INTTELLECTUAL PROPERTY
PROTECTION OR PROTECTIONISM?
DECLARATORY JUDGMENT USE
BY PATENT OWNERS AGAINST
PROSPECTIVE INFRINGERS

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INTRODUCTION

The welfare and destiny of the United States depend on the continued success of the nation's fundamental premise that competitive enterprise promotes prosperity and progress. An American tradition exists that economic growth occurs through the initiative, creative talent, and venture capital employed by private entrepreneurs in developing new technologies. In return, individuals who risk such investments become the beneficiaries of the fruits of competitive enterprise. The concept of protecting intellectual property rights is an integral part of this American tradition.

The United States Constitution provides intellectual property


2. See Oppenheim, supra note 1, at 555 (asserting that traditions of private competitive enterprise represent "the main catalyst of incentive" to seek rewards through risk-taking in expenditure of labor, capital, and other entrepreneurial resources); see also Eugene S. Ferguson, History and Histography, in YANKEE ENTERPRISE: THE RISE OF THE AMERICAN SYSTEM OF MANUFACTURES 11 (Oho Mayr & Robert C. Post eds., 1981) (describing American tradition established in 1800s of private entrepreneurs seizing economic opportunity with "missionary zeal").


4. See CHOATE ET AL., supra note 3, at 72 (maintaining that American patent system is "the only provision of government for the promotion of invention and discovery and is the basis upon which our entire industrial civilization rests"); Lawrence G. Kastriner, The Revival of Confidence in the Patent System, 73 J. PAT. [& TRADEMARK] OFF. SOC'Y 5, 5 (1991) (commenting
protection to authors and inventors. The issuance of a patent by the United States Patent and Trademark Office (PTO) confers upon an inventor a legally recognized property interest in the patented invention. For a limited time, the patent owner receives a legal right to exclude others from making, using, or selling the patented invention within the United States.

Broad legal remedies provided under title 35 of the United States Code protect patent owners against violations, or infringements, of their rights. In addition, parties involved in patent disputes can seek declaratory judgments to establish their legal rights and responsibilities. Unlike infringement suits that seek available remedies under patent statutes, however, declaratory judgment actions do not require the actual commission of an allegedly infringing act.

Declaratory judgments enable parties to litigate patent disputes that the patent system "has always been an integral part of the social and economic fabric of this nation").

5. U.S. Const. art. I, § 8, cl. 8. The United States Constitution provides that Congress shall have the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Id. see also Choate et al., supra note 3, at 69 (noting absence of record of any legislative debate on Article I, Section 8, Clause 8 suggests that provision was not controversial at time it was enacted).

6. See 35 U.S.C. § 154 (1988) (providing in pertinent part that "[e]very patent shall contain... a grant to the patentee, his [or her] heirs or assigns, for the term of seventeen years... of the right to exclude others from making, using, or selling the invention throughout the United States"). The term "patentee" refers not only to the party or parties to whom the patent is issued but also to successors in title. 35 U.S.C. § 100 (1988). A patentee can therefore represent the inventor(s) or any assignee(s) of the patent. Id. For simplicity and consistency, however, the term "patent owner" will be used exclusively hereinafter when referring to the holder of legal title to a patent or a party with standing to litigate matters concerning the patent.


8. See 35 U.S.C. § 281 (1988) (providing that patent owner "shall have remedy by civil action for infringement of his [or her] patent"). The remedies available to a patent owner upon a finding of infringement include injunctive relief and an award of compensatory damages no less than a reasonable royalty. 35 U.S.C. §§ 283-284 (1988). Furthermore, when a court deems it appropriate, such as upon a finding of willful infringement, a court can increase the award up to three times the amount of actual damages. 35 U.S.C. § 284 (1988). A court also has discretion to award reasonable attorney fees to the prevailing party in exceptional cases. 35 U.S.C. § 285 (1988).


10. See Jerry D. Voight, Declaratory Judgment Actions in Patent Cases Where There Has Been No
putes even in prospective infringement situations, where nothing more than a potential exists for infringement in the future.\textsuperscript{11}

Patent infringement litigants are initiating declaratory judgment actions with increasing frequency.\textsuperscript{12} The traditional use of this proceeding involves an action by the manufacturer of a potentially infringing product against the patent owner to have the patent declared invalid, or alternatively, to have the product declared non-infringing.\textsuperscript{13} A recent extension of this traditional application is the converse use of declaratory judgment actions by patent owners against manufacturers of potentially infringing products.\textsuperscript{14} The recent decision by the United States Court of Appeals for the Federal Circuit (Federal Circuit) in \textit{Lang v. Pacific Marine & Supply Co.}\textsuperscript{15} highlights the emergence of this novel jurisprudence.\textsuperscript{16}

Because patent owners already possess substantive statutory remedies for actual patent infringement,\textsuperscript{17} the availability of a declaratory judgment option provides owners an additional, purely procedural remedy of startling potential impact.\textsuperscript{18} Declaratory
judgment dramatically broadens the scope of liability beyond actual infringing conduct to include activity that might lead to infringement in the future (prospective infringement). Therefore, the availability of declaratory relief to patent owners significantly strengthens existing patent rights.20

The expansion of patent owners' rights through the use of declaratory judgment reflects a judicial trend toward increased patent protection.21 This judicial trend is a significant aspect of a deliberate effort by the United States to strengthen intellectual property rights in the hope of promoting and protecting domestic technological innovations, thereby preserving American competitiveness in the world marketplace.22

Part I of this Comment discusses the rationale for intellectual property protection through patents. In addition, this section reviews efforts by the United States Government to increase domestic intellectual property protection in response to contemporary dynamics in the world technology marketplace. Part II presents the rationale for the statutory remedy of declaratory judgment. In particular, this section provides an overview of the traditional application of declaratory judgment relief to patent law in the context of suits brought by manufacturers of allegedly infringing products against patent owners. Part III analyzes the emerging use of declaratory judgment relief in the opposite context of suits brought by patent owners against prospective infringers. This section concludes with an analysis of the recent Federal Circuit decision, Lang v. Pacific Marine & Supply Co.,23 and its impact on patent law. The goal

owners because of fear that Declaratory Judgment Act would give patent owner "broader substantive rights than are available under the Patent Statutes"). For a detailed analysis of Swedlow, see infra notes 111-15 and accompanying text.


20. See infra notes 113-14 and accompanying text (discussing judicial controversy regarding granting of additional remedy to patent owners stemming from fear of unduly expanding existing patent rights).


22. See infra notes 39-47 and accompanying text (considering decline of American economic and technological status in world market and concerted response by executive, legislative, and judicial branches of United States Government to maintain competitiveness by strengthening intellectual property protections).

of this Comment is to introduce the reader to a significant development in patent law jurisprudence. Although declaratory judgment has been common in patent infringement litigation, its use until recently has been limited to actions by alleged infringers against patent owners.\textsuperscript{24}

In accordance with its general purpose, declaratory judgment provides an alleged infringer with the benefit of an expedient and economical resolution to matters in dispute.\textsuperscript{25} When specifically applied to suits by patent owners, however, declaratory judgment causes a major expansion of existing patent rights by providing a patent owner with the previously unavailable option of a preemptive strike against prospective infringers.\textsuperscript{26} The undesirable effect of such expansion is the subversion of the fundamental public policy premise for the patent system, which is the encouragement of the widest possible dissemination of technology, in favor of the private financial interests of patent entrepreneurs.

The modern demand for increased intellectual property protection to preserve American economic and technological competitiveness in the world marketplace has motivated judicial acceptance of declaratory judgment use by patent owners against manufacturers of potentially infringing products.\textsuperscript{27} Judicial actions that ensure the protection of a patent owner's legally recognized interest encourage future investment in technological innovation by sending a clear message that a patent is a valuable and powerful property right.\textsuperscript{28} Courts must be careful, however, to balance contemporary anxieties over the preservation of American economic competitiveness with the reality that overaggressive patent protection impedes the creation of new technologies that the patent system was originally designed to stimulate.

\textsuperscript{24} See generally Voight, supra note 10, at 1156 (discussing traditional patent law application of declaratory judgment to suits by alleged infringers and recent evolution in jurisprudence that recognizes use of declaratory judgment by patent owners against prospective infringers).

\textsuperscript{25} See 10A Wright et al., supra note 12, § 2761, at 673 (proposing that availability of declaratory judgment to alleged infringer protects against threat of infringement suit by patent owner through prompt dispositive procedure).

\textsuperscript{26} See infra note 163 and accompanying text (examining impact of Federal Circuit's decision in \textit{Lang}, which significantly broadens patent rights by allowing patent owners to prevent certain preliminary business activities by competitors that do not constitute infringement under any existing patent law).

\textsuperscript{27} See infra notes 173-75 and accompanying text (addressing Federal Circuit decision in \textit{Lang} as part of judicial trend to safeguard intellectual property, which in turn represents part of deliberate government effort to stimulate American creative and financial investment in technology).

\textsuperscript{28} See infra note 50 and accompanying text (considering public faith in merits of technology investment garnered by judicial decisions that favor patent owners).
I. THE AMERICAN PATENT SYSTEM

A. Introduction

Protection of intellectual property has been a principle inherent in the American spirit since the inception of this nation. The patent system is an embodiment of the traditional belief that progress and prosperity are best achieved through free enterprise. The purpose of the American patent system is to promote technological innovation by providing economic incentives to inventors and their supporters. The patent system continually evolves in response to the economic and social pressures of the country. The nation’s economic prosperity is intimately linked with its attitude toward intellectual property.


30. See 1 Ernest B. Lipscomb III, Lipscomb’s Walker on Patents § 1:8, at 54 (3d ed. 1984) (professing that patents are “potent force” in competitive free enterprise system). Patent law is designed to foster competition among inventors by awarding a patent to the “ingenious individual who wins in a race for discovery.” Id. at 54. In addition to inventors, patent assignees, employing firms, and financial supporters also participate in the competition. Id. The emergence of a new patented product on the market stimulates all concerned in the trade to develop a competitive product. Id. The patent system therefore enhances overall economic effort by provoking both existing firms seeking to remain competitive and new businesses attempting to enter the market to invent progressive, competitive technologies. Patent System & Modern Economy, supra note 29, at 1.

31. See Oppenheim, supra note 1, at 555 (asserting that patent system offers possibility of financial reward to inventors and inventors’ supporters). The prospect of financial reward encourages the expenditure of time and private risk capital in research and development efforts. Id. at 556. The patent system also stimulates the investment of additional capital needed for the further refinement and marketing of an invention. Id.; see also Choate et al., supra note 3, at 73 (quoting President’s Comm’n on the Patent System, Report of President’s Commission 76 (1966)) (stating that affording patent protection to inventors speeds public disclosure of technological information that might otherwise remain secret). Early disclosure of information reduces the likelihood that efforts will be duplicated by others and provides a foundation for further advances in the technological field involved. Choate et al., supra note 3, at 73. Furthermore, the patent system stimulates the beneficial exchange of products, services, and technological information across national boundaries by protecting the industrial property of foreign nationals. Id. But see Paula Dwyer, The Battle Raging over ‘Intellectual Property’, Bus. Wk., May 22, 1989, at 78 (reporting United States Department of Justice policy in 1950s of bringing antitrust suits against companies that aggressively enforced their patents). At constant tension with the economic premise supporting patent protection are basic antitrust concerns coupled with fears of retarding the dissemination of beneficial technological advances. Id. at 78.

An alternate justification for the patent system lies in the doctrine of natural rights. Miller & Davis, supra note 7, § 1.3, at 15. Under this theory, the “product of mental labor is by natural right the property of the person who created it.” Id. This right always vested with the inventor in the past and therefore existed long before the passage of statutory law. Id. The federal patent statutes simply secured an exclusive intellectual property right to the patent owner. Choate et al., supra note 3, at 70. From the perspective of this Comment, however, the natural rights rationale for patent protection is of more anecdotal than present practical significance.

32. See Kastriner, supra note 4, at 5 (commenting on dependence of patent system on public attitudes).
B. Historical Perspective of Intellectual Property Protection in the United States

During the second half of the 19th century, the United States progressed through the Industrial Revolution. This period of unbridled laissez-faire economics furthered Americans' appreciation of a strong patent system. From the turn of the century until the 1970s, however, the United States dominated the world economic market, and the existence and enforcement of intellectual property rights seemed less important. Throughout this time period, a pervasive antitrust sentiment permeated American public policy and dictated the practices and attitudes of all branches of the Federal Government. As a result, the temporary right of exclusivity granted by the patent system fell into disfavor.

The latter part of the 1970s saw an end to this period, as the American public awoke to the reality of the nation's appalling decline in world economic and technological stature. This precipi-

34. See Dwyer, supra note 31, at 78 (characterizing Congress' efforts in 1800s as strengthening patent and copyright laws, thereby helping to bring about Industrial Revolution in United States).
35. See Kastriner, supra note 4, at 6 (reviewing historical background of intellectual property law and stating that Industrial Revolution increased role of patent protection).
36. See Dwyer, supra note 31, at 78 (describing disinterest in intellectual property rights during 1950s in wake of dominance of world market by United States).
37. See Kastriner, supra note 4, at 6 (describing passage of Sherman Act in 1890 as beginning of era of antitrust suppression of patent system).
38. See Kastriner, supra note 4, at 6 (noting decline of patent system in wake of decisions in antitrust cases that reflected courts' concerns regarding restraint of competition).

Although once disfavorably viewed as temporary monopolies, patents have gained considerable respect in recent years. See Choate et al., supra note 3, at 71 (stating that modern trend recognizes that patent privilege differs from "odious monopoly" in that it does not deprive public of existing right but rather delays exercise by others of new direction marked out by patent owner); Kastriner, supra note 4, at 7 (describing public policy toward patent system as fraught with antitrust, antimonopoly concerns until mid-1970s). This temporary right of exclusivity provides an opportunity for patent owners to receive a fair return on their investments in labor and capital. Choate et al., supra note 3, at 71. The current climate of antitrust enforcement, therefore, represents a dramatic shift away from that existing before the 1970s. Kastriner, supra note 4, at 7; see also Roger B. Andewelt, Antitrust Perspective on Intellectual Property Protection, Remarks to the American Bar Association (July 16, 1985), reprinted in 30 Pat. Trademark & Copyright J. (BNA) 319, 319 (1985) (reporting that Antitrust Division of Department of Justice favors expansion of intellectual property protection).

39. See 1 THE REPORT OF THE PRESIDENT'S COMM'N ON INDUS. COMPETITIVENESS, GLOBAL COMPETITION: THE NEW REALITY 5, 8-19 (1985) [hereinafter PRESIDENT'S REPORT ON INDUSTRIAL COMPETITIVENESS] (providing extensive review of economy and reporting on alarmingly deficient expenditure of funds on research and development). In 1985, the President's Commission on Industrial Competitiveness, which was charged with assessing the relative position of the United States in the world marketplace, presented compelling evidence that the economic competitiveness of the United States had declined. Id. at 8-19.
tous decline shocked the national consciousness. The United States, which had led the rest of the world into the modern era through mass production and technological advances, no longer possessed global economic superiority.\(^{40}\)

C. The Current Climate of Intellectual Property Protection in the United States

In response to the United States loss of its once formidable lead in world markets, the Federal Government initiated substantive measures to analyze the causation of these market shifts and to improve the nation's economic competitiveness.\(^{41}\) The relationships between intellectual property protection, investment, manufacture, and trade inevitably brought global significance to the concept of intellectual property protection because markets had become increasingly globalized.\(^{42}\) Through the government's attempts to understand the interaction of these factors, the American public became aware that nurturing all domestic intellectual property resources is vital to the economic well-being of the nation and to its ability to compete effectively in the world marketplace.\(^{43}\)

With current estimated annual losses of 250,000 jobs and $80 billion in revenue to domestic and international intellectual property piracy, increasing effective intellectual property protection became a

\(^{40}\) See Kastriner, supra note 4, at 7 (discussing decline of United States in economic and technological world markets and resultant effect on American self-image); see also John Agnew, The United States in the World-Economy: A Regional Geography 1, 20 (1987) (stating that “America’s impasse” is public resistance to accepting notion that United States is merely one part of world's economy because of inability to overcome pre-1970s ideology of “national exceptionalism”—belief that what is good for United States is good for world).

\(^{41}\) See Nancy J. Perry, The Surprising New Power of Patents, FORTUNE, June 23, 1986, at 57 (stating that as result of United States decline in world markets, all three branches of Federal Government initiated reforms, which included creation of Court of Appeals for Federal Circuit).

\(^{42}\) See Otto A. Stamm, GATT Negotiations for the Protection of New Technologies, 73 J. PAT. [& TRADEMARK] OFF. SOC'Y 680, 682 (1991) (discussing effect of current globalization of markets and nations' economic interdependence on trade-related aspects of intellectual property rights); Thomas McCarroll, Creativity - Whose Bright Idea?, TIME, June 10, 1991, at 45 (asserting that “as global enterprise relies less on physical materials and more on human creativity, reliable intellectual property will become central to world commerce”).

\(^{43}\) See Dwyer, supra note 31, at 78 (stating that foreign competition in world markets has heightened societal awareness of importance of intellectual property rights and has resulted in legislative efforts to create more rigorous protection). The increasing importance of intellectual property becomes apparent upon recognition that intellectual property now accounts for more than 25% of United States exports, as compared with just 12% eight years ago. McCarroll, supra note 42, at 45; see also Terry L. Clark, The Future of Patent-Based Investigations Under Section 337 After the Omnibus Trade and Competitiveness Act of 1988, 38 AM. U. L. REV. 1149, 1151 (1989) (stating that “increased technological development directly contributes to economic growth by increasing productivity and by providing new and improved products and processes to meet new and previously unmet needs”).
mandate. Furthermore, a cry of economic necessity arose to increase the incentive to invest, especially to invest in the long, costly, and uncertain process of innovation. Eventually, economic planners realized that the American patent system had always been designed to, and was inherently capable of, accomplishing both these objectives. In a rare display of cooperation, all three branches of the United States Government commenced along a path toward increased intellectual property protection through the strengthening of patent rights.

44. See McCarroll, supra note 42, at 44 (examining intellectual property piracy and resultant annual costs to United States businesses).

45. See Agnew, supra note 40, at 141 (citing Joseph A. McKinney & Keith A. Rowley, Trends in U.S. High Technology Trade, 20 COLUM. J. WORLD BUS. 69-81 (1985)) (stating that technical innovation plays important role in fostering increased productivity and stimulating long-term economic growth); Kastriner, supra note 4, at 7 (describing public acceptance of nation’s economic decline and awareness that industrial creativity had to be stimulated).

46. See Agnew, supra note 40, at 20 (explaining emergence of new perspective on patent system).

47. See Agnew, supra note 40, at 14 (presenting new government attitudes toward increasing intellectual property protection in deliberate effort to improve nation’s economic competitiveness); Rochelle C. Dreyfuss, The Federal Circuit: A Case Study in Specialized Courts, 64 N.Y.U. L. Rev. 1, 27 (1989) (describing major reorientation in last decade of national competitive policy and increased appreciation of role of high technology in nation’s economy as evidenced by relaxed antitrust enforcement policy, federal laws that encourage private research and development projects, and Supreme Court’s new sympathy toward state protection of intellectual property).

During the 1980s the executive branch proposed a series of patent-related legislative initiatives, most of which Congress enacted into law. See Dwyer, supra note 31, at 78 (reporting that since 1983, Congress has quietly passed 14 laws strengthening intellectual property rights). Protection against international intellectual property piracy ranks high on President Bush’s trade agenda. See Report Outlines President’s Agenda and Review of U.S. Trade Policy, BUS. AM., Mar. 26, 1990, at 8 (discussing 1990 Trade Policy Agenda and 1989 Annual Report of President of United States on Trade Agreements Program). Through negotiations at the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) conference and subsequent actions by the United States Trade Representative, the executive branch exerted its influence on foreign countries to strengthen their respective national intellectual property laws in order to provide improved protection in foreign countries for owners of American patents, trade secrets, and copyrights. Id. at 8-10; see McCarroll, supra note 42, at 44 (describing pressure placed by United States on foreign governments through threats of trade regulations in attempt to stem piracy of American intellectual property abroad).

The contributions of the legislative branch have been no less impressive. See Unreal Estate, ECONOMIST, Dec. 23, 1989, at 100 (reporting that America’s legislators are enacting laws that afford greater rights to owners of ideas). With support from the executive branch, Congress passed several important pieces of patent legislation that strengthened intellectual property protection and enhanced a patent owner’s ability to reap the rewards intended to accompany patent ownership. See Kastriner, supra note 4, at 8 (reviewing legislative actions that increase scope and strength of patent rights). One example is the promulgation of the Process Patent Amendment Act of 1988, which extended the definition of infringement to include products manufactured in a foreign country by processes patented in the United States. See 35 U.S.C. § 271(g) (1988) (defining infringer as one who uses or sells products manufactured in United States or in foreign country using process patented in United States). A second example of increased legislative vigilance is section 337 of the Omnibus Trade and Competitiveness Act of 1988, which empowered the United States Customs Service to exclude the entry of products suspected of infringing domestic intellectual property rights.

In particular, judicial attitudes toward the patent system underwent a remarkable evolution during the last decade. The creation of the Federal Circuit in 1982 provided uniform and reliable interpretation of the patent laws and today represents the most important governmental response to concerns about the status of domestic intellectual property protection.

The Federal Circuit initiated much of this change with its reinterpretation of the law in the areas of patent validity and non-obviousness, which expanded patent rights. See Kastriner, supra note 4, at 10-12 (elaborating on Federal Circuit's enforcement of presumption of validity and increase in objectivity of "secondary consideration" analysis, which considers such factors as commercial success, unmet, long-felt needs, and failure of others to solve problem as potentially probative and revealing evidence). Such Federal Circuit reinterpretations of patent laws have resulted in pro-patent owner biases. Kastriner, supra note 4, at 13. These expanded rights were further strengthened through the Federal Circuit's liberal imposition of economic deterrents to infringement in the form of injunctive relief and considerable damage awards. See William A. Morrison, Note, The Impact of the Creation of the Court of Appeals for the Federal Circuit on the Availability of Preliminary Injunctive Relief Against Patent Infringement, 23 IND. L. REV. 169, 187 (1991) (concluding that availability of preliminary injunctive relief against patent infringement has increased since creation of Federal Circuit). Prior to the existence of the Federal Circuit, courts granted 36% of the motions for preliminary injunction made in patent disputes. Id. at 187. The Federal Circuit has since granted 52% of the preliminary injunctions sought. Id.; see also Gary M. Ropinski & Marc S. Cooperman, Damages in USA Intellectual Property Litigation, 72 J. PAT. & TRADEMARK OFF. SOC'Y 181, 182 (noting that Federal Circuit's exclusive appellate jurisdiction over patent field has resulted in more frequent injunctions and larger awards to patent owners). The federal district courts have followed the Federal Circuit's lead. See Kastriner, supra note 4, at 9 (revealing that uniformity in patent litigation is result of federal district courts conforming to Federal Circuit's interpretation of patent laws). Perhaps the most significant aspect of this transformation is increased judicial willingness to grant injunctions to patent owners immediately upon success at trial. This differs dramatically from the traditional procedure of staying an injunction until after the infringer exhausts all appeals. Kastriner, supra note 4, at 10. Furthermore, prior to trial, district courts now grant preliminary injunctions, which courts traditionally disfavored and rarely granted. See Kastriner, supra note 4, at 10 (describing growing federal district court approval of preliminary injunctions).

See Kastriner, supra note 4, at 10 (characterizing fundamental changes in judicial attitude toward patent system).


The United States Congress created the Federal Circuit to fill a void in the judicial system by creating an appellate forum capable of exercising nationwide jurisdiction over appeals in areas of the law where Congress determines there is a special need for nationwide uniformity [and] to improve the administration of the patent law by centralizing appeals in patent cases.

only succeeded in producing judicial consistency in patent interpretations, but also created, however unconsciously, unprecedented public confidence in the security of patents.\(^5\) The recognition of declaratory judgment use by patent owners in infringement litigation exemplifies the trend toward increased intellectual property protection.

II. DECLARATORY JUDGMENT RELIEF

A. Introduction

The value of any legal right plainly depends on the strength of the means designed to protect that right.\(^5\) The legitimacy of the patent system, therefore, depends on the practical scope and effectiveness of available means of enforcing the legal rights conferred to patent owners.\(^5\) In addition to substantive legal remedies, patent owners now possess the procedural remedy of declaratory judgment.\(^5\)

The general purpose of declaratory judgment is to promote the


\(^5\) See supra note 49 and accompanying text (discussing creation of Federal Circuit as effort to remedy inconsistencies in intellectual property rights judgments that caused deterioration in public perception of patent system). If the judicial treatment of patents in infringement litigation does not guarantee practical protection of intellectual property interests, the patent grant itself becomes meaningless. A lack of effective protection undermines the ability of the patent system to provide an economic incentive to inventors. Public disillusionment with the patent system thus results in depressed investment in innovative technologies. See Kastriner, supra note 4, at 9-15 (discussing importance of cooperation between branches of government to success of patent system).

efficient resolution of disputed issues. By enacting the Declaratory Judgment Act (Act), Congress created a mechanism to fulfill this objective. In cases in which a wronged party has not yet sued for relief, declaratory judgment under the Act facilitates early adjudication of rights and obligations. Declaratory judgment can also provide a means by which rights and obligations may be adjudicated in cases involving controversies that have not yet reached a stage at which either party may seek a legal remedy. Declaratory judgment therefore can assume one of two roles, depending on which party initiates the action.


In a case of actual controversy within its jurisdiction... any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such a declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such... Further necessary or proper relief based on a declaratory judgment or decree may be granted, after reasonable notice and hearing, against any adverse party whose rights have been determined by such judgment.

Id.

56. See E. Edelmann & Co. v. Triple-A Specialty Co., 88 F.2d 852, 854 (7th Cir.) (noting that Congress intended to promote early adjudication and avoid waiting by passing Act), cert. denied, 300 U.S. 680 (1937); see also Broadview Chem. Corp. v. Locitite Corp., 474 F.2d 1391, 1393, 177 U.S.P.Q. (BNA) 235, 237 (2d Cir. 1973) (stating that essential purpose of declaratory judgment is "to clarify and settle disputed legal relationships and to relieve uncertainty, insecurity and controversy"). Although available and used in all types of civil litigation, declaratory judgments are probably sought most often in insurance and patent litigation. JONATHAN M. LANDERS ET AL., CIVIL PROCEDURE 299 (2d ed. 1988) (citing CHARLES A. WRIGHT, FEDERAL COURTS § 100, at 672 (4th ed. 1983)); see Lionel Corp. v. DeFilippis, 15 F. Supp. 19, 21 (E.D.N.Y. 1936) (holding that Declaratory Judgment Act is applicable to patent cases).

57. Under the Declaratory Judgment Act, a party to an actual controversy can seek a court determination of its potential liabilities prior to legal action by an adverse party. This preemptive adjudication eliminates the danger of manipulation by the adverse party through insincere threats of suit. See Japan Gas Lighter Ass'n v. Ronson Corp., 257 F. Supp. 219, 237, 150 U.S.P.Q. (BNA) 589, 604 (D.N.J. 1966) (explaining that declaratory judgment relieves parties from "the Damoclean threat of impending litigation which a harassing adversary might brandish, while initiating suit at his leisure - or never").

58. See 10A WRIGHT ET AL., supra note 12, § 2751, at 568 (stating that declaratory judgment represents exception to traditional and conventional concept of judicial process by which courts intervene only when actual violation of law has occurred). The Declaratory Judgment Act does, however, require the existence of an actual case or controversy between the parties before a federal court can constitutionally assume jurisdiction. See Aetna Life Ins. Co. v. Haworth, 300 U.S. 227, 239-41 (1937) (holding that jurisdiction under Declaratory Judgment Act is contingent on existence of valid cause of action).

59. In patent infringement litigation, for example, the utility and rationale of declaratory judgment application depends on whether the plaintiff is the alleged infringer or patent owner. Declaratory judgment provision offers an early adjudication to the alleged infringer and possible relief from threats of infringement liability. See infra notes 69-97 and accompanying text (considering declaratory judgment use by alleged infringers). To the patent owner, conversely, declaratory judgment can provide injunctive relief prior to actual infringement. See infra notes 99-152 and accompanying text (analyzing declaratory judgment use by patent owners).
From the perspective of a party threatened with liability, declaratory judgment provides a means by which to avoid waiting until the opposing party finds it convenient to bring suit, possibly at a time after the damage has occurred.\(^6\) Declaratory judgment thus minimizes the danger of avoidable loss and the unnecessary accrual of damages.\(^6\) Conversely, from the perspective of a potential plaintiff, declaratory judgment permits the settlement of controversies before the actions of the potential defendant develop into actual violations of law.\(^6\) Declaratory relief can supersede a multiplicity of actions by affording parties a practical, expedient, and inexpensive means for determining their respective rights and obligations in a single proceeding.\(^6\)

With enormous financial liabilities at stake, intellectual property disputes require a quick and efficient means of resolution.\(^6\) Declaratory judgment relief appears perfectly suited to accomplish this objective.\(^6\) The specific application of declaratory judgment to patent infringement litigation, however, has the unique practical ef-

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60. See E. Edelmann & Co., 88 F.2d at 854 (observing that declaratory judgment provides effective method of avoiding protracted litigation and judicial inequity).

61. E.g., id. at 854; Channel Master Corp. v. JFD Elecs. Corp., 263 F. Supp. 7, 8, 152 U.S.P.Q. (BNA) 690, 692 (E.D.N.Y. 1967); Japan Gas Lighter Ass'n v. Ronson Corp., 257 F. Supp. at 237; see also 10A WRIGHT ET AL., supra note 12, § 2751, at 569 & n.9 (reviewing case law that supports application of declaratory judgment as efficient means of damage control and loss avoidance).

62. E.g., United States v. Fisher-Otis Co., 496 F.2d 1146, 1151 (10th Cir. 1974); Maryland Casualty Co. v. Rosen, 445 F.2d 1012, 1014 (2d Cir. 1971); Hofstadter v. Ruderman, 118 F. Supp. 477, 479 (S.D.N.Y. 1953); see 10A WRIGHT ET AL., supra note 12, § 2751, at 570 & n.11 (examining case law that supports settlement of actual controversies by declaratory judgment before maturation into violations of law).

63. E.g., Ungar v. Dunkin' Donuts, Inc., 551 F.2d 1211, 1215 (3d Cir.) (commenting that declaratory judgment is efficient way to resolve disputes), cert. denied, 429 U.S. 829 (1976); Smith v. Transit Casualty Co., 281 F. Supp. 661, 670 (E.D. Tex. 1968) (stating that declaratory judgment is less costly than protracted litigation), aff'd, 410 F.2d 210 (5th Cir. 1969); Security Ins. Co. v. Jay, 109 F. Supp. 87, 89 (D. Minn. 1952) (holding that declaratory judgment is effective means of avoiding multiplicity of actions); see 10A WRIGHT ET AL., supra note 12, § 2751, at 570-71 & n.12 (examining case law that supports application of declaratory judgment to avoid multiplicity of actions).


65. See generally 1 Lipscomb, supra note 30, § 24:7, at 190-98 (explaining usefulness of Declaratory Judgment Act in patent situations).
fect of broadening the legal rights of patent owners. The inherent duality of declaratory judgment did not become manifest in patent infringement litigation until the judicial recognition of actions by patent owners against prospective infringers. Until recently, application of declaratory relief in patent infringement litigation has been limited to suits by manufacturers of allegedly infringing products against patent owners.


Most declaratory judgment actions in the patent field are brought by manufacturers of allegedly infringing products against patent owners after manufacture has already begun. Declaratory judgment allows a manufacturer to determine whether its product would infringe a patented invention without waiting until the patent owner finds it convenient to file suit. The manufacturer can, through this procedure, avoid an accrual of damages or liability altogether. Such a resolution of disputed matters clearly fulfills the legislative

66. See infra note 163 and accompanying text (discussing utility of declaratory judgment to patent owners as preventive measure against future infringement).


68. The current controversy over use of declaratory judgment relief by patent owners closely parallels that experienced by manufacturers when they first began seeking declaratory relief against threats of infringement. See E. Edelmann & Co. v. Triple-A Specialty Co., 88 F.2d 852, 854, 32 U.S.P.Q. (BNA) 416, 417 (7th Cir.) (upholding use of declaratory judgment by alleged infringer), cert. denied, 300 U.S. 680 (1937). The court in Edelmann repudiated judicial opinion against the use of declaratory judgment as a mechanism by which an alleged infringer could bring suit. Id. So long as an actual controversy arising under the patent laws existed, the court held that declaratory judgment was applicable, irrespective of the party bringing suit. Id.

69. See Voight, supra note 10, at 1141 (reviewing suits by alleged infringers to have others' patents declared invalid or not infringed).

70. See Wembley, Inc. v. Superba Cravats, Inc., 315 F.2d 87, 89, 137 U.S.P.Q. (BNA) 235, 236 (2d Cir. 1963) (arguing that declaratory judgment has destroyed "the racket" by which patent owners, without litigating issue of patent validity, can gain business advantage and suppress competition by threatening alleged infringers or their customers with lawsuits which might never be brought).

71. In the absence of a procedural remedy such as declaratory judgment for determining its rights and obligations in an early adjudication, a manufacturer risks a finding by the court of willfulness once actual infringement occurs. This situation exposes the manufacturer to the potential of liability three times the actual damage award. 35 U.S.C. § 284 (1988). The purpose of the Declaratory Judgment Act is to afford relief against such liability exposure. S. Rep. No. 1005, 73d Cong., 2d Sess. 2-3 (1934).
intent of the Declaratory Judgment Act.\textsuperscript{72}

Jurisdiction under the Declaratory Judgment Act, however, is not dependent on the actual commission of an infringing act.\textsuperscript{73} Instead, the sole requirement for jurisdiction is "justiciability," or the existence of an "actual controversy" between the parties.\textsuperscript{74} In patent infringement litigation, two tests must be met to support a finding of justiciability.\textsuperscript{75} First, the declaratory judgment plaintiff must be under reasonable apprehension of potential liability resulting from a charge of infringement.\textsuperscript{76} Second, the plaintiff must be, or have been, engaged in the allegedly infringing acts or have the ability and definite intention to engage immediately in such acts.\textsuperscript{77}

Courts have liberally construed the first requirement that the plaintiff be under reasonable apprehension of suit by the patent owner.\textsuperscript{78} Reasonable apprehension of liability for existing or future

\textsuperscript{72} See Altvater v. Freeman, 319 U.S. 359, 365, 57 U.S.P.Q. (BNA) 285, 289 (1943) (citing S. Rep. No. 1005, 73d Cong., 2d Sess. 2-3 (1934)) (stating that purpose of Declaratory Judgment Act is to afford relief against "peril and insecurity" of potential damages in infringement suits); Wembley, 315 F.2d at 90, 137 U.S.P.Q. (BNA) at 236 (arguing that rationale for allowing declaratory judgment is avoidance of economic waste incurred in embarking on program of manufacture, use, or sale that turns out to be illegal).

\textsuperscript{73} See Voight, supra note 10, at 1141 (discussing declaratory judgment actions brought by alleged infringers prior to occurrence of any act that could constitute infringement).

\textsuperscript{74} 28 U.S.C. § 2201(a) (1988); see Aetna Life Ins. Co. v. Haworth, 300 U.S. 227, 239-41 (1937) (interpreting Declaratory Judgment Act and defining "actual controversy"); see also ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT 94 & n.49a (Supp. 1990) (citing Arrowhead Indus. Water, Inc. v. Ecolochem, Inc., 846 F.2d 731, 735, 6 U.S.P.Q.2d (BNA) 1685, 1688 (Fed. Cir. 1988)) (explaining requirement for jurisdiction under Declaratory Judgment Act). The conflict must be "real and immediate" for a "true, actual controversy" to exist as required by 28 U.S.C. § 2201. Id. Even when there is a clear controversy, however, a district court's decision to exercise its jurisdiction is discretionary. Id. at 95 & n.53c.


\textsuperscript{76} See International Harvester, 623 F.2d at 1210, 206 U.S.P.Q. (BNA) at 775 (reciting first test for justiciability under Declaratory Judgment Act in patent infringement litigation). The patent owner "must have engaged in conduct giving rise to a reasonable apprehension on [the manufacturer's] part that [the manufacturer] will face an infringement suit or the threat of one if it commences or continues the activity in question." Id.

\textsuperscript{77} See id. at 1210-11, 206 U.S.P.Q. (BNA) at 775 (describing second test for justiciability under Declaratory Judgment Act in patent infringement litigation). The manufacturer "must have actually produced the accused article or have engaged in preparations for production such that but for a finding that the product infringes or for extraordinary or unforeseen contingencies, the [manufacturer] would and could begin production immediately." Id. (quoting Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc., 439 F.2d 871, 875 (1st Cir. 1971)).

\textsuperscript{78} See Voight, supra note 10, at 1153 (concluding from survey of declaratory judgment
conduct may arise from direct or indirect charges of infringement by the patent owner against the manufacturer of the allegedly infringing products. Before the necessary apprehension can exist, however, the patent owner must have taken some affirmative action. For example, direct notice by the patent owner to a manufacturer of the manufacturer's potential infringement liability qualifies as an affirmative act that would give rise to reasonable apprehension. In the context of licensing negotiations, however, a patent owner's statement to a manufacturer regarding potential infringement liability does not constitute reasonable apprehension, even if the negotiations are unsuccessful.

Reasonable apprehension of liability can also exist when a patent owner gives general notice that it intends to enforce its patent. Despite the patent owner's ignorance of a manufacturer's activity, reasonable apprehension exists if the manufacturer believes the patent is broad enough to render its activity an infringement. If, on the other hand, the patent owner has done nothing beyond securing a patent, there can be no basis for the required apprehension.

actions by alleged infringers that requirement of reasonable apprehension has been liberally construed).

79. See United Merchants & Mfrs., Inc. v. Henderson, 495 F. Supp. 444, 446, 210 U.S.P.Q. (BNA) 274, 275 (N.D. Ga. 1980) (finding existence of actual controversy not only upon charge of infringement, but also upon indirect charge if party has well-grounded fear that, absent alteration of its conduct, infringement suit may result).

80. See Voight, supra note 10, at 1143-44 (discussing kind of action on part of patent holder necessary to constitute reasonable apprehension).

81. See, e.g., National Coupling Co. v. Press- Seal Gasket Corp., 323 F.2d 629, 632, 139 U.S.P.Q. (BNA) 98, 99 (7th Cir. 1963) (holding that letter sent by patent owner to manufacturer that charged contributory infringement constitutes affirmative act justifying reasonable apprehension); E.W. Bliss Co. v. Cold Metal Process Co., 102 F.2d 105, 108, 41 U.S.P.Q. (BNA) 942, 943 (6th Cir. 1939) (finding that complaint alleging infringement justified reasonable apprehension because it was affirmative act); Medtronic, Inc. v. American Optical Corp., 327 F. Supp. 1327, 1329, 170 U.S.P.Q. (BNA) 252, 254 (D. Minn. 1971) (considering letter sent by patent owner's counsel containing infringement opinion of activity at issue and concluding that letter constituted reasonable apprehension); see 10A WRIGHT ET AL., supra note 12, § 2761, at 676-78 & n.13 (listing cases that find direct notice by patent owner to alleged infringer to constitute reasonable apprehension).

82. See Shell Oil Co. v. Amoco Corp., No. 91-1364, 1992 U.S. App. LEXIS 17308, at *12 (Fed. Cir. July 28, 1992) (finding that patent owner's statements regarding manufacturer's activities as falling within patent claims were merely "'jawboning' which typically occurs in licensing negotiations" and therefore did not create reasonable apprehension of suit).


Courts will protect quiescent patent owners of this kind against un-
warranted litigation by manufacturers.86

In contrast to the broad interpretation of the reasonable apprehen-
sion justiciability requirement, courts have tended to strictly construe the second component of the requirement. Courts require a declaratory judgment plaintiff to be, or to have been, engaged in the allegedly infringing activity, or to have the ability and definite intention to engage immediately in such conduct.87 Determination of the amount of preparation necessary to satisfy the immediacy standard is one of degree.88 Therefore, an examination of the facts of each individual case becomes especially significant.89

No single factor is dispositive in determining the point at which a threat of potential infringement satisfies the immediacy standard.90 The greater the degree of preparation for an allegedly infringing activity, however, the greater the likelihood that courts will sustain declaratory judgment jurisdiction.91 Courts tend to focus on two specific circumstances in finding an ability and definite intention to engage immediately in allegedly infringing conduct.92 One such circumstance is the situation in which a manufacturer procures an assured source of product within a few months of instituting legal

and manufacturer, fact that patent owner sued three other similarly situated companies supports conclusion that manufacturer had reasonable apprehension of suit).86 Id.; cf. Wembley, Inc. v. Superba Cravats, Inc., 315 F.2d 87, 90, 137 U.S.P.Q. (BNA) 235, 236 (2d Cir. 1963) (relating unfairness in subjecting patent owner to burdens of lawsuit in allowing declaratory judgment where manufacturer expressed only vague and unspecific desire to embark on allegedly infringing conduct).

87. See Voight, supra note 10, at 1153 (concluding from survey of declaratory judgment actions by alleged infringers that requirement of ability and intention to engage immediately in potentially infringing conduct has been strictly construed).


92. See generally Voight, supra note 10, at 1144-53 (summarizing factors deemed necessary by courts to show intention to engage immediately in allegedly infringing acts).
action. The second and perhaps more significant circumstance is the solicitation by a manufacturer of customer orders for the potentially infringing product. Ambiguity remains in defining the amount of preparation required to constitute immediate ability to engage in infringing conduct, the second requirement for finding declaratory judgment justiciability. Inconsistencies in judicial determinations on this issue presumably result from an interplay of competing concerns. Tension exists between the statutory intention supporting the liberal application of the declaratory judgment remedy and the fear that, in the absence of a strict interpretation of the immediacy standard, declaratory judgments would degenerate into advisory opinions for manufacturers. This dynamic of competing judicial concerns is heightened by patent owner use of declaratory judgment against prospective infringers, where the application of the remedy has several unique consequences.

III. DECLARATORY JUDGMENTS BY PATENT OWNERS

A. Jurisprudential Development

Declaratory judgment actions by patent owners are a recent development in patent law relative to declaratory judgment actions by


94. See, e.g., Interdynamics, Inc. v. Wolf, 698 F.2d 157, 169, 217 U.S.P.Q. (BNA) 117, 127 (3d Cir. 1982) (noting that manufacturer's deadline of filling orders for its product within few weeks time demonstrated intention to engage immediately in patent infringement); Super Prods. Corp. v. DP Way Corp., 546 F.2d 748, 752-53, 192 U.S.P.Q. (BNA) 417, 421-22 (7th Cir. 1976) (affirming justiciability because active solicitation of customer orders strongly suggested definite intention to continue infringing conduct); Brisk Waterproofing Co. v. A. Belanger & Sons, Inc., 209 F.2d 169, 170, 100 U.S.P.Q. (BNA) 75, 76 (1st Cir. 1954) (finding justiciability requirement satisfied because manufacturer was seriously engaged in promoting its system to potential customers).

95. See Voight, supra note 10, at 1145 (commenting that many factors are weighed by courts to determine whether preparative activity is "about to infringe").

96. See HARMON, supra note 74, at 94 (explaining that competing considerations in declaratory judgment jurisdiction are of constitutional dimension).

97. See Voight, supra note 10, at 1154 (explaining that existence of alternative, entirely non-infringing, plans by manufacturer is factor that would likely defeat declaratory judgment jurisdiction). Without the ability to determine which of several possible courses a manufacturer might pursue, a court essentially would be rendering an advisory opinion. Id.

98. See infra notes 111-17 and accompanying text (relating concerns that use of declaratory judgment by patent owners will give rise to rendering of advisory opinions, provision of additional, unnecessary remedy, and circumvention of venue rules).
alleged infringers. The requirements that patent owners must satisfy for jurisdiction under the Declaratory Judgment Act are analogous to those articulated for declaratory actions brought by manufacturers of allegedly infringing products. The use of declaratory judgment by patent owners, however, requires the confrontation of additional legal issues. Controversy and hesitation over these considerations might explain the delay in judicial acceptance of this converse use of declaratory judgment.

The earliest cases of declaratory judgment use by patent owners involved actions brought after the allegedly infringing activity had occurred. Because the patent owners already possessed fully adequate remedies through conventional infringement actions, courts properly rejected, as inappropriate, the use of declaratory judgment in such circumstances. These cases may nonetheless have created a climate of judicial suspicion concerning use of the declaratory judgment remedy by patent owners.

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99. See Proler Steel Corp. v. Luria Bros. & Co., 223 F. Supp. 87, 89, 139 U.S.P.Q. (BNA) 169, 171 (S.D. Tex. 1963) (holding, as first court in nation to so do, that patent owners may employ declaratory judgment remedy against potential infringers); see also 6 CHISUM, supra note 14, § 21.02[1][D], at 21-49 (discussing declaratory judgment actions by patent owners); Voight, supra note 10, at 1156 (examining suits by patent owners to have patents declared valid and prospectively infringed).

100. See Proler Steel, 223 F. Supp. at 90, 139 U.S.P.Q. (BNA) at 171-72 (stating that requirements that manufacturers must satisfy to gain declaratory judgment relief are "of some significance" when analyzing requirements that patent owners must satisfy to gain such relief). Patent owners must also show the existence of an actual controversy to establish declaratory judgment jurisdiction. Id. at 89, 139 U.S.P.Q. (BNA) at 172. As in cases involving declaratory judgment use by alleged infringers, there are two prerequisites to a finding of justiciability. Id. First, the patent owner must produce a reasonable apprehension of infringing activity. Id. Second, the alleged infringer must be engaged in meaningful preparations for production. Id.; see also infra notes 106-07 and accompanying text (analyzing justiciability requirements set forth in Proler Steel).

101. See infra notes 111-17 and accompanying text (discussing concerns raised in application of declaratory judgment to suits by patent owners).

102. See infra note 164 and accompanying text (suggesting underlying rationale for rejection of declaratory use by patent owners).


105. See infra notes 115-17 and accompanying text (explaining judicial concern regarding provision of declaratory judgment to patent owners because of possibility patent owners might attempt to forum shop). But see infra note 148 and accompanying text (addressing Federal Circuit decision in VE Holding Corp. v. Johnson Gas Appliance Co.). VE Holding held that the 1988 amendment to 28 U.S.C. § 1391(c) supplemented 28 U.S.C. § 1400(b), and thereby es-
The first reported use of declaratory judgment by a patent owner against a prospective infringer was the 1963 decision, *Proler Steel Corp. v. Luria Bros. & Co.* While recognizing that declaratory judgment relief had previously only been sought by alleged infringers, the court in *Proler Steel* saw no valid reason for denying this remedy to a patent owner so long as the patent owner satisfied an equivalent requirement of justiciability. Although several subsequent cases embraced the *Proler Steel* rationale, a significant number of decisions took the contrary position that declaratory judgment actions by patent owners are not proper under any circumstances. Rejection of the *Proler Steel* reasoning focused on legal issues identified by the courts as unique to patent owner-initiated declaratory judgment—essentially eliminated any potential advantage in bringing declaratory judgment for purposes of forum shopping. *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 16 U.S.P.Q.2d (BNA) 1614 (Fed. Cir. 1990), cert. denied, 111 S. Ct. 1315 (1991).


107. *Id.* at 89, 139 U.S.P.Q. (BNA) at 171. *Proler Steel* came before the district court on Luria Brothers' motion to dismiss. *Id.* at 88, 139 U.S.P.Q. (BNA) at 170. The court applied the identical test for a finding of justiciability as that developed in cases involving declaratory judgment actions brought by alleged infringers. *Id.* at 89-90, 139 U.S.P.Q. (BNA) at 172. After so doing, the court denied Luria Brothers' motion to dismiss and held that a sufficient justiciable controversy existed to entitle Proler Steel to maintain its declaratory judgment action. *Id.* at 91, 139 U.S.P.Q. (BNA) at 173. The *Proler Steel* case came before the district court again on Luria Brothers' motion for reconsideration of the previous failure to dismiss. *Proler Steel Corp. v. Luria Bros. & Co.*, 225 F. Supp. 412, 413, 140 U.S.P.Q. (BNA) 373, 373 (S.D. Tex. 1964). During the intervening period since the first case, however, Luria Brothers' California plant had commenced operations. *Id.* at 412, 140 U.S.P.Q. (BNA) at 373. Consequently, the district court felt that the injunctive relief requested by Proler Steel was inappropriate. *Id.* Exercising its discretion under 28 U.S.C. § 2201, the court declined declaratory judgment jurisdiction. *Id.* at 414, 140 U.S.P.Q. (BNA) at 374. The district court dismissed the suit without prejudice, however, so Proler Steel was free to bring a later action for actual infringement. *Id.*


ment actions.\textsuperscript{110} Three leading considerations emerged in the controversy.

First, concern arose regarding the possibility that a manufacturer might not actually go forward with its threatened acts or might so alter them as to change the issues substantially.\textsuperscript{111} To rule on declaratory judgment would thus be to render an advisory opinion.\textsuperscript{112} A second issue dealt with the notion that a patent owner, unlike an infringer, already has an express statutory remedy and thus should not be given an additional one.\textsuperscript{113} Clearly reluctant to strengthen patent rights at innovator's expense, a number of courts refused to recognize a procedural remedy that would enlarge the protections already available to patent owners.\textsuperscript{114} A third consideration involved concern that the application of declaratory judgment jurisdiction to patent owner-initiated suits would contravene the purpose of the restrictive patent venue statute.\textsuperscript{115} Declaratory judgment actions are governed by the broad general venue statute, whether or not they involve patent issues.\textsuperscript{116} Courts therefore feared that patent owners might attempt to forum shop by circumventing the patent venue statute in favor of the general venue statute simply by instituting a declaratory judgment action.\textsuperscript{117}

\textsuperscript{110} See infra notes 111-17 and accompanying text (examining legal issues raised by courts rejecting use of declaratory judgment by patent owners under all circumstances).

\textsuperscript{111} Swedlow, 455 F.2d at 886, 172 U.S.P.Q. (BNA) at 642 (examining alleged threats of future infringement and finding them to be too remote and unduly speculative to be of great concern).

\textsuperscript{112} See id. at 885, 172 U.S.P.Q. (BNA) at 642 (noting that in reality, complaint sought advisory opinion of infringement).

\textsuperscript{113} See id. (examining issue that patent owner already had “corollary remedy” available in conventional infringement suit).


\textsuperscript{115} See Swedlow, 455 F.2d at 885-86, 172 U.S.P.Q. (BNA) at 642 (rejecting use of Declaratory Judgment Act to increase scope of patent rights); see also 28 U.S.C. § 1400(b) (1988) (providing that “any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business”).

\textsuperscript{116} See 28 U.S.C. § 1391(c) (1988) (establishing, inter alia, that declaratory judgment actions can properly be brought “in any judicial district in which [defendant] is subject to personal jurisdiction at the time the action is commenced”); see also Sampson, infra note 148 and accompanying text (discussing general venue statute before its amendment in 1988).

\textsuperscript{117} See 1 Lipscomb, supra note 30, § 24:11, at 217 & n.12 (concluding that overwhelming weight of case-law authority holds that in declaratory judgment action concerning patent infringement, restrictive patent venue statute, 28 U.S.C. § 1400(b), is inapplicable). Instead, the general venue statute, 28 U.S.C. § 1391, dictates the appropriate forum. General Tire &
These concerns reflect a judicial bias against providing patent owners with any procedures or remedies that might increase the scope of patent protection. Authority remained split for quite some time, however, as to the ultimate issue of declaratory judgment availability to patent owners. The Federal Circuit eventually confronted these issues and resolved the dichotomy in Lang v. Pacific Marine & Supply Co.

B. Analysis of Lang v. Pacific Marine & Supply Co.

In this seminal case, the Federal Circuit established the propriety of suits by patent owners to have their patents declared valid and prospectively infringed. The Federal Circuit essentially repudiated jurisprudence that disfavored declaratory judgment actions by patent owners because of concern that such relief strengthened patent rights.


The language employed by courts supporting the Swedlow rationale for denying declaratory judgment use by patent owners clearly indicates concern over increasing the scope of patent protection. The conclusions drawn by the court in Swedlow contravene the purposes of declaratory relief in providing efficient adjudication of rights and obligations before actual violations of law occur to avoid accrual of unnecessary damages. See infra text accompanying note 166 (suggesting that courts' rejection of declaratory judgment use by patent owners stems from failure to focus on purpose of remedy).

See supra notes 108-09 and accompanying text (illustrating long-term dichotomy in patent law jurisprudence over application of declaratory judgment remedy to patent owners).


Lang, 895 F.2d at 764, 13 U.S.P.Q.2d (BNA) at 1822.
against the defendant corporations, Pacific Marine and Supply Co. (Pacific Marine) and Thompson Metal Fabricators, Inc. (Thompson Metals). Pacific Marine had retained Thompson Metals to manufacture the hull structure for Pacific Marine’s swath-type sailing vessel. Furthermore, Pacific Marine had publicly announced its construction of this ship.

The plaintiffs, Thomas G. Lang (Lang) and Swath Ocean Systems, Inc. (SOSI), filed suit when the ship hull structure was still under construction by Thompson Metals. Lang and SOSI asserted that this hull structure, upon completion, would infringe the patents owned by Lang and SOSI. The plaintiffs sought a declaration that Thompson Metals’ manufacturing activity constituted prospective infringement. The defendant corporations moved to dismiss the complaint for lack of subject matter jurisdiction, and in the alternative, for failure to state a claim upon which relief could be granted.

The district court held that a patent owner could not bring an action under the Declaratory Judgment Act where there had not yet

124. Id. at 1406, 10 U.S.P.Q.2d (BNA) at 1058. Swath-type ships are a class of sailing vessel with small water-plane-area twin hulls, which reduce drag and improve stability to permit high speed operations on the ocean and better overall performance than conventional ships.
125. Id. at 1406, 10 U.S.P.Q.2d (BNA) at 1059 (describing Pacific Marine’s public announcement of design of its swath-type vessel’s control systems by Donald Higdon and Associates).
126. Id. Lang and SOSI commenced this action on April 25, 1988, more than nine months prior to the February 1989 scheduled completion of the hull structure and the final Coast Guard inspection of the ship owned by Pacific Marine. Id.
127. Id. at 1405, 10 U.S.P.Q.2d (BNA) at 1059. Lang and SOSI are, respectively, the patent owner and licensee of U.S. Patent Nos. 3,877,744 (‘744 patent), issued on August 5, 1975 and entitled “High speed semisubmerged ship with four struts,” and 3,623,444 (‘444 patent), issued on November 30, 1971 and entitled “High-speed ship with submerged hulls.” Id. at 1405, 10 U.S.P.Q.2d (BNA) at 1058. Pacific Marine owns U.S. Patent No. 4,174,671 (‘671 patent), issued on Nov. 20, 1979 and entitled “Semisubmerged ship.” Id. Pacific Marine asserted that its ‘671 patent encompassed the swath-type vessel under construction and that the ship’s hull structure did not infringe either the ‘744 patent or the ‘444 patent owned by the plaintiffs. Id.
128. Id. at 1406, 10 U.S.P.Q.2d (BNA) at 1059. The plaintiffs asserted five separate causes of action in their complaint, only Count One and Count Two of which are relevant to this Comment’s discussion. Count One sought a declaration, based on 28 U.S.C. § 2201, that through Thompson Metals’ contractual relationship with Pacific Marine to manufacture a hull structure, Pacific Marine was “infringing” or “‘threatening to infringe” the plaintiffs’ patents. Id. Count Two sought an injunction, based on the general equity power of the court, against a “threatened trespass” on the plaintiffs’ patents. Id. The allegations contained in the remaining three counts of the complaint included false patent marking in violation of 35 U.S.C. § 292, false representation and unfair competition in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1988), and unfair methods of competition in violation of Hawaii state law, Haw. Rev. Stat. §§ 480-2, 481A-3 (Supp. 1991). Id.
129. Id.
been an actual infringement of the patents.\textsuperscript{130} The district court followed the Ninth Circuit's holding in Swedlow, Inc. v. Rohm & Haas Co.\textsuperscript{131} In Swedlow, the Ninth Circuit held that declaratory judgment relief for a patent owner is inappropriate because the owner is harmed only if actual infringement occurs, an act for which the patent owner already has a statutory remedy.\textsuperscript{132} Applying this rationale, the district court in \textit{Lang} found that the patent owner and the licensee were essentially seeking an advisory opinion and had an adequate legal remedy in a conventional patent infringement suit that could be filed once the vessel reached completion.\textsuperscript{133} Furthermore, because no actual infringement had yet occurred, the plaintiffs were not stating a claim upon which relief could be granted under the federal patent statutes.\textsuperscript{134} The district court thus dismissed the plaintiffs' complaint.\textsuperscript{135}

On appeal, the Federal Circuit rejected the district court's reasoning.\textsuperscript{136} The Federal Circuit held that so long as the justiciability requirement of the Declaratory Judgment Act is met by a sufficient allegation of immediacy and reality, a patent owner may seek a declaration of infringement against a prospective infringer.\textsuperscript{137} Given

\textsuperscript{130} Id. at 1408-09, 10 U.S.P.Q.2d (BNA) at 1061.

\textsuperscript{131} 455 F.2d 884, 172 U.S.P.Q. (BNA) 641 (9th Cir. 1972).

\textsuperscript{132} Swedlow, Inc. v. Rohm & Haas Co., 455 F.2d 884, 885-86, 172 U.S.P.Q. (BNA) 641, 641-42 (9th Cir. 1972); see supra notes 110-20 and accompanying text (discussing rationale of \textit{Swedlow} and other cases that rejected declaratory judgments filed by patent owners).


\textsuperscript{134} Id. at 1409-10, 10 U.S.P.Q.2d (BNA) at 1062.

\textsuperscript{135} See id. at 1409 & n.12, 10 U.S.P.Q.2d (BNA) at 1061 & n.12 (noting that even if justiciability requirement had been satisfied, district court would have exercised its discretion to decline jurisdiction under \textit{Declaratory Judgment Act}). Discretion in declaratory judgment actions is to be "'exercised in the public interest' and in such a manner as to strike a proper balance between the needs of [the patent owner] and the consequences of giving the desired relief.'" Id. at 1409 n.12; 10 U.S.P.Q.2d (BNA) at 1061 n.12 (citing Eccles v. Peoples Bank, 333 U.S. 426, 431 (1948)). The district court focused on the availability of alternative remedies, the public importance of the declaration, and the equity of the parties' conduct. \textit{Id.} The court reiterated that both \textit{Lang} and Swath Ocean Systems, Inc. had an adequate remedy available if the ship, upon completion, constituted an infringement. \textit{Id.} Next, the district court noted that the public had no interest in prejudging the issue of infringement between the parties. \textit{Id.} The court concluded its analysis by stating that Pacific Marine & Supply Co. and Thompson Metal Fabricators, Inc. should be allowed to engage in their manufacturing activity at their own risk. \textit{Id.} Each conclusion reached by the district court, however, appears to contravene the purpose of the \textit{Declaratory Judgment Act} to provide an efficient resolution of matters in dispute. The district court's holding permits the potential accrual of damages by manufacturers uncertain of their liabilities. Moreover, the public has a clear interest in avoiding economic waste.


\textsuperscript{137} Id. (quoting Arrowhead Indus. Water, Inc. v. Ecolochem, Inc., 846 F.2d 731, 735, 6 U.S.P.Q.2d (BNA) 1685, 1688 (Fed. Cir. 1988)) (explaining that "'[t]he sole requirement for
that an alleged infringer may maintain a declaratory judgment action for non-infringement under the same circumstances, the court found no valid reason for denying this remedy to a patent owner.138

The Federal Circuit set forth a two-prong test designed to detect the existence of a definite and substantial controversy in satisfaction of the justiciability requirement for declaratory judgment jurisdiction.139 First, the defendant must be engaged in or making meaningful preparations for engagement in an activity directed toward making, selling, or using a patented invention that is subject to an infringement charge under 35 U.S.C. § 271(a).140 This element, which looks to the activity of the manufacturer, is analogous to the immediacy requirement that developed in cases where the declaratory judgment plaintiff is the alleged infringer.141 Second, the defendant must refuse to alter its course of conduct in response to acts by the patent owner that are sufficient to create a reasonable apprehension that a suit will be forthcoming.142 This element, which looks to the activity of the patent owner, is analogous to the requirement of reasonable apprehension traditionally articulated by courts regarding declaratory judgment actions brought by alleged infringers.143

In addition to establishing an objective test for the existence of actual controversy, the Federal Circuit discounted the legal issues raised by the various lower courts that criticized the Proler Steel rationale. First, the Federal Circuit ruled that concern over whether an alleged infringer might alter its course of conduct or discontinue the conduct altogether should no more warrant dismissal than should the potential for a similar alteration of conduct by a patent owner in a declaratory judgment suit brought by an alleged infringer.144 Moreover, a determination of whether preparation by the prospective infringer has been sufficiently meaningful would

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138. Id.
139. Id.
140. Id.
141. See Lang v. Pacific Marine & Supply Co., 895 F.2d 761, 764, 13 U.S.P.Q.2d (BNA) 1820, 1822 (Fed. Cir. 1990) (citing Arrowhead, 846 F.2d at 736, 6 U.S.P.Q.2d (BNA) at 1689) (comparing meaningful preparation element of test in Lang to corresponding activity element of test developed in cases in which declaratory judgment was brought by alleged infringer).
142. Id.
143. See Lang, 895 F.2d at 764, 13 U.S.P.Q.2d (BNA) at 1822 (citing Arrowhead, 846 F.2d at 736, 6 U.S.P.Q.2d (BNA) at 1689) (considering reasonable apprehension element of justiciability analysis); supra notes 78-86 and accompanying text (discussing justiciability requirement that defendant have reasonable apprehension of liability).
144. See Lang, 895 F.2d at 764, 13 U.S.P.Q.2d (BNA) at 1822 (contravening Swedlow rationale); cf. supra notes 111-15 and accompanying text (examining Swedlow case denying patent owners use of declaratory judgment remedy).
necessarily take into account these contingencies.145

Next, the Federal Circuit found the fact that a patent owner, unlike an alleged infringer, has an express statutory remedy for infringement at a later time to be irrelevant.146 The Declaratory Judgment Act was intended to have broad applicability so that parties to actual controversies in different types of litigation could seek adjudication of their rights in a timely fashion, irrespective of whether further relief is or could be sought.147 Finally, the Federal Circuit in Lang did not need to consider the issue of potential forum shopping by patent owners taking advantage of the general venue statute. The 1988 amendment of the general venue statute and subsequent decisions interpreting that amendment eliminated any possible forum selection advantage in declaratory judgment use by patent owners.148

145. Determination of the totality of facts and circumstances would entail a determination of possible alternative courses of action. As in declaratory judgment actions by alleged infringers, the existence of alternative plans would likely defeat declaratory judgment jurisdiction. See Voight, supra note 10, at 1154 and note 97 (explaining that declaratory judgment jurisdiction cannot be sustained where alternative plans remain under consideration).

146. Lang, 895 F.2d at 764, 13 U.S.P.Q.2d (BNA) at 1822.

147. Id. (quoting 10A Wright ET AL., supra note 12, § 2758, at 620-21) (explaining that "declaratory relief is alternative and cumulative" and "that the existence of another remedy does not bar a declaratory judgment").

148. See Michael L. Keller & Kenneth J. Nunnenkamp, Patent Law Developments in the United States Court of Appeals for the Federal Circuit During 1990, 40 AM. U. L. REV. 1157, 1188 (1991) (asserting that plaintiffs now possess significantly greater choices regarding where to bring patent infringement actions as result of 1988 amendments to general venue statute and Federal Circuit's opinion in VE Holding Corp. v. Johnson Gas Appliance Co., 917 F.2d 1974, 16 U.S.P.Q.2d (BNA) 1614 (Fed. Cir. 1990), cert. denied, 111 S. Ct. 1915 (1991)). See generally Matthew J. Sampson, Note, Corporate Venue in Patent Infringement Cases, 40 DEPAUL L. REV. 207, 234-44 (1991) (providing legislative history and statutory interpretation of 1988 amendments to general venue statute and specific impact of amendments to patent infringement litigation). Prior to the amendment of the general venue statute by the Judicial Improvements and Access to Justice Act of 1988, 28 U.S.C. § 1391(c) provided that "[a] corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes." 28 U.S.C. § 1391(c) (1982), amended by 28 U.S.C. § 1391(c) (1988). In contrast, following the 1988 amendment, 28 U.S.C. § 1391(c) provides that "[f]or purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes." 28 U.S.C. § 1391(c) (1988), amended by 28 U.S.C. § 1391(c) (1988). In contrast, following the 1988 amendment, 28 U.S.C. § 1391(c) provides that "[f]or purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced." 28 U.S.C. § 1391(c) (1988) (amending 28 U.S.C. § 1391(c) (1982)). The amendment of the general venue statute redefines the residence of corporate defendants to encompass any location in which personal jurisdiction would attach. Id. Nevertheless, until the Federal Circuit's decision in VE Holding, authority remained split as to whether the redefinition of corporate defendant residency applied to the restrictive patent venue statute, 28 U.S.C. § 1400(b). Keller & Nunnenkamp, supra, at 1190. The Federal Circuit in VE Holding held that the 1988 amendment of the general venue statute changes the meaning of corporate residency for the patent venue statute as well. VE Holding Corp. v. Johnson Gas Appliance Co., 917 F.2d 1574, 1578-80, 16 U.S.P.Q.2d (BNA) 1614, 1617-18 (Fed. Cir. 1990), cert. denied, 111 S. Ct. 1315 (1991). At least in the context of patent infringement suits involving corporate litigants, the patent venue statute no longer represents a more restrictive provision than the general venue statute. Although not considered by the Federal Circuit in VE Holding, the liberal construction of the patent venue statute in other decisions has effectively eliminated any forum advantage available through the use of declaratory judgment in patent litigation. No longer is it benefi-
Ultimately, the patent owner and licensee in *Lang* failed to satisfy the justiciability requirement mandated by the Declaratory Judgment Act. The Federal Circuit strictly construed this requirement to find no substantial controversy of sufficient immediacy and reality to warrant the issuance of a declaratory judgment. The court found the nine-month period between the initiation of the lawsuit and the scheduled completion of the allegedly infringing hull structure to be too remote to cause concern. Nevertheless, the *Lang* decision firmly establishes the availability of the declaratory judgment remedy to patent owners in actions against prospective infringers.

C. Consequences

Since its decision in *Lang*, the Federal Circuit has not confronted litigation involving a declaratory judgment action brought by a patent owner. Further, only one such action has been reported by the lower courts. Nonetheless, *Lang* is a meaningful addition to patent law jurisprudence. The Federal Circuit has applied the same...
two-prong test for justiciability set forth in *Lang* to declaratory judgment actions brought by alleged infringers.\(^{155}\) Moreover, both the Federal Circuit and the district courts have cited *Lang* in dicta, suggesting declaratory judgment as an alternate remedy to patent owner plaintiffs who could not maintain suits brought under 35 U.S.C. § 271 because the defendants' activities did not amount to actual infringement.\(^{156}\)

The Federal Circuit has indicated that *Lang* does not expand the meaning of infringement under 35 U.S.C. § 271(a).\(^{157}\) The court will consider a declaratory judgment action brought by a patent owner against prospective infringement under a different analytical framework than an infringement action brought under 35 U.S.C. § 271(a).\(^{158}\) Whereas infringement under section 271(a) requires actual commission of an infringing act,\(^{159}\) prospective infringement under a declaratory judgment action requires only that a defendant be engaged in an activity directed toward making, selling, or using

failed to consider the propriety of declaratory judgment action brought by a patent owner, however.

155. See Spectronics Corp. v. H.B. Fuller Co., 940 F.2d 631, 634, 19 U.S.P.Q.2d (BNA) 1545, 1548 (Fed. Cir.) (litigating declaratory action sought by alleged infringer of fluorescent leak detection additive used in automotive air conditioning systems), cert. denied, 112 S. Ct. 658 (1991). The court in *Spectronics* held that the manufacturer must have actually produced or prepared to produce the allegedly infringing product, and that the patent owner's conduct must create objectively reasonable apprehension on the part of the accused infringer that the patent holder will initiate suit if the allegedly infringing activity continues. *Id.* at 634, 19 U.S.P.Q.2d (BNA) at 1548. This determination of actual controversy analysis is the same two-prong justiciability test set forth in *Lang* to ensure that the controversy is real and substantial. *Cf* supra notes 139-43 and accompanying text (describing two-prong justiciability test used in *Lang*).


158. See Taylor-Winfield Corp. v. Clecim, Inc., 17 U.S.P.Q.2d (BNA) 1254, 1254 (Fed. Cir. 1990) (deciding infringement action brought by patent owner against manufacturer of line welding machine). The patent owner argued that the defendant's contract to build a machine that would infringe upon completion amounted to a "sale" of an infringing device within the meaning of 35 U.S.C. § 271(a). *Id.* The patent owner further argued that because declaratory judgment actions for prospective infringement do not require actual construction of the infringing device, patent owners should not have to wait until the infringing device has been built. *Id.* at 1255. The Federal Circuit rejected the patent owner's arguments, emphasizing that an infringement claim brought under § 271(a) requires actual injury and, therefore, is possible only after the infringing device has been constructed. *Id.* The Federal Circuit was not prepared to consider expansion of the standard under § 271(a). *Id.*

159. See 35 U.S.C. § 271(a) (1988) (stating that "whoever without authority makes, uses, or sells any patented invention . . . infringes the patent").
the patented invention that is subject to an infringement charge under 35 U.S.C. § 271(a). Thus, a party can only bring a charge of prospective infringement through an action for declaratory judgment. Expansion of intellectual property protection is apparent in this context because declaratory judgment allows patent owners to seek relief in situations where no remedy was previously available under existing patent statutes. Recognition of the implications of the Federal Circuit’s decision in Lang has the potential for significant impact on competitive business practices.

D. Discussion

The purpose of the Declaratory Judgment Act is optimally achieved in the context of patent infringement litigation. Declaratory relief provides a quick and efficient means of resolving patent infringement disputes in which millions of dollars are frequently at stake. In addition, with today’s volatile markets, the option of preemptive adjudication provides patent owners with significant economic bargaining power as well as practical financial security.


161. Notwithstanding its general utility in reducing economic costs, declaratory judgment when specifically applied to patent law helps accomplish yet another goal. Adjudication of rights and obligations among patent owners can provide a clearer understanding to others of directions yet untried. The opportunity for early and efficient adjudication helps prevent duplicity in effort and facilitates progress. The availability of declaratory judgment to patent owners and manufacturers, therefore, provides a unique social benefit.

162. In addition to the financial liabilities involved, the cost of patent infringement litigation itself can be staggering. See American Intellectual Property Law Ass’n, Report of Economic Survey 1991 28-29 (1991) (reporting median cost of patent litigation in Washington, D.C. area as $204,000 from initiation of suit through discovery and as $450,000 from discovery through completion of trial); McCarroll, supra note 42, at 45 (describing soaring cost of such litigation as ranging as high as $250,000 to $2 million). These financial realities make declaratory judgment, which is an efficient yet relatively inexpensive means of dispute resolution, even more attractive to patent owners. Rapidly changing markets coupled with high financial stakes illustrate the urgency of timely decisions. The early adjudication of controversies by declaratory judgment is a means of achieving this end.

163. The Federal Circuit’s decision in Lang makes it possible for patent owners to assert their patent rights over a wider range of activities than was possible in the past. While patent owners have always been able to influence the economy by marketing their innovations, now, using declaratory judgment, they may be able to extend their influence over competitive business to affect activities that have only a likelihood of prospective infringement. See Sobel, supra note 21, at 1090 (stating that Federal Circuit decisions have profound effects not only in patent infringement litigation, but also in design of new products and in licensing negotiations). With its incredible profit potential, intellectual property is likely to continue to increase its presence as a valuable commodity. Courts must now exercise sound discretion in granting declaratory judgment to avoid the use of this procedural remedy by patent owners as an offensive weapon against legitimate competitive enterprise. See Practicing Law Inst., Patent Litigation 1988 14 (Patents, Copyrights, Trademarks, and Literary Property Handbook Series No. 258, 1988) (recognizing patent owners’ objective to maintain competitive position in marketplace).
Prior to *Lang*, judicial sentiment held that procedures and remedies such as declaratory judgment were inappropriate in the context of patent law if their application strengthened patent rights.\textsuperscript{164} Through its decision in *Lang*, the Federal Circuit effectively repudiated this view in favor of broadening the scope of patent rights.\textsuperscript{165} The legal analyses in decisions prior to *Lang* failed to focus on the utility of applying declaratory judgment in new contexts,\textsuperscript{166} but the magnitude of financial liability in patent infringement litigation mandates making available any remedy designed to bring about quick and efficient resolution of disputes.\textsuperscript{167}

Unfortunately, courts that criticized the use of declaratory judgment by patent owners became entangled in policy concerns over the strengthening of patent rights.\textsuperscript{168} The fact that these courts might have addressed issues concerning declaratory judgment use by patent owners as mere pretexts for a general refusal to strengthen patent rights cannot, however, diminish the import of such policy concerns.\textsuperscript{169} Patent law is inherently a delicate balance of economic and social concerns, which have changed since the time of *Proler Steel*.\textsuperscript{170} Public awareness of the United States' declining status in the world marketplace as a result of intense foreign economic and technological competition has prompted calls for government action.\textsuperscript{171} In response, a concerted effort by the executive,

\begin{itemize}
\item \textsuperscript{164} The *Swedlow* rationale for denying declaratory judgment relief to patent owners suggests judicial bias against increased patent protection. The reasons elaborated for rejecting declaratory judgment use contravene the statutory intent of declaratory judgment and may have been pretexts for a judicial agenda determined to restrict patent rights. See supra notes 111-17 and accompanying text (pointing out strong judicial reluctance to grant additional remedy to patent owners).
\item \textsuperscript{165} See supra notes 122-59 and accompanying text (discussing Federal Circuit's rejection in *Lang* of rationale against making declaratory judgment remedy available to patent owners).
\item \textsuperscript{166} See supra notes 109-18 and accompanying text (discussing leading considerations of courts denying availability of declaratory judgment remedy to patent owners).
\item \textsuperscript{167} See supra note 64 and accompanying text (discussing recent infringement awards of $500,000 to $900 million); see also supra note 162 and accompanying text (providing costs of patent infringement litigation).
\item \textsuperscript{168} See supra notes 109-18 and accompanying text (discussing courts' concerns over rendering advisory opinions, availability of express statutory remedy for infringement, and conflict with restrictive patent venue statute).
\item \textsuperscript{169} The *Swedlow* analysis fails to appreciate the broad utility of applying declaratory judgment to suits by patent owners and instead depends on the underlying policy rationale against strengthening patent rights. While economic and social concerns may have justified that rationale, the vision of the patent system has changed dramatically in the last decade, making the policy rationale in earlier cases anachronistic.
\item \textsuperscript{170} See supra notes 34-50 and accompanying text (reviewing changes in patent law in response to changes in world economy).
\item \textsuperscript{171} See Robert J. Samuelson, Kiss No. 1 Goodbye, Folks; America Must Now Struggle in the Global Economy, WASH. POST, Nov. 6, 1988, at C1 (discussing President's need to respond to public's attitudes in forming economic foreign policy). The American people "yearn to recapture past economic glory and to insulate themselves from foreign economic threats." Id. The government response to rising economic nationalism, however, must occur with delicate for-
legislative, and judicial branches of the United States Government toward increasing intellectual property protection is now underway.\textsuperscript{172}

The role of the Federal Circuit in advancing this trend to increase the scope of patent rights should not be underestimated.\textsuperscript{173} As the status of American technology in the world marketplace declines, hesitation over providing patent owners with strengthened patent rights continues to evaporate.\textsuperscript{174} The Federal Circuit's decision in \textit{Lang} is representative of the judicial trend arising in recognition of intellectual property's importance to the economic well-being of the United States.\textsuperscript{175}

The balance has tipped dramatically away from antitrust concerns over patent grants toward a recognition of the economic necessity of harnessing and safeguarding this country's vast creative resources through strong patent protection.\textsuperscript{176} Through its interpretation of the patent laws, the Federal Circuit has complemented legislative and executive branch action to encourage investment in innovation. Judicial decisions such as \textit{Lang} demonstrate that the patent system is capable of guaranteeing the opportunity for a reward on such
CONCLUSION

Declaratory judgment use by patent owners increases the scope of infringement liability to include activity that may infringe in the future. Patent owners now have the ability to reach farther to prevent activity that has a likelihood of future infringement. The extent of this reach will become more apparent as courts confront cases that are dependent on the construction of the declaratory judgment requirement of justiciability. Given the judicial trend toward increased patent protection, one would expect to observe increasingly liberal interpretations by courts of the actual controversy requirement.

The Federal Circuit's decision in *Lang v. Pacific Marine & Supply Co.* clearly broadens the scope of patent rights by establishing the use of declaratory judgment by a patent owner as a preemptive measure against potential future infringers. This decision repudiates as anachronistic a judicial sentiment adverse to strengthening patent rights. Although the court in *Lang* denied declaratory relief to the patent owner and licensee on a strict construction of the actual controversy requirement, the court opened the door to the possibility of more liberal constructions. A more liberal interpretation of this requirement would allow patent owners to reach farther than ever before in protecting their patent rights.

The rationale for the patent system inherently balances the interests of the public in obtaining the widest possible dissemination of...

177. Favorable public perception of the effectiveness of patent protection encourages investment in innovation. See McCarroll, supra note 42, at 45 (discussing relationship between increased confidence in value and security of intellectual property and increase in patent filings and copyright registrations). Concurrent with government efforts toward increased patent protection between 1985 and 1990, there was a 39% increase in patent filings before the United States Patent and Trademark Office. Id.

178. See supra note 163 and accompanying text (asserting that declaratory judgment allows patent owners to assert their patents over wider range of competitive activity).

179. See supra note 163 and accompanying text (emphasizing effect of increased patent protection on market).

180. See supra notes 149-51 and accompanying text (referring to strict construction of justiciability taken by Federal Circuit in *Lang*).

181. See supra notes 121-52 and accompanying text (analyzing *Lang* in detail).

182. See supra note 163 and accompanying text (discussing consequences of *Lang* in permitting patent owners to wield patent rights over broader variety of business activities).

183. *Lang v. Pacific Marine & Supply Co.*, 895 F.2d 761, 764, 13 U.S.P.Q.2d (BNA) 1820, 1822 (Fed. Cir. 1990) (rejecting arguments that alleged infringer might alter its course of conduct and that patent owner already possesses express statutory remedy for infringement); see supra note 47 and accompanying text (asserting that judicial viewpoint has changed in response to contemporary economic and social realities to favor increased intellectual property protection).
new technologies against the interests of private inventors and their supporters in obtaining fair return on investments. The financial incentive of the patent system is justified only to the extent that it furthers patent law’s public policy premise. The modern trend toward aggressive enforcement of patent rights signals that the patent system will be used as a tool to help revitalize the economic and technological status of the United States in the world market. Yet, using intellectual property protection as a means to encourage financial investment inevitably compromises the fundamental policy basis for according intellectual property rights in the first place.

In summary, the United States Government has clearly determined that increased intellectual property protection is vital to retaining economic bargaining power in the global marketplace. Decisions such as Lang reflect a continuation along the path of an arguably conscious journey by the Federal Circuit toward increased patent protection. Despite concern among some legislators that the patent balance has tipped too far toward favoring patent owners, the present economic and social conditions in the United States do not suggest that this trend will change course in the near future.

184. See supra note 176 and accompanying text (mentioning legislative awareness of balance between strong patent protections and antitrust concerns).