note 239, § app. 21 (creation of the Court of Appeals for the Federal Circuit) (citing House and Senate Reports on the Creation of the Court of Appeals for the Federal Circuit, H.R. REP. NO. 97-312 (1981)).

APPENDIX I. Proposed Amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994)

The following are proposed amendments to 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) that this author recommends Congress enact into law. The objective of the proposed amendments is to realign the award of patent infringement compensation to be consistent with the body Congress' meaning of each statutory term, the conclusions of this article, current legal theory, and existing judicial authority. For comparison, see 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) in Appendix II of this article.

Title 35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) should be amended as follows:

SECTION 284. COMPENSATION, INTEREST, COSTS

- (a) To be entitled to subsection (e) compensation the claimant shall prove
- (1) that the accused infringer's conduct is an act of infringement under section 271 of this title and
 - (2) that there is a reasonable probability that either
 - (A) *The (a)(2)(A) Amount*
 - (i) the subsection (a)(1) infringement conduct is causally connected to the claimant's impoverishment (under circumstances where the claimant has not proven that the infringer's enrichment is causally connected to the infringer's gross income), and
 - (ii) that the subsection (a)(2)(A)(i) claimant's impoverishment is causally connected to the claimant's unrealized income as The (a)(2)(A) Amount, or
 - (B) *The (a)(2)(B) Amount*
 - (i) the subsection (a)(1) infringement conduct is causally connected to the infringer's enrichment (under circumstances where the claimant has not proven that the claimant's impoverishment is causally connected to the claimant's unrealized income), and
 - (ii) that the subsection (a)(2)(B)(i) infringer's enrichment is causally connected to the infringer's gross income as The (a)(2)(B) Amount.
- (b) Where the income to be proven under subsection (a)(2) may be less than the royalty income reasonable for the practice made of the invention by the infringer, the claimant may prove to a reasonable probability the royalty income as The (a)(2)(A) Amount under subsection (a)(2)(A)(ii) or as The (a)(2)(B) Amount under subsection (a)(2)(B)(ii).
- (c) The court may decrease the infringer's gross income proven under subsection (a)(2)(B)(ii) using assessed industry standard values for materials rendered by the infringer or services rendered by the infringer resulting in The (a)(2)(B) Amount under subsection (a)(2)(B)(ii).
- (d) The court may receive expert testimony as an aid to the determination of
- (1) the claimant's unrealized income under subsection (a)(2)(A)(ii);
 - (2) the infringer's gross income under subsection (a)(2)(B)(ii);
 - (3) the royalty income under subsection (b);
 - (4) the industry standard values for materials rendered by the infringer under subsection (c); and
 - (5) the industry standard values for services rendered by the infringer under subsection (c).
- (e) The jury may find compensation using the appropriate Amount under subsection (a)(2) as a numeric amount or, when the jury does not find compensation, the court shall assess compensation using the appropriate Amount under subsection (a)(2) as a numeric amount. The compensation found or assessed shall be in excess of or equal to any amount proven under subsection (b).
- (f) The court shall award the claimant
- (1) the compensation found or assessed under subsection (e) and
 - (2) interest and costs as assessed by the court.

SECTION 285. PUNITIVE REMEDY, ATTORNEY FEES

- (a) *Punitive Remedy*
- (1) The court as a punitive remedy for culpable infringement conduct may further award the claimant up to three times the compensation awarded under section 284(f)(1) of this title.
 - (2) The punitive remedy under subsection (a)(1) shall not apply to provisional rights under section 154(d) of this title.
- (b) The court in exceptional cases may award reasonable attorney fees to the prevailing party.

APPENDIX II. 35 U.S.C. §§ 284, 285 (1994)

35 U.S.C. § 284 (1994) and 35 U.S.C. § 285 (1994) with legislative history are reproduced from the United States Code Service and are provided for comparison to the proposed amendments in Appendix I of this article.

SECTION 284. DAMAGES

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

HISTORY:

Patent Act of 1790, ch. 7, § 4, 1 Stat. 109, 111 (Apr. 10, 1790) (repealed 1793); Patent Act of 1793, ch. 11, § 5, 1 Stat. 318, 322 (1793) (amended 1800, 1819) (repealed 1836); Patent Act of 1836, ch. 357, § 14, 5 Stat. 117, 123 (1836) (repealed 1870); Patent Act of 1870, ch. 230, § 55, 16 Stat. 198, 206 (1870) (amended 1897, 1922, 1946) (codified as revised in 1952 at 35 U.S.C. § 284 (1994)). *See generally* 7 D. CHISUM, CHISUM ON PATENTS, § 20.02, at 20-9 (Matthew Bender Release No. 61 ed. Mar. 1997) (citing House and Senate Reports on the Creation of the Court of Appeals for the Federal Circuit, H.R. REP. NO. 97-312 (1981)).

SECTION 285. ATTORNEY FEES

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

HISTORY:

(July 19, 1952, ch. 950, § 1, 66 Stat. 813.)

This section is based on 35 U.S.C., 1946 ed., § 70 in part (R.S. § 4921; Mar. 3, 1897, ch. 391, § 6, 29 Stat. 694; Feb. 18, 1922, ch. 58, § 8, 42 Stat. 392; Aug. 1, 1946, ch. 726, § 1, 60 Stat. 778).

“This section is substantially the same as the corresponding provision in R. S. § 4921; ‘in exceptional cases’ has been added as expressing the intention of the present statute as shown by its legislative history and as interpreted by the courts.”

APPENDIX III. House Bill 4143 (1945)

The below, hard-to-obtain text of H.R. 4143, 79th Cong. (1945) was obtained from the United States National Archives by this author and provides the last piece of an otherwise accessible H.R. 5311, 79th Cong. (1946) legislative history. For a printed copy of House Bill 4143 and letters exchanged concerning House Bill 4143 (1945), write: National Archives, Washington, DC 20408, stating "Folder for H.R. 4143 in Papers Accompanying Specific Bills and Resolutions—Committee on Patents (HR 79A-D27); Records of the U.S. House of Representatives, Record Group 233." The National Archives can be reached at: National Archives and Records Administration, *Committee on Patents (1837-1946)*, (last modified Aug. 26, 1996) <http://www.nara.gov/nara/legislative/house_guide/hgch14b.html> (setting out the coverage the National Archives has for the Records of the Committee on Patents, 25th-79th Congresses (1837-1946), including Minute Books, Docket Books, Petitions & Mem., Comm. Papers, and Bill Files).

** See, 91 Cong. Rec. 8879 (1945) for House Bill 4143's introduction to the House.

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H.R. 4143, 79th Cong., 1st sess.**

IN THE HOUSE OF REPRESENTATIVES

September 20, 1945

Mr. Henry introduced the following bill; which was referred to the Committee on Patents

A BILL

To amend Revised Statutes, 4921 (U.S.C.A., title 35, Patents, sec. 70), providing that damages be ascertained on the basis of compensation for infringement, as in actions for infringement in the United States Court of Claims.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Revised Statutes, 4921, of the United States Code Annotated, title 35, Patents, section 70, be amended as follows:

Substitute for the provision beginning, line 1, "The several Courts," and ending line 36, "existing causes of action," the following: "The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover general damages which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefor, together with interest from the time the infringement began.

"The court is hereby authorized to receive expert or opinion evidence upon which to determine in conjunction with any other evidence in the record, due compensation for making, using, or selling the invention, and such expert or opinion evidence is hereby declared to be competent and admissible subject to the general rules of evidence applicable thereto.

"The courts shall assess said damages, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed damages as is given to increase the damages found in an action at law, but recovery shall not be had for any infringement committed more than six years prior to the filing of the complaint in the action."