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AUKERMAN AND EQUITABLE DEFENSES: EVOLUTION OR REVOLUTION?

Jerry R. Selinger^{a1}

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In *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*,¹ the Federal Circuit considered laches and estoppel. Both were confirmed as affirmative defenses in patent litigation. The appellate court, however, tweaked the long-established laches presumption that arises after six years of delay. This article compares what *Aukerman* said about the way it changed laches to how subsequent panel opinions have applied it.

I. The Historical Evolution of Laches

A. The Relevant Statutory Framework

Section 286 of Title 35 of the U.S.C. limits recovery for patent infringement to that occurring in the six years prior to the date suit is filed.² It is not, however, a true statute of limitations in the sense of barring an action for infringement after the passage of six years.³ Indeed, *Aukerman* explained that in the Federal Circuit “laches is routinely applied within the prescribed statute of limitations period for bringing the claim.”⁴

The historical perspective provided in *Campbell v. City of Haverhill*⁵ sheds light on why equitable *88 defenses have long been recognized in patent litigation.⁶ *Campbell* was an action at law for patent infringement decided at a time when there was no applicable federal restriction on stale patent litigation. The accused infringer asserted as a defense a six-year state statute of limitations applicable to tort cases. Relying on the federal courts’ exclusive jurisdiction over patent suits, the patentee argued conversely that no time constraints were applicable.⁷ The Supreme Court rejected the patentee’s argument, and focused instead on the prejudice resulting from delay:

Unless . . . [the state statute of limitations applies] we have the anomaly of a distinct class of actions subject to no limitation whatever; a class of privileged plaintiffs who, in this particular, are outside the

pale of the law, and subject to no limitation of time in which they may institute their actions. The result is that users of patented articles, perhaps innocent of any wrong intention, may be fretted by actions brought against them after all their witnesses are dead, and perhaps after all memory of the transaction is lost to them. This cannot have been within the contemplation of the legislative power.⁸

Two years later, Congress enacted 29 Stat. 694, providing a six-year moving window for past damages in patent suits, whether at law or in equity.⁹ Nevertheless, laches thereafter remained a recognized defense both in the equitable form of patent litigation and in patent actions at law for damages.¹⁰ In 1915, Congress enacted 38 Stat. 956, codified as 28 U.S.C. § 398, which authorized equitable defenses to be interposed in actions at law.¹¹ Courts relied upon this provision in applying laches (an equitable defense) to bar stale patent damage actions.¹² Section 398 subsequently was deleted from Title 28 as surplusage when Fed. R. Civ. P. 2 abolished the procedural distinctions between actions at law and suits in equity.¹³ However, because Rule 2 provides the same procedural rights previously set forth in § 398,¹⁴ the right to interpose the equitable defense of laches in patent litigation remained viable.¹⁵

The continued availability of laches as a defense--whether the action is legal or equitable--also appears to be what Congress intended in the 1952 Patent Act.¹⁶ Thirty-five U.S.C. § 282 sets forth the defenses which may be raised in an action involving the validity or infringement of a patent, including "noninfringement, absence of liability for infringement, or unenforceability." The word "unenforceability" was "added by amendment in the Senate for greater clarity," with the purpose of including "equitable defenses such as laches, estoppel and unclean hands."¹⁷

It therefore appears clear that, at least since 1915, laches and estoppel have been available as defenses in actions for patent infringement, whether the action is purely one for past damages or whether it also seeks post-filing damages or injunctive relief or both.

B. Evolution of the Laches Presumption

Laches is an affirmative defense.¹⁸ The defendant must show "(1) the [[[patentee] delayed filing suit *89 for an unreasonable and inexcusable length of time from the time the plaintiff first knew or reasonably should have known of its claim against the defendant and (2) [that such] delay operated to the [defendant's material] prejudice."¹⁹ Nevertheless, patentees who delayed unreasonably in filing suit long have been required to explain their inaction.²⁰

In a 1928 opinion, *George J. Meyer Manufacturing Co. v. Miller Manufacturing Co.*,²¹ the Seventh Circuit discussed the interplay of laches and estoppel.²² The appellate court recognized that it may be in the patentee's financial business interest to unreasonably delay suit.²³ Balancing fairness to the patentee against fairness to the accused infringer, the Seventh Circuit reasoned that in such situations damages for infringement committed prior to suit should be withheld, but prospective relief should not. Turning to the facts of the case, the reviewing court held that the 15-year delay was sufficiently long as to require the patentee to offer explanation.²⁴ Not only did the patentee fail to do so, but the court found misleading silence. Laches and estoppel were established.²⁵

Years earlier, in *Lane & Bodley Co. v. Locke*,²⁶ the Supreme Court had placed the burden on the patentee to show excuse for delay.²⁷ The plaintiff had permitted at least eight years to lapse before filing suit. During much of that time, he had been employed by the defendant and knew that the defendant had used the patented invention continually. The patentee forewent any complaint of infringement in the hopes of preserving then-existing "amicable relations" with the defendant/employer. Such "amicable relations" apparently resulted in the patentee's continued employment at a salary which was larger than any amount he would have been entitled to if he had only been paid a royalty. Suit was filed only after his employment ceased. The Court concluded that this explanation was worse than no explanation, viewed it as tantamount to being a misrepresentation, and concluded that the patentee had not carried its burden of excuse.²⁸

From 1936 until the creation of the United States Court of Appeals for the Federal Circuit, the federal appellate courts had almost uniformly recognized and adopted the rebuttable presumption that a delay of more than six years was prejudicial and unreasonable.²⁹ Since 1982, at least seven panels of the Federal Circuit recognized the availability of that presumption.³⁰ The effect of the laches presumption is to *prima facie* establish unreasonable delay and prejudice.³¹

However, although numerous cases had required the patentee to carry the burden of explaining delay in excess of the statutory yardstick, the *Aukerman* court concluded that as of August 1, 1975 the nature of this presumption was changed by FED. R. EVID. 301:

*90 [A] presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.

Aukerman announced that, under this rule, “a presumption is not merely rebuttable but completely vanishes upon the introduction of evidence sufficient to support a finding of the non-existence of the presumed fact.”³² How this only recently-discovered “bursting bubble” laches presumption operates is discussed in the next section.

II. Substantive Elements of Laches

Laches bars recovery of damages for infringement which occurs prior to the filing of suit, and is a matter within the trial court’s discretion based on consideration of all of the facts in a particular case.³³ There are two elements to laches: (1) that the patentee knew or should have known of the infringement and with such knowledge failed for an unreasonable and inexcusable period of time to assert its patent claims against the infringer; and (2) that the accused infringer was materially prejudiced by this delay.³⁴

A. The Delay Period

Determining the length of the delay involves two sub-issues: (1) when did the period of delay start to run; and (2) when did the period of delay end? The delay period begins to run when a “patentee knew, or in the exercise of reasonable diligence should have known, of the alleged infringing activity.”³⁵ The patentee, however, need not have complete factual knowledge of the allegedly infringing conduct. Time starts to run when the patentee is aware of sufficient facts to form a reasonable belief that some infringing conduct exists.³⁶

The delay period ends no later than the date of the filing of suit.³⁷ The length of time which may be deemed unreasonable is specific to the facts of each case. A delay period of as little as three years may be sufficient to meet the delay aspect of laches.³⁸ Conversely, the patentee may offer justification for any delay, which a court must also consider.³⁹

Over the years, various excuses have been proffered to explain some (or all) of the patentee’s delay in filing suit. Involvement in other enforcement litigation is one common example. However, the alleged infringer must have had knowledge of (1) the existence of the other litigation and (2) the intent of the patentee to enforce its rights against the infringer at the conclusion of the other litigation.⁴⁰ Ongoing bilateral licensing negotiations is another common excuse.⁴¹ Various other excuses have been offered *91 over the years, and when properly raised by the patentee, must be considered by the trial court.⁴²

B. Material Prejudice

Material prejudice may be either litigation prejudice or business prejudice.⁴³ Litigation prejudice includes the inability of witnesses to remember facts accurately, the loss or destruction of relevant records and the death of a witness.⁴⁴ Moreover, litigation prejudice does not require that the event have occurred during the laches period. In *Gillons v. Shell Co. of California*,⁴⁵ the inventor was unable to recall events that had occurred prior to the asserted laches period. The passage of time during the laches period had further dimmed his memory, to the infringer’s material prejudice.⁴⁶

Business prejudice includes such activities as significant relevant business expansion or capital investment during the laches period.⁴⁷ However, the business prejudice must have “resulted from” a patentee’s delay. *Aukerman* emphasized that prejudice “resulting from” delay is different from prejudice occurring “in reliance upon” delay.

An infringer can build a plant being entirely unaware of the patent. As a result of infringement, the infringer may be unable to use the facility. Although harmed, the infringer could not show reliance on the patentee’s conduct. To show reliance, the infringer must have had a relationship or communication with the plaintiff which lulls the infringer into a sense of security in going ahead with building the plant.⁴⁸

Subsequent to *Aukerman*, in *Meyers v. Asics Corp.*,⁴⁹ (hereinafter “Asics”) and in *Hemstreet v. Computer Entry Systems*

Corp.,⁵⁰ the appellate court reversed summary judgments of laches. In so doing, the Federal Circuit seemed merely to pay lip service to the distinction between causation and reliance. In *Asics*, the court recognized that the defendants had spent substantial money to design, develop, and promote many new and different shoe models during the delay period.⁵¹ The Federal Circuit, however, noted that none of the defendants had submitted evidence that they curtailed design and development of shoes after suit was actually filed. The court characterized sales data submitted in support of prejudice as “not conclusive.” There was no evidence that the defendants acted differently after suit was filed. Finally, the court noted that the evidence “does not show that any of the defendants *would have* acted differently had Meyers sued earlier.”⁵² *Hemstreet* involved a similar summary judgment fact pattern. The accused infringer established expenditures of \$49.5 million during the delay.⁵³ Nevertheless, the court of appeals reversed because (among other reasons) the summary judgment movant had “not explicitly proved nexus” between its expenditures and the patentee’s delay.⁵⁴ The court emphasized that any change in position “must be because of and as a result of the delay, not simply a business decision to capitalize on a marketing opportunity.”⁵⁵

*92 This specific application of law to the summary judgment facts appears inconsistent with *Aukerman*. Seizing a business opportunity while the patentee sleeps on its rights is prejudice occurring during the delay period. Evidence about what occurred during the delay (e.g., capital expenditures, hiring, etc.) is an objective manifestation of whether prejudice arose while the patentee procrastinated. However, the factors identified in *Asics* and *Hemstreet* require speculation about what might have been, what the accused infringer would have done but for the delay in suit. This is a subjective measure that blurs any distinction between “reliance” and “resulting from.”

III. The Issues of Estoppel

Estoppel is also an equitable defense and is sometimes confused with laches. While laches bars only pre-filing damages, a finding of estoppel prevents a patent owner from obtaining any relief, whether past, present or future.⁵⁶

The *Aukerman* decision noted that the definition of estoppel previously applied had been derived from prior case law.⁵⁷ A unanimous court concluded, in any event, that blind adherence to prior precedent was misplaced, and that equitable estoppel should not require the passage of an unreasonable period of time as a substantive element.⁵⁸ Rather, the court articulated a new three-element test, citing D. B. Dobbs, *Handbook on the Law of Remedies* § 2.3, at 42 (1973). First, the patentee must act in a way which will support “an inference that the patentee did not intend to press an infringement claim against the alleged infringer.”⁵⁹ Thus, under appropriate circumstances, silence *can* be the equivalent of affirmative conduct. Second, there must be reliance on the action by the accused infringer. To show reliance, *Aukerman* instructs that the accused “infringer must have had a relationship or communication with the patentee which lulls the former into a sense of security in going ahead[, for example,] with building a plant.”⁶⁰ Third, there must be material prejudice.⁶¹

The Federal Circuit also addressed in its opinion a number of previously unresolved estoppel issues. For instance, it concluded that no presumption arises in favor of an equitable estoppel defense.⁶² In addition, the *Aukerman* court reiterated that even where the three elements of equitable estoppel are established, the trial court must take into consideration the totality of the circumstances in exercising its discretion and deciding whether to allow the defense to bar the suit.⁶³

IV. Where is Laches Headed?

Asics and *Hemstreet* may signal a significant departure from the “resulting from” versus “reliance” showing required for business prejudice and a blurring of laches and estoppel. There may be a shift from an objective showing of prejudice to a subjective analysis. However, if these two cases are placed in proper factual context, they may well mean no more than repugnance by the Federal Circuit to summary judgment of laches.

Prior to *Aukerman*, the Federal Circuit recently had treated summary judgments of laches with *93 skepticism.⁶⁴ Both *Asics* and *Hemstreet* involved summary judgment to the accused infringer. In both cases, the Federal Circuit identified evidence which had not been adduced by the movant. Such an analysis is consistent with a determination that the summary judgment movant had failed to establish that no genuine issue of material fact exists. If *Asics* and *Hemstreet* hold only that the accused infringers had not negated the possibility that prejudice did not result from delay, then these cases will merely make it difficult to obtain summary judgment on laches based on business prejudice. However, if *Asics* and *Hemstreet* require an accused infringer to make an affirmative “but for” showing, in practice the test is one of reliance, however couched. If so, as a practical matter, laches and estoppel may become a unitary defense.

V. Conclusion

Aukerman reconsidered long-settled law. How much it has changed that law-- as subsequently construed--remains an open issue.

Footnotes

^{a1} Vinson & Elkins, Houston, TX.

¹ 960 F.2d 1020 (Fed. Cir. 1992) (en banc).

² See *Pollen v. Ford Instrument*, 108 F.2d 762, 763 (2d Cir. 1940) ("The provision in the patent law that there shall be no recovery for infringements committed more than six years before suit is not a mere statute of limitation. It is a condition on the right, not on the remedy, and it is not subject to the disabilities or excuses by which ordinary statutes of limitation may be avoided by plaintiff.").

³ *A.C. Aukerman Co. v. R.L. Chaides Construction*, 960 F.2d 1020, 1030 (Fed. Cir. 1992).

⁴ *Id.* at 1030 (citing *Cornetta v. United States*, 851 F.2d 1372 (Fed. Cir. 1988) (en banc) (concerning military pay)).

⁵ 155 U.S. 610 (1895).

⁶ *Campbell v. City of Haverhill*, 155 U.S. 610, 620 (1895).

⁷ *Id.* at 613-15.

⁸ *Id.* at 616. The Court also noted Justice Marshall's perceptive comment: "In a country in which not even treason can be prosecuted after the lapse of three years, it can scarcely be supposed that an individual would remain forever liable to a pecuniary forfeiture." *Id.* at 617 (citation omitted).

⁹ 29 Stat. 694 is currently codified at 35 U.S.C. § 286.

¹⁰ See, e.g., *Dwight & Lloyd Sintering Co. v. Greenawalt*, 27 F.2d 823, 827 (2d Cir. 1928); *Window Glass Mach. v. Pittsburgh Plate Glass*, 284 F.2d 645, 648-50 (3d Cir. 1922).

¹¹ The statute has since been repealed. The statute did not create any new defenses, but merely allowed equitable issues, otherwise available, to be raised by answer, plea or replication rather than as a separate bill on the equity side of court. *Liberty Oil v. Condon Bank*, 260 U.S. 235, 240 (1922).

¹² See *Banker v. Ford Motor*, 69 F.2d 665, 666 (3d Cir. 1934); accord *Ford v. Huff*, 296 F. 652, 656-57 (5th Cir. 1924).

¹³ See 28 U.S.C. § 398 note (1940 ed.); Fed. R. Civ. P. 2 Advisory Committee note 1; 2 J. Moore, *Moore's Federal Practice* ¶ 2.05[2] at 2-33, n. 49 (2d ed. 1991).

¹⁴ FED. R. CIV. P. 2. See also *Technitrol, Inc. v. Memorex*, 376 F. Supp. 828, 831, (N.D. Ill. 1974), aff'd 513 F.2d 1130 (7th Cir. 1975) (rejecting the argument that laches is inapplicable in a patent action which seeks only damages for past harm); FED. R. CIV. P. 8(e)(2).

¹⁵ A.C. Aukerman Co. v. R.L. Chaides Construction, 960 F.2d 1020, 1031 (Fed. Cir. 1992) (en banc).

¹⁶ See 35 U.S.C. § 282 (1952).

¹⁷ P.J. Federico, *Commentary on the New Patent Act*, 35 U.S.C.A. 1, 55 (1954); accord J.P. Stevens & Co. v. Lex Tex Ltd., 747 F.2d 1553, 1561 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822 (1984).

¹⁸ FED. R. CIV. P. 8(c).

¹⁹ *Aukerman*, 960 F.2d at 1032. See also *Cornetta v. United States*, 851 F.2d 1372, 1377-78 (en banc) (Fed. Cir. 1988); *Leinoff v. Louis Milona & Sons, Inc.*, 726 F.2d 734, 741 (Fed. Cir. 1984).

²⁰ *Window Glass Mach. v. Pittsburgh Plate Glass*, 284 F. 645, 650 (3d Cir. 1922) (“When delay in prosecuting a claim is so unusual as to carry with it the appearance of being unreasonable, . . . there devolves upon a plaintiff the burden. . . .”).

²¹ 24 F.2d 505, 508 (7th Cir. 1928).

²² “Laches is a term that is often used carelessly and loosely. At times, it has been defined in such a way as to eliminate all distinction between it and estoppel This Court has attempted consistently to recognize and maintain the essential differences” *George J. Meyer Mfg. v. Miller Mfg.*, 24 F.2d 505, 506-07 (7th Cir. 1928).

²³ “A patentee is therefore justified in waiting to ascertain whether realizations equal expectations.” *Id.* at 507. See also *Aukerman*, 960 F.2d at 1033. “[A] patentee may [not] intentionally lie silently in wait watching damages escalate, particularly where an infringer, if he had had notice, could have switched to a noninfringing product.” (Citations omitted.).

²⁴ “The 15 years that elapsed between the date of the issuance of the patent and the commencement of the suit, during which time neither patentee nor his assignee asserted rights under the patent, is so great as to cast upon the appellants the duty of explaining their nonaction. This they did not attempt to do.” *Meyer Mfg.*, 24 F.2d at 507-08.

²⁵ *Id.* at 508.

²⁶ 150 U.S. 193 (1893).

²⁷ *Lane & Bodley Co. v. Locke*, 150 U.S. 193, 201 (1893).

²⁸ *Id.*

²⁹ See, e.g., *Olympia Werke Aktiengesellschaft v. General Elec.*, 712 F.2d 74, 77 (4th Cir. 1983); *Jensen v. Western Irrigation and Mfg.*, 650 F.2d 165, 168-69 (9th Cir. 1980); *Studiengesellschaft Kohle v. Eastman Kodak*, 616 F.2d 1315, 1326 (5th Cir. 1980); *TWM Mfg. v. Dura Corp.*, 592 F.2d 346, 349 (6th Cir. 1979), *cert. denied*, 479 U.S. 852 (1986); *Maloney-Crawford Tank v. Rocky Mountain Natural Gas*, 494 F.2d 401, 403-04 (10th Cir. 1974) (dictum); *Baker Mfg. v. Whitewater Mfg.*, 430 F.2d 1008, 1009-11 (7th Cir. 1970), *cert. denied*, 401 U.S. 956 (1971); *Jones v. Ceramco, Inc.*, 387 F. Supp. 940, 941-42 (E.D.N.Y.), *aff’d* 526 F.2d 585 (2d Cir. 1975). The Ninth Circuit in *Gillons v. Shell Co. of California*, 86 F.2d 600 (9th Cir. 1936), *cert. denied*, 302 U.S. 689 (1937), examined the equitable roots of laches, quoting the following language from *McGrath v. Panama R. Co.*: “Injury is presumed from the statutory period of limitation in common-law actions, and, when equity adopts the statutory period, it adopts along

with it the presumption of injury, until the contrary is shown.” *Gillons*, 86 F.2d at 608 (citation omitted). The Ninth Circuit adopted a six-year “analogous” period and, finding a nine-year delay, affirmed laches. *Id.* at 608-611.

³⁰ See *Leinoff v. Louis Milona & Sons, Inc.*, 726 F.2d 734, 741-42 (Fed. Cir. 1984); *Adelberg Lab. v. Miles, Inc.*, 921 F.2d 1267, 1270 (Fed. Cir. 1990); *Meyers v. Brooks Shoe*, 912 F.2d 1459, 1461 (Fed. Cir. 1990); *Jamesbury Corp. v. Litton Indus. Prod.*, 839 F.2d 1544, 1552 (Fed. Cir. 1988), *cert. denied*, 488 U.S. 828 (1988); *Hottel Corp. v. Seaman Corp.*, 833 F.2d 1570, 1572 (Fed. Cir. 1987); *Bott v. Four Star Corp.*, 807 F.2d 1567, 1575 (Fed. Cir. 1986); *Mainland Indus. v. Standal’s Patents*, 799 F.2d 746, 748 (Fed. Cir. 1986).

³¹ *A.C. Aukerman Co. v. R.L. Chaides Construction*, 960 F.2d 1020, 1037 (Fed. Cir. 1992). These elements might reasonably be inferred from the length of the delay alone, but in the absence of a presumption need not necessarily be found. *Id.*

³² *Id.* (In fact, the appellate court could have concluded that laches, like the presumption of validity, was statutorily exempt, via FED. R. EVID. 301).

³³ *Jamesbury*, 839 F.2d at 1551; *Leinoff*, 726 F.2d at 741.

³⁴ *Aukerman*, 960 F.2d at 1028.

³⁵ *Jamesbury*, 839 F.2d at 1552. The period in any event does not begin until issuance of the patent. *Bott v. Four Star Corp.*, 807 F.2d 1567, 1575 (Fed. Cir. 1986).

³⁶ *Aukerman*, 960 F.2d at 1032; *Motorola v. CBS*, 672 F. Supp. 1033, 1039-40 (N.D. Ill. 1986) (*citing* *Foster v. Mansfield, Coldwater R.R.*, 146 U.S. 88, 99 (1892)); *Chubb Int’l Sys. v. Nat’l Bank of Washington*, 658 F. Supp. 1043, 1047-48 (D.D.C. 1987).

³⁷ *See, e.g.*, *Intertech Licensing v. Brown and Sharpe Mfg.*, 708 F. Supp. 1423, 1434 (D. Del. 1989).

³⁸ *See, e.g.*, *Aukerman*, 960 F.2d at 1032 (*citing* *Rosemount, Inc. v. Beckman Instruments*, 727 F.2d 1540, 1550 (Fed. Cir. 1984)) (three years of delay); *Lemelson v. Carolina Enter.*, 541 F. Supp. 645, 656-57 (S.D.N.Y. 1982) (delay of “four or more years” in historical context).

³⁹ *Aukerman*, 960 F.2d at 1033.

⁴⁰ *See, e.g.*, *Id.* at 1033, 1039. In *Aukerman*, the patentee offered evidence of “other litigation” as an excuse of the delay period. The trial court, however, rejected this excuse because at no time did the patentee give the accused infringer notice of the other litigation or of its intention to sue upon the conclusion of that litigation. *Id.* at 1039. The Federal Circuit reversed, holding that while an accused infringer must have knowledge of the other litigation and of the patentee’s intent to sue, there is no rigid requirement that this knowledge came from a notice sent by the patentee. *Id.* at 1039.

⁴¹ *Chubb Int’l Sys. v. Nat’l Bank of Washington*, 658 F. Supp. 1043, 1050 (D.D.C. 1987). Such “negotiations must ordinarily be continuous and bilaterally progressing, with a fair chance of success, so as to justify significant delays.” *A.C. Aukerman Co. v. Miller Formless Co.*, 693 F.2d 697, 700 (7th Cir. 1982); *accord* *Motorola v. CBS*, 672 F. Supp. 1033, 1036-37 (N.D. Ill. 1986). If, by contrast, the negotiations between the parties have been “sporadic,” “unfruitful” and one-sided, the excuse is inadequate. *Miller Formless*, 693 F.2d at 700-01. *Accord* *Continental Coatings v. Metco*, 464 F.2d 1375, 1377-78 (7th Cir. 1972). In *Miller Formless*, the Seventh Circuit found no “negotiation” excuse despite some years of correspondence, because the defendant had never indicated “that there

was an affirmative probability of its taking a license," and had always denied infringement. *Miller Formless*, 693 F.2d at 701.

⁴² *Aukerman*, 960 F.2d at 1033-34.

⁴³ *Id.* at 1033.

⁴⁴ *Studiengesellschaft Kohle v. Eastman Kodak*, 616 F.2d 1315, 1326 (5th Cir. 1980), *cert. denied*, 449 U.S. 1014 (1980).

⁴⁵ 86 F.2d 600 (9th Cir. 1936), *cert. denied*, 302 U.S. 689 (1937).

⁴⁶ *Gillons v. Shell Co. of California*, 86 F.2d 600, 608 (9th Cir. 1936); *see also Aukerman*, 960 F.2d at 1037 (unreasonable delay and prejudice "might reasonably be inferred" from mere length of delay).

⁴⁷ *Studiengesellschaft*, 616 F.2d at 1326-27; *accord Mainland Indus. v. Standal's Patents*, 799 F.2d 746, 748 (Fed. Cir. 1986). Prejudice may also be found because the defendant did not have an opportunity to design around the patent. *Aukerman*, 960 F.2d at 1033; *Motorola v. CBS*, 672 F. Supp. 1033, 1040 (N.D. Ill. 1986). There was a split of authority on whether an infringer must file a declaratory judgment action after a charge of patent infringement. *Compare Maxon Premix Burner v. Eclipse Fuel Eng'g*, 471 F.2d 308 (7th Cir. 1972) with *Baker Mfg. v. Whitewater Mfg.*, 430 F.2d 1008 (7th Cir. 1970). *Aukerman* rejected the notion that a declaratory judgment was required. *Aukerman*, 960 F.2d at 1035.

⁴⁸ *Aukerman*, 960 F.2d at 1043.

⁴⁹ 974 F.2d 1304 (Fed. Cir. 1992).

⁵⁰ 972 F.2d 1290 (Fed. Cir. 1992), *rehearing denied, suggestion for rehearing en banc declined* (Fed. Cir. 1992).

⁵¹ *Meyers v. Asics Corp.*, 974 F.2d 1304, 1306 (Fed. Cir. 1992).

⁵² *Id.* at 1308 (emphasis added).

⁵³ *Hemstreet v. Computer Entry Sys.*, 972 F.2d 1290, 1294 (Fed. Cir. 1992).

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Hottel Corp. v. Seaman Corp.*, 833 F.2d 1570, 1573 (Fed. Cir. 1987); *Mainland Indus. v. Standal's Patents*, 799 F.2d 746, 748 (Fed. Cir. 1986).

⁵⁷ *A.C. Aukerman Co. v. R.L. Chaides Construction*, 960 F.2d 1020, 1042 (Fed. Cir. 1992).

⁵⁸ *Id.* at 1041-42.

⁵⁹ *Id.* Thus, in contrast with a laches defense where the accused infringer may be unaware of the patentee and/or its patent, this circumstance is not sufficient for estoppel. *Compare Id.* at 1033 with *Id.* at 1042. The court recognized that delay in filing suit may be evidence of whether the patentee's conduct was misleading, but rejected it as a per se element of equitable estoppel. *Id.* at 1042. Any communication made in a misleading way, "either by words, conduct or silence can be sufficient." *Id.* at 1041.

⁶⁰ *Id.* at 1043.

⁶¹ *Id.*

⁶² *Id.* It reached this conclusion for two reasons. First, unreasonable delay is now no longer an element of estoppel. Second, a finding of equitable estoppel has prospective ramifications which, it believed, make invocation of a presumption unfair.

⁶³ *Id.* at 1043. This, of course, assumes that the patentee introduced evidence sufficient to negate at least one element of the accused infringer's *prima facie* showing of estoppel.

⁶⁴ Meyers v. Brooks Shoe, 912 F.2d 1459 (Fed. Cir. 1990); Vaupel Textilmaschinen KG v. Meccanica EuroItalia, S.P.A., 944 F.2d 870 (Fed. Cir. 1991).