

WHOSE RIGHT IS IT ANYWAY?: THE EVISCERATION OF AN INFRINGER'S SEVENTH AMENDMENT RIGHT IN PATENT LITIGATION

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Legal scholarship on patent law and jury trials generally presents a cautionary tale: patent law is far too complex for the jury, yet parties demand a jury trial in patent cases at their own risk. This Note, in contrast, argues that the Seventh Amendment right to a jury trial has been understood and applied too narrowly in the context of patent litigation, particularly in the case of alleged infringers who request a jury trial. The author first traces the history of the Seventh Amendment right to a jury trial, explaining the impact of the division between law and equity on the interpretation of the Seventh Amendment. The author then discusses the development of Seventh Amendment case law outside of patent litigation to demonstrate the Supreme Court's recent trend to recognize a right to a jury trial in mixed cases of law and equity. The author argues on the basis of this trend that the Supreme Court has expanded its definition of cases that qualify for jury adjudication.

Then, focusing specifically on patent litigation, the author first analyzes the Seventh Amendment in "traditional" infringement cases, in which a patentee discovers an infringing use and sues for damages or an injunction, and the alleged infringer may counterclaim on the basis of invalidity and noninfringement of the patent. The author argues that although the general consensus among courts is that the defendant-infringer's right to a jury trial depends on the complaint filed by the plaintiff-patentee, language in "traditional" infringement cases on the importance of the jury trial suggests that invalidity and noninfringement defenses should qualify for jury adjudication, no matter the plaintiff-patentee's complaint. Second, the author examines the Seventh Amendment in "reverse" infringement cases, in which an alleged infringer files for a declaratory judgment of invalidity or noninfringement of the patentee's patents. Building on the arguments of important dissents in "reverse" infringement cases, the author reasons that because a declaratory judgment action seeks to determine the le-

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gal rights of the patentee and the defendant-infringer, a jury trial should be granted whenever requested in these cases.

Finally, the author recommends first and foremost that what remains of the antiquated distinction between law and equity should be discarded in all cases interpreting the Seventh Amendment. Second, the author argues that, even if the distinction between law and equity persists in the interpretation of the Seventh Amendment, alleged infringers should be able to assert their right to a jury trial, both as defendants in counterclaims and as plaintiffs in declaratory judgments.

I. INTRODUCTION

“Here, therefore, a competent number of sensible and upright jurymen, chosen by lot from among those of the middle rank, will be found the best investigators of truth, and the surest guardians of public justice.”¹

The Bill of Rights to the U.S. Constitution recognizes rights that our Founding Fathers believed fundamental to our country.² One such right is the right to a trial by jury enumerated in the Seventh Amendment.³ The Supreme Court of the United States frequently acknowledges the importance of the right to a jury trial, stating that “[m]aintenance of the jury as a factfinding body is of such importance, and occupies so firm a place in our history and jurisprudence, that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.”⁴ Moreover, the Court often stresses that this right is “a basic and fundamental feature of our system of federal jurisprudence which is protected by the Seventh Amendment. A right so fundamental and sacred to the citizen, whether guaranteed by the Constitution or provided by statute, should be jealously guarded by the courts.”⁵

In spite of the constitutional guarantee of the right to a jury trial and the numerous affirmations of the importance of this right by the Supreme Court, the U.S. Court of Appeals for the Federal Circuit has gradually chipped away at jury trial rights in patent litigation.⁶ In fact,

1. 3 WILLIAM BLACKSTONE, COMMENTARIES *380.

2. See LEONARD W. LEVY, ORIGINS OF THE BILL OF RIGHTS 33 (1999).

3. U.S. CONST. amend. VII.

4. See, e.g., *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935).

5. See, e.g., *Jacob v. New York City*, 315 U.S. 752, 752–53 (1942).

6. See, e.g., *Agfa Corp. v. Creo Prods., Inc.*, 451 F.3d 1366, 1369, 1380 (Fed. Cir. 2006) (affirming the decision of the district court to sever the issue of inequitable conduct from the rest of the case and to conduct a bench trial on the issue over the patentee’s objection); *In re Tech. Licensing Corp.*, 423 F.3d 1286, 1286–87, 1291 (Fed. Cir. 2005) (holding that the patentee seeking only injunctive relief on its infringement counterclaim had no right to a jury trial where the accused infringer sought declaratory judgment as relief for an invalidity claim); *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1339–41 (Fed. Cir. 2001) (holding that a patent infringement defendant, asserting only affirmative defenses and no counterclaims, did not have a right to jury trial where the only remedy sought by the plaintiff-patentee was an injunction); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 984 (Fed. Cir. 1995) (holding that construction of patent claims, which define the scope of a patentee’s rights under patent, is a matter of law exclusively for court, and requires the court, rather than jury, to

defendant-infringers in such suits rarely have a chance to assert the right.⁷ This is true even when the infringer brings a declaratory judgment action to find noninfringement and invalidity of the patent. It is the patentee who chooses the remedy in traditional litigation and in declaratory judgment actions, thus “choosing” whether the case will proceed with or without a jury.⁸

This Note analyzes the evisceration of the Seventh Amendment in patent litigation, specifically the inability of defendant-infringers to assert their right to a jury trial in infringement suits. Part II provides the relevant background of Seventh Amendment jurisprudence and patent litigation. Part III discusses the modern trend in recognizing a right to a jury trial in mixed cases of law and equity. Further, Part III analyzes the implications of “traditional” patent infringement and “reverse” patent infringement on an infringer’s Seventh Amendment right.⁹ Finally, Part IV first calls for the abolition of the historical distinction between law and equity; second, Part IV recommends that even if the distinction between law and equity persists, alleged infringers should be able to assert their right to a jury trial.

II. BACKGROUND

This Part begins by providing a brief overview of the Seventh Amendment, including the context of its passage into law and its long history of interpretation by the courts. Next, this Part offers a general background of patent litigation, including a brief overview of the U.S. patent system, an introduction to patent litigation, and a summary of the evolution of Seventh Amendment jurisprudence in patent litigation.

A. *Seventh Amendment Right to a Trial by Jury*

The Seventh Amendment to the U.S. Constitution states:

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.¹⁰

The members of the Constitutional Convention adopted this language to appease the Anti-Federalists, who felt that the U.S. Constitution, as

construe and determine that the scope of patent claims does not violate the Seventh Amendment right to jury trial).

7. Brian D. Coggio & Timothy E. DeMasi, *The Right to a Jury Trial in Actions for Patent Infringement and Suits for Declaratory Judgment*, 13 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 205, 207 (2002) (“[In] English and American practice, it was the patentee who decided whether a jury would be permitted by the nature of the remedy sought.”).

8. *Id.*; see also *Tegal*, 257 F.3d at 1341 (observing that an injunction is purely an equitable remedy, and the right to a jury trial does not attach).

9. This Note uses the term “traditional” to refer to litigation initiated by the patentee and “reverse” to refer to declaratory judgment actions brought by the alleged infringer.

10. U.S. CONST. amend. VII.

drafted, gave too much power to the federal judiciary.¹¹ Nevertheless, the drafters left the Amendment's language vague allowing for interpretation by the federal judiciary.¹²

1. *History of the Passage of the Seventh Amendment*

In order to fully understand the current principles of Seventh Amendment jurisprudence, it is necessary to understand the atmosphere in which the Amendment was passed. After resistance by the Anti-Federalists to ratify the Constitution, members of the Constitutional Convention proposed the addition of the Bill of Rights.¹³ Specifically, Anti-Federalists feared that the judicial power created by Article III could be extended to every civil case, thereby absorbing the state judiciaries.¹⁴ As such, “[s]ubstantive rights long recognized by state courts might vanish in the hands of carpet-bagging, upper-class federal judges.”¹⁵ Thus, the purpose of the civil jury was to limit the authority granted to the federal judiciary by Article III of the U.S. Constitution.¹⁶

The Anti-Federalists also believed that the Supreme Court's authority to rule on questions of law and fact would be similar to the European civil law system.¹⁷ In Europe, the civil law system was a way for aristocrats “to control the property and livelihoods of citizens,” and Anti-Federalists feared the same fate for the United States.¹⁸ In such a system, average citizens who found themselves in civil litigation could not afford the “intolerable delay, . . . enormous expense, and infinite vexation,” whereas the wealthy could.¹⁹

The Seventh Amendment, proposed to comfort these numerous Anti-Federalist fears, was well received by Anti-Federalists and Federalists alike.²⁰ Even some of the most fervent “Hamiltonian” Federalists,

11. See LEVY, *supra* note 2, at 39; see also GEORGE ANASTAPLO, *THE AMENDMENTS TO THE CONSTITUTION: A COMMENTARY* 33–46 (1995).

12. Margaret L. Moses, *What the Jury Must Hear: The Supreme Court's Evolving Seventh Amendment Jurisprudence*, 68 GEO. WASH. L. REV. 183, 186 (2000) (“The Founders left the delineation of the scope and content of the Seventh Amendment right to future court decisions.”).

13. *Id.* at 185–86; Paul D. Carrington, *The Seventh Amendment: Some Bicentennial Reflections*, 1990 U. CHI. LEGAL F. 33, 34–35.

14. Carrington, *supra* note 13, at 34.

15. *Id.* at 34–35.

16. *Id.* at 34.

17. *Id.* at 35.

18. *Id.*

19. *Id.* (citation omitted) (internal quotation marks omitted).

20. *Id.*; see also Charles W. Wolfram, *The Constitutional History of the Seventh Amendment*, 57 MINN. L. REV. 639, 670–73 (1973). Interestingly, all thirteen colonies chose to include a jury trial right provision in their original state constitutions. See, e.g., GA. CONST. of 1777, art. LXI, reprinted in 2 THE FEDERAL AND STATE CONSTITUTIONS, COLONIAL CHARTERS, AND OTHER ORGANIC LAWS OF THE STATES, TERRITORIES, AND COLONIES NOW OR HERETOFORE FORMING THE UNITED STATES OF AMERICA 785 (Francis Newton Thorpe ed., 1909) [hereinafter THE FEDERAL AND STATE CONSTITUTIONS]; MD. CONST. of 1776, art. III, reprinted in 3 THE FEDERAL AND STATE CONSTITUTIONS, *supra*, at 1686–87; MASS. CONST. of 1780, art. XV, reprinted in 3 THE FEDERAL AND STATE CONSTITUTIONS, *supra*, at 1891–92; N.H. CONST. of 1784, art. XX, reprinted in 4 THE FEDERAL

“who favored a strong national government reinforced by maximum popular participation,” supported the Seventh Amendment.²¹ Most realized that such an amendment was necessary to uphold the ratified Constitution in its current state,²² as the Anti-Federalists lambasted the Constitution for its failure to protect the jury.²³ Alexander Hamilton himself, writing to the people of New York, recognized that “[t]he objection to the plan of the convention, which has met with most success in this State, and perhaps in several of the other States, is that relative to the want of a constitutional provision for the trial by jury in civil cases.”²⁴

As one scholar has noted, “[d]espite, or perhaps because of, this political unanimity, there was never an adequate statement made of the case for the Amendment”²⁵ More importantly, there was little discussion of the problems that might arise under the Seventh Amendment.²⁶ At the time, it was only certain that such an amendment guaranteeing the civil jury trial was necessary to the ratification of the Constitution.²⁷

In an attempt to please all parties, the drafters wrote the language of the Seventh Amendment purposefully vague, effectively allowing the courts to determine its precise meaning.²⁸ In the intervening two hundred years, judicial decisions have provided increasingly specific interpretations of the right.²⁹ The courts have not always, however, provided a clear and consistent method of determining the parameters of the Seventh Amendment guarantee.

2. *Court Interpretations of the Seventh Amendment*

The merger of courts of law and courts of equity occurred long ago in this country, but the distinction between law and equity continues to haunt modern-day courts when they attempt to interpret the scope of the Seventh Amendment.³⁰ The Supreme Court has interpreted the Seventh

AND STATE CONSTITUTIONS, *supra*, at 2456; N.J. CONST. of 1776, art. XXII, *reprinted in* 5 THE FEDERAL AND STATE CONSTITUTIONS, *supra*, at 2598; N.Y. CONST. of 1777, art. XLI, *reprinted in* 5 THE FEDERAL AND STATE CONSTITUTIONS, *supra*, at 2637; N.C. CONST. of 1776, art. XIV, *reprinted in* 5 THE FEDERAL AND STATE CONSTITUTIONS, *supra*, at 2788; PA. CONST. of 1776, art. XI, *reprinted in* 5 THE FEDERAL AND STATE CONSTITUTIONS, *supra*, at 3083; S.C. CONST. of 1778, art. XLI, *reprinted in* 6 THE FEDERAL AND STATE CONSTITUTIONS, *supra*, at 3257; VA. CONST. of 1776, § 11, *reprinted in* 7 THE FEDERAL AND STATE CONSTITUTIONS, *supra*, at 3814.

21. Carrington, *supra* note 13, at 35.

22. *See* LEVY, *supra* note 2, at 228–29.

23. *See id.*

24. THE FEDERALIST NO. 83, at 259 (Alexander Hamilton) (Michael A. Genovese ed., 2009) (emphasis omitted); *see also* Carrington, *supra* note 13, at 35–36.

25. Carrington, *supra* note 13, at 36.

26. *Id.*

27. *Id.*

28. Moses, *supra* note 12, at 186.

29. EDWARD S. CORWIN, EDWARD S. CORWIN'S THE CONSTITUTION AND WHAT IT MEANS TODAY 427–32 (14th ed. 1978).

30. Carrington, *supra* note 13, at 74–75; Moses, *supra* note 12, at 187.

Amendment to guarantee the right to a jury trial in suits analogous to the common law as of 1791, the year the Amendment was adopted.³¹ The Court has excluded cases historically tried in courts of equity or admiralty from the confines of the Seventh Amendment.³²

In determining whether the Seventh Amendment right to a jury trial is applicable, courts generally apply the two-part test from *Tull v. United States*: first, a court must compare the action with the analogous action brought in the courts of England during the eighteenth century, prior to the merger of law and equity; and, second, a court must look to the remedy sought and determine whether it is legal or equitable in nature.³³

The *Tull* Court explained and applied this two-part test with relative ease.³⁴ Future decisions, however, have shown the difficulty in applying this historical analog test to modern day actions. In fact, courts will find, in many instances, that a claim would have historically been brought in a court of equity and, in a separate action, find that a similar claim would have historically been brought in a court of law.³⁵ This confusion in the application of the historical analog test of the Seventh Amendment extends to patent infringement litigation and requires careful consideration.

B. *Litigation of Patents in Federal Courts*

In patent litigation, courts have construed the test from *Tull v. United States* to stand for the principle that where plaintiffs seek damages, they can assert their right to a trial by jury.³⁶ When the patentee seeks only injunctive relief, no right to a jury attaches.³⁷ Before one can understand the complicated nature of the application of the Seventh Amendment to patent litigation, it is important to know how procedurally these cases occur.

31. See *Tull v. United States*, 481 U.S. 412, 417 (1987).

32. *Id.*

33. *Id.* at 417–18. Legal remedies are “ordinarily an award of money damages,” while equitable remedies are those in which a court, at its discretion, can “adapt the relief to the circumstances of the case.” 1 AM. JUR. 2D *Actions* § 6 (2005). The Court in *Tull* did note that the Supreme Court has, in some cases, even where the historical analog test might otherwise suggest that the Seventh Amendment guarantees the right to trial by jury, “considered the practical limitations of a jury trial and its functional compatibility with proceedings outside of traditional courts of law” to determine that the Seventh Amendment’s guarantee does not apply. *Tull*, 481 U.S. at 418 n.4.

34. See *Tull*, 481 U.S. at 420–25.

35. See *infra* notes 218–220 and accompanying text.

36. See Coggio & DeMasi, *supra* note 7, at 209.

37. See *id.*

1. *Background of the U.S. Patent System*

The U.S. Constitution provides for patent protection: “The Congress shall have 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.”³⁸ This clause in the Constitution provides patentees with the right to exclude others from practicing the invention claimed in their patent for a limited period of time. In exchange for public disclosure of the claimed invention, the patent confers an exclusionary, monopoly-like right on the patentee.³⁹

The U.S. patent system is a twofold process. First, the inventor must apply for a patent with the U.S. Patent and Trademark Office (PTO). At the PTO, patent examiners review the patent application and determine if the application satisfies each statutory requirement for patentability.⁴⁰ The patent examiner must ensure that the claimed invention consists of novel and nonobvious statutory subject matter in order to grant of the patent.⁴¹ After the patent is issued, however, the patentee does not have an absolute right to practice his or her invention.⁴² Instead, the patent confers upon the patentee the right to exclude others from using his or her invention.⁴³

Secondly, and more importantly for this Note, after the issuance of a patent, the patentee can enforce his or her patent in the federal court system. If someone else practices a patented invention, the patentee has the right to sue for infringement.⁴⁴ Where the defendant has made, sold, offered to sell, or imported an infringing invention or its equivalent, the

38. U.S. CONST. art. I, § 8, cl. 8.

39. See 35 U.S.C. § 154(a)(2) (2006) (indicating that a patent term lasts twenty years from the date of priority); 35 U.S.C. § 271(a) (outlining requirements of patent infringement); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 985 (Fed. Cir. 1995) (noting that in exchange for an inventor's full disclosure of his or her patentable invention to the PTO, the federal government grants the inventor a right to exclude others from making, using, or selling the invention for twenty years).

40. The requirements for patentability—patentable subject matter, novelty, and nonobviousness—are set forth in 35 U.S.C. §§ 101–103.

41. 35 U.S.C. §§ 101–103.

42. 5 DONALD S. CHISUM, *CHISUM ON PATENTS* § 16.02 (Matthew Bender 2010) (“Now a patent confers an exclusive right upon the patentee, limited in those terms. He may prevent any one from making, selling, or using a structure embodying the invention, but the monopoly goes no further than that. It restrains every one from the conduct so described, and it does not restrain him from anything else.”) (quoting *Van Kannell Revolving Door Co. v. Revolving Door & Fixture Co.*, 293 F. 261, 262 (S.D.N.Y. 1920) (internal quotation marks omitted)).

43. See *id.*

44. 35 U.S.C. § 271. Alternatively, the alleged infringer can use two avenues provided by the PTO: re-examination and *inter partes* re-examination. See 35 U.S.C. §§ 302–305, 311–314; Allan M. Soobert, *Breaking New Grounds in Administrative Revocation of U.S. Patents: A Proposition for Opposition—and Beyond*, 14 SANTA CLARA COMPUTER & HIGH TECH. L.J. 63, 66 (1998) (discussing the deficiencies of U.S. re-examination systems and comparing them with both the European and Japanese approaches); Stuart J.H. Graham et al., *Post-Issue Patent “Quality Control”: A Comparative Study of US Patent Re-examinations and European Patent Oppositions 2* (Nat'l Bureau of Econ. Research, Working Paper No. 8807, 2002), <http://papers.nber.org/papers/W8807.pdf> (discussing the current U.S. re-examination procedure and comparing it with the patent opposition procedures employed by other countries).

defendant can be held liable for patent infringement.⁴⁵ At the same time, the infringer also has a right to assert an affirmative defense or counterclaim that the PTO erroneously issued the patent, making it invalid.⁴⁶

2. *Background of Patent Litigation*

Patent suits may arise in one of two ways: the first is so-called “traditional” infringement and the second is in the context of a declaratory judgment action. In “traditional” patent infringement, the patentee discovers an infringing use by a defendant. The patentee files suit in federal court to assert his or her exclusionary right against the infringer and can seek legal or equitable remedies.⁴⁷ In a declaratory judgment action, the accused infringer seeks a declaration that the patent in question is invalid and that the infringer is not infringing.⁴⁸

Patent litigation differs from other civil litigation in several respects. First, in a normal civil suit, the plaintiff seeking redress at law has nothing to lose by bringing suit. Conversely, in traditional patent litigation, the patentee cannot assert his or her right to exclude without endangering the validity and scope of the patent.⁴⁹ In fact, over the last forty years, the patentee’s failure in litigation has more often than not been because the patent was deemed invalid by the court.⁵⁰

Likewise, an infringer’s position in patent litigation differs greatly from that of a normal civil defendant. The primary source of this difference is the infringer’s exposure not only to a claim for damages, the amount of which can usually be measured with some accuracy for purposes of assessing risks, but also for an injunction for the remaining por-

45. 35 U.S.C. § 271(a) (“Except as otherwise provided . . . whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”).

46. See Jay P. Kesan, *Carrots and Sticks to Create a Better Patent System*, 17 BERKELEY TECH. L.J. 763, 773 (2002) (describing how patent rights can be revoked by the courts during litigation); see also HERBERT F. SCHWARTZ, *PATENT LAW AND PRACTICE* 35–36, 87–88 (2d ed. 1996) (explaining the conditions under which a patent’s validity may be attacked in a declaratory judgment action and describing the grounds and procedures for declaring all or part of a patent to be invalid in the context of an infringement case).

47. The patentee in an infringement suit can assert injunctive relief. 35 U.S.C. § 283 (“The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.”). Additionally, the patentee can assert monetary relief. *Id.* § 284 (“Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.”).

48. See, e.g., *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 126–28 (2007).

49. Indeed, many patents are found to be invalid. See Lutrelle F. Parker, *Patent and Trademark Office Study of Court Determinations of Patent Validity/Invalidity, 1973–1977*, OFF. GAZ. (Patent & Trademark Office), Dec. 4, 1979, at 2, 3; see also Lawrence Baum, *The Federal Courts and Patent Validity: An Analysis of the Record*, 56 J. PAT. OFF. SOC’Y 758, 759 (1974).

50. See generally Jay P. Kesan & Gwendolyn G. Ball, *How Are Patent Cases Resolved? An Empirical Examination for the Adjudication and Settlement of Patent Disputes*, 84 WASH. U. L. REV. 237, 276–78 (2006) (noting the high probability of losing patent rights in litigation).

tion of the life of the patent involved.⁵¹ After a finding of infringement, courts are very generous in granting injunctive relief in addition to damages.⁵² Because of the high cost of patent litigation to both parties, the risk of finding the patent worthless, and the risk of being held liable for infringement, many patent disputes never see the inside of a courtroom.⁵³ In fact, about eighty percent of patent disputes are settled before the start of trial.⁵⁴

Once the case proceeds to trial, then the parties must make the tactical decision as to whether or not to assert their Seventh Amendment right to a jury trial.⁵⁵ The decision to proceed with or without a jury presents several issues for both parties. First, current Seventh Amendment jurisprudence seems to hold that a patentee can only demand a jury trial when the patentee is seeking damages for past infringement.⁵⁶ If the patentee is seeking an injunction against future infringement, then the right to a trial by jury is nonexistent.⁵⁷ The availability of the right to a jury trial is even more problematic for an infringer. Many commentators believe a defendant infringer has no right to a jury trial in patent litigation, even when the infringer instituted the litigation through a declaratory judgment action.⁵⁸

51. These costs and risks exist on top of the already exorbitantly expensive patent litigation process. See Stanley Clark, *The Risks and Costs of Patent Litigation: A House Counsel's View*, 1973 UTAH L. REV. 618, 629.

52. See, e.g., *Rite-Hite Corp. v. Kelly Co.*, 56 F.3d 1538, 1547–48 (Fed. Cir. 1995); *Richardson v. Suzuki Motor Co., LTD.*, 868 F.2d 1226, 1246–47 (Fed. Cir. 1989). But see *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 390–92 (2006).

53. The Supreme Court has recognized the expense of patent litigation. See *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 334 (1971) (“[P]atent litigation is a very costly process”); see also Clark, *supra* note 51, at 629 (estimating—in 1973—that in an “ordinary” patent case, each party will have spent \$125,000 before trial even begins).

54. *Kesan & Ball*, *supra* note 50, at 259; see also Samuel R. Gross & Kent D. Syverud, *Getting to No: A Study of Settlement Negotiations and the Selection of Cases for Trial*, 90 MICH. L. REV. 319, 320 (1991) (“[L]awyers, judges, and commentators agree that pretrial settlement is almost always cheaper, faster, and better than trial. Much of our civil procedure is justified by the desire to promote settlement and avoid trial.” (footnotes omitted)).

55. See U.S. CONST. amend. VII.

56. See *In re Tech. Licensing Corp.*, 423 F.3d 1286, 1286, 1291 (Fed. Cir. 2005) (“[I]f the patentee has abandoned any claim for damages, the related invalidity claims are triable to the bench, not to a jury.”); *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1341 (Fed. Cir. 2001) (“[A] defendant, asserting only affirmative defenses and no counterclaims, does not have a right to a jury trial in a patent infringement suit if the only remedy sought by the plaintiff-patentee is an injunction.”). But see *Packwood v. Briggs & Stratton Corp.*, 99 F. Supp. 803, 807 (D. Del. 1951) (holding that the issue of validity, as well as infringement, is for the jury as trier of fact).

57. See *Kao Corp. v. Unilever U.S. Inc.*, No. 01-680-SLR, 2003 WL 1905635, at *3 (D. Del. Apr. 17, 2003) (unpublished memorandum opinion) (ordering a bench trial when the plaintiff-patentee withdrew its claim for monetary damages).

58. See, e.g., *Coggio & DeMasi*, *supra* note 7, at 217–25 (discussing that the defendant-infringer should have no right to a jury trial on its counterclaims or declaratory judgment action asserting invalidity and noninfringement).

3. *Evolution of Seventh Amendment Jurisprudence in Patent Litigation*

Generally, the right to trial by jury in a patent infringement action turns on whether the relief sought is legal, such as money damages, or equitable, such as an injunction.⁵⁹ The right to a jury trial has historically been preserved only for those claims that assert legal relief.⁶⁰ Accordingly, the right to trial by jury ordinarily is recognized in patent infringement cases where the plaintiff seeks merely money damages but denied when injunctive relief is requested.⁶¹

The historical development of the Seventh Amendment in patent litigation has occurred primarily through those cases including claims for both legal and equitable relief.⁶² For example, this development often occurs in cases where the plaintiff demands legal and equitable relief or where the defendant in an action for equitable relief interposes a legal counterclaim. In addition to the federal courts' development of the case law on this issue, Congress has made several changes to statutory and procedural law.

Prior to 1952, patent laws observed the traditional distinction between law and equity. Specifically, the prior version of 35 U.S.C. § 67 provided for the recovery of damages in an action at law for patent infringement, and § 70 authorized equitable relief and the recovery of incidental damages in connection therewith, but these sections were eliminated in favor of 35 U.S.C. § 281: "A patentee shall have a remedy by civil action for infringement of his patent."⁶³ The distinction that previously existed in the statute between actions at law and equity gave rise to the traditional view that any claim of equitable relief rendered the entire case nontriable by a jury.⁶⁴

Similarly, it was traditionally held that where a counterclaim for legal relief was interposed in a patent infringement action seeking equitable relief, the right to a jury trial was to be determined by the form of the complaint.⁶⁵ So where the complaint sought merely equitable relief, no right to jury trial existed, although there might later be a trial by jury of any legal issues remaining undetermined after the disposition of the

59. *Id.* at 219.

60. *Id.*

61. *See, e.g., Tegal*, 257 F.3d at 1338, 1340–41 (affirming the decision of the district court to remove the case from the hands of the jury after the patentee removed its claim for damages).

62. *See id.* at 1341 (explaining that where only equitable relief is sought, little analysis is needed).

63. 35 U.S.C. §§ 67, 70 (1946). For the current formulation of the patent remedy statute, see 35 U.S.C. § 281 (2006). Subsequent sections enumerate the remedies that are available to a patentee. *See* 35 U.S.C. §§ 283–285 (2006).

64. *See Bellavance v. Plastic-Craft Novelty Co.*, 30 F. Supp. 37, 38 (D. Mass. 1939) (holding that where the plaintiff has brought suit under § 70 for equitable relief, rather than under § 67 authorizing recovery of damages for infringement, the fact that the plaintiff also sought damages for past infringement would not entitle the plaintiff to a jury trial on the issue of damages).

65. *See Brody v. Kafka*, 73 U.S.P.Q. 469, 469–70 (S.D.N.Y. 1947) (holding that where in a declaratory judgment action, the plaintiff seeks only equitable relief, and the defendant did not set up an affirmative defense or counterclaim, the defendant's demand for a jury trial will be stricken).

equitable issues. This view, however, soon gave way to the more modern interpretation of hybrid suits where the court looked to the “basic issues” of the case as a whole.⁶⁶ Under the “basic issues” analysis, the court examines the claims to discover whether they are legal and thus triable by jury or equitable and consequently triable by the court.⁶⁷

It seems fair to conclude that a patentee seeking to avoid a jury trial will have to forego any claim of damages against the accused infringer. As noted above, the accused infringer would appear to be powerless in this area, because the infringer's prayer for judgment that a patent is invalid and not infringed creates no issues that are subject to classification as traditionally legal or equitable. For this reason, the availability of a jury trial in an action brought by the accused infringer will depend on the relief sought by the counterclaiming patentee.

In sum, the current Seventh Amendment jurisprudence applies the two-part historical analog test set forth in *Tull*.⁶⁸ This test is applied across all types of law, including patent infringement suits.⁶⁹ The next Part will provide a detailed analysis of the developing case law on the application of the Seventh Amendment to patent litigation and an examination of both “traditional” infringement suits and “reverse” declaratory judgment actions.

III. ANALYSIS

This Part is divided into three sections. First, Section A analyzes the modern trend in recognizing a jury trial right when the claim involves mixed legal and equitable issues. Next, Section B examines the role of the jury in “traditional” patent litigation cases where the infringer is the defendant and the patentee is the plaintiff. Finally, Section C considers the role of the jury in “reverse” litigation where the infringer brings a declaratory judgment action to declare both noninfringement and invalidity of the patent.

A. *The Modern Trend Recognizes a Jury Right in Mixed Equitable and Legal Claims*

In spite of the seemingly straightforward question as to whether the defendant-infringer has a right to a jury trial, the more pressing issue is whether the defendant-infringer *should* have a right to a jury trial. Courts in the United States have continually emphasized the importance of the jury trial. Indeed, the Supreme Court noted, “The right of trial by

66. See *Reliable Mach. Works, Inc. v. Unger*, 144 F. Supp. 726, 728 (S.D.N.Y. 1956).

67. See *id.*

68. See *Tull v. United States*, 481 U.S. 412, 417–18 (1987).

69. See, e.g., *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1339 (Fed. Cir. 2001).

jury is of ancient origin”⁷⁰ In fact, Sir William Blackstone characterized the right to a jury trial as “the glory of the *English* law” and “the most transcendent privilege which any subject can enjoy.”⁷¹

The Supreme Court concluded in 1935 that jury trials should be “regarded as the normal and preferable mode of disposing of issues of fact in civil cases” and “any seeming curtailment of the right to a jury trial should be *scrutinized with the utmost care*.”⁷² Seven years later, the Court continued to emphasize the importance of the right, stating:

The right of jury trial in civil cases at common law is a basic and fundamental feature of our system of federal jurisprudence which is protected by the Seventh Amendment. A right so fundamental and sacred to the citizen, whether guaranteed by the Constitution or provided by statute, should be jealously guarded by the courts.⁷³

In spite of this language, the accused infringer in patent litigation has no right to a jury trial on the legal issues presented in its declaratory judgment action or in its counterclaims and affirmative defenses.⁷⁴

While the Federal Circuit has been quick to do away with the requirements of the Seventh Amendment, the Supreme Court has treaded the waters more cautiously. Interestingly, over the past century, the Court has actually expanded its view of the Seventh Amendment and granted jury trials on cases that once were heard only by judges. The erosion of the traditional view can be attributed principally to two decisions of the Court in related areas. These two cases demonstrate a trend in the Court to grant jury trials in a broader array of cases, even those including equitable claims.

1. *Beacon Theatres, Inc. v. Westover*

In *Beacon Theatres, Inc. v. Westover*, the defendant in a declaratory judgment action asserted a counterclaim and cross-claim under the federal antitrust statute, requested treble damages, and a jury trial of the factual issues involved.⁷⁵ The district court, however, denied the defendant’s jury trial demand on the grounds that the issues raised by the complaint were “essentially equitable.”⁷⁶ The district court found that

70. *Dimick v. Schiedt*, 293 U.S. 474, 485 (1935); see also LEVY, *supra* note 2, at 210–30 (tracing the historical origins of the trial by jury back to the use of the inquest by King Henry II in the twelfth century).

71. BLACKSTONE, *supra* note 1, at *379 (emphasis added); see also *Dimick*, 293 U.S. at 485.

72. *Dimick*, 293 U.S. at 485–86 (emphasis added).

73. *Jacob v. New York City*, 315 U.S. 752, 752–53 (1942).

74. See *Coggio & DeMasi*, *supra* note 7, at 207 (“[I]f a patentee either has no claim for damages or forgoes that claim, no right to a jury exists, even if the defendant interposes counterclaims seeking declarations of invalidity and non-infringement.”).

75. 359 U.S. 500, 502–03 (1959).

76. *Id.* at 503.

the issues in the complaint should be tried by the court before the jury determined the validity of the alleged antitrust violations.⁷⁷

Disagreeing with the district court, the Supreme Court reversed the severance of the legal and equitable claims.⁷⁸ The Court expressed the view that in the federal courts, the right to trial by jury cannot be impaired by combining a legal claim with an equitable claim.⁷⁹ Moreover, the Court emphasized that “only under the most imperative circumstances . . . can the right to a jury trial of legal issues be lost through prior determination of equitable claims.”⁸⁰

The *Beacon Theatres* case led to a re-evaluation of the traditional view denying the right to trial by jury where both legal and equitable claims were joined in the same patent infringement action.⁸¹ This led to the adoption of the modern view that the joinder of claims for legal and equitable relief does not deprive a litigant of the right to a jury trial of legal claims.⁸² Similarly, the decision in *Beacon Theatres* is applicable to the situation where a defendant files a legal counterclaim in a patent infringement action seeking equitable relief.⁸³ This has given rise to what may be termed the modern view that such a legal counterclaim is ordinarily triable by jury.⁸⁴ While the case law has evolved regarding these so-called hybrid claims, no court has gone as far as to say that a defendant's counterclaim or declaratory judgment action for invalidity and noninfringement is triable by a jury without the presence of a patentee's claim for monetary relief.⁸⁵

2. Dairy Queen, Inc. v. Wood

In *Dairy Queen, Inc. v. Wood*, the Supreme Court further developed the principles first enunciated in *Beacon Theatres*.⁸⁶ The right to jury trial of a claim for an “accounting” was clarified in this action for

77. *Id.*

78. *Id.* at 508.

79. *Id.* at 510 (quoting *Scott v. Neely*, 140 U.S. 106, 109–10 (1891)).

80. *Id.* at 510–11. The Court also affirmed that “[t]he right to trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved . . . inviolate.” *Id.* at 510 (quoting FED. R. CIV. P. 38(a)) (alterations in original) (internal quotation marks omitted).

81. See Joan E. Schaffner, *The Seventh Amendment Right to Civil Jury Trial: The Supreme Court Giveth and the Supreme Court Taketh Away*, 31 U. BALT. L. REV. 225, 256–59 (2002) (discussing the shift in the traditional view of Seventh Amendment jurisprudence after the decision in *Beacon Theatres* to find that mixed cases of law and equity may be tried by a jury).

82. See, e.g., *Kennedy v. Lakso Co.*, 414 F.2d 1249, 1252–54 (3d Cir. 1969) (reversing an order striking a demand for jury trial of an action seeking an injunction against infringement of patents and seeking damages).

83. See *Agfa Corp. v. Creo Prods., Inc.*, 451 F.3d 1366, 1372 (Fed. Cir. 2006) (noting that while the issues in this case were not “common” as required by *Beacon Theatres*, the rule of *Beacon Theatres* could apply to a defendant's legal counterclaim where the issues are common).

84. See *Beacon Theatres*, 359 U.S. at 504; Schaffner, *supra* note 81, at 258.

85. See *Coggio & DeMasi*, *supra* note 7, at 207.

86. See 369 U.S. 469 (1962); see also Schaffner, *supra* note 81, at 259.

trademark infringement.⁸⁷ The defendant, after failing to pay Dairy Queen for the use of its mark, continued to operate his business and use the Dairy Queen trademark.⁸⁸ The plaintiff sought injunctive relief and an accounting to determine the exact amount of money the defendant owed.⁸⁹ The defendant demanded trial by jury, which the district court denied.⁹⁰ The district court gave two alternative grounds for the denial: first, the action was “purely equitable;” and, second, that if not purely equitable, whatever legal issues that were raised were “incidental” to equitable issues.⁹¹ In either case, the court reasoned, no right to a trial by jury existed and the Court of Appeals affirmed this ruling.⁹²

The Supreme Court reversed on the ground that the holding of *Beacon Theatres* applied whether or not the trial judge chose to characterize the legal issues presented as “incidental” to equitable issues.⁹³ Further, the Court required that, under *Beacon Theatres*, any legal issues for which a trial by jury was timely, and properly demanded, be submitted to a jury.⁹⁴ Construing the sole question presented to be whether the action contained legal issues, the Court concluded that the request for a money judgment was a claim that is “unquestionably legal.”⁹⁵ Thus, the defendant was entitled, under the Seventh Amendment, to a trial by jury on the factual issues relating to the question of whether there had been a breach of the trademark licensing agreement.⁹⁶

The Court rejected the plaintiff’s contention that the money claim was “purely equitable” because the complaint requested an “accounting,” rather than using the term “debt” or “damages.”⁹⁷ Observing that the constitutional right to trial by jury does not “depend upon the choice of words used in the pleadings,” the Court explained that “[t]he necessary prerequisite to the right to maintain a suit for an equitable accounting, like all other equitable remedies, is . . . the absence of an adequate remedy at law.”⁹⁸

The Court then reasoned, “Consequently, in order to maintain such a suit on a cause of action cognizable at law, . . . the plaintiff must be able to show that ‘the accounts between the parties’ are of such a ‘complicated nature’ that only a court of equity can satisfactorily unravel them.”⁹⁹ Moreover, the Court looked to Federal Rule of Civil Procedure 53(b), granting the district court the power to appoint masters to guide

87. *Dairy Queen*, 369 U.S. 469 at 475–76.

88. *Id.* at 473–74.

89. *Id.* at 475.

90. *Id.* at 470.

91. *Id.*

92. *Id.*

93. *Id.* at 472–73.

94. *Id.* at 473.

95. *Id.* at 476.

96. *Id.* at 479.

97. *Id.* at 477–78.

98. *Id.* at 478.

99. *Id.* at 478 (quoting *Kirby v. Lake Shore & Mich. S. R.R. Co.*, 120 U.S. 130, 134 (1887)).

the jury in rare cases where the legal issues are too complex for the jury to handle alone.¹⁰⁰ The Court pointed out that the burden of establishing that a master is necessary is extraordinary and remarked that “it will indeed be a rare case in which it can be met.”¹⁰¹

3. *Relation of Beacon Theatres and Dairy Queen to Patent Litigation*

Perhaps inspired by language in the *Dairy Queen* decision, some scholars have concluded that the right to a jury trial in a patent infringement case depends upon the presence of legal issues.¹⁰² Such a standard might be interpreted to be different from the view that the right to a jury trial in such cases depends upon the nature of the relief sought.¹⁰³ It is noteworthy, however, that the Court in *Dairy Queen* looked to the nature of the relief sought, rather than to an analysis of specific issues.¹⁰⁴ Moreover, the cases that have considered the question ordinarily have expressed the view that the presence of legal issues gives rise to a right to trial by jury only where such issues are presented in a claim for legal relief.¹⁰⁵ For example, as the U.S. Court of Appeals for the Ninth Circuit has noted, “An equitable claim may involve a legal issue of fact, or may turn on a question of fact. The existence of an issue of fact does not per se create a ‘legal claim.’”¹⁰⁶

The rule that the right to trial by jury of a patent infringement action is to be determined according to the nature of the relief sought—legal or equitable—is difficult to apply in those cases wherein only declaratory relief is sought.¹⁰⁷ This difficulty arises from the fact that the procedural remedy of a declaratory judgment is regarded as neither legal nor equitable in nature.¹⁰⁸ A few cases have touched on the problem, but not with the degree of clarity that would permit the drawing of any firm generalizations.¹⁰⁹

While the courts have been cautious to establish bright-line rules, the patent bar has been quick to advocate for the abandonment of the jury system.¹¹⁰ This can be attributed to factors such as the frustrating uncertainties as to what issues can actually be decided by the jury and to

100. *Id.* at 478; see also FED. R. CIV. P. 53(b).

101. *Dairy Queen*, 369 U.S. at 478.

102. See, e.g., Coggio & DeMasi, *supra* note 7, at 209.

103. See *Tull v. United States*, 481 U.S. 412, 417–18 (1987).

104. See *Dairy Queen*, 369 U.S. at 477.

105. See Coggio & DeMasi, *supra* note 7, at 217–25.

106. *Shubin v. U.S. District Court (Byrne)*, 313 F.2d 250, 251 (9th Cir. 1963).

107. See Coggio & DeMasi, *supra* note 7, at 211.

108. *Id.* at 220.

109. For a discussion of the difficulties that arise with the application of the Seventh Amendment to declaratory judgment actions, see *infra* Part III.C.

110. See, e.g., Kimberly A. Moore, *Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 369 (2000) (“[I]ncreased participation by juries in patent cases . . . has caused a number of scholars and other commentators to question the propriety of jury resolution of patent cases.”).

a conviction among lawyers, as well as judges, that the issues in patent litigation are too complex for lay determination.¹¹¹ While such considerations are valid, it appears that decisions of the Supreme Court expanding the right to trial by jury in analogous contexts should have equal force in the patent litigation context.¹¹²

There are a number of advantages and disadvantages to resolving a patent dispute with a jury trial. In terms of the disadvantages of a jury, many scholars fear that juries are not equipped with the specialized knowledge needed to adjudicate complex patent cases.¹¹³ Further, more parties risk a greater chance of reversal on appeal in a jury trial on the grounds of erroneous admission of evidence.¹¹⁴ Additional concerns exist that some intricacies of the case may be lost in an attempt to make the issues easier for the jury.¹¹⁵ Some scholars even venture as far as to argue that if jurors do not understand the technical details of the case, the parties' due process right is imperiled.¹¹⁶

On the other hand, the presence of clearly defined but disputable factual issues may suggest the desirability of a jury trial because a jury determination would be difficult to upset on appeal.¹¹⁷ Likewise, when the equities are favorable, a jury may be desirable, such as when the plaintiff is an independent inventor and the defendant a large corporation, or vice versa. Finally, as one scholar has suggested, "Juries, being presumably immune from the philosophical roadblocks that seem to hamper a patentee's way through the existing judicial system, might have a fresh and more sympathetic attitude towards the inventor and his or her invention."¹¹⁸

111. There have been numerous articles written on the topic of a complexity exception to the Seventh Amendment. See, e.g., Morris S. Arnold, *A Historical Inquiry into the Right to Trial by Jury in Complex Civil Litigation*, 128 U. PA. L. REV. 829 (1980); Maxwell M. Blecher & Candace E. Carlo, *Toward More Effective Handling of Complex Antitrust Cases*, 1980 UTAH L. REV. 727; Maxwell M. Blecher & Howard F. Daniels, *In Defense of Juries in Complex Antitrust Litigation*, 1 REV. LITIG. 47 (1980); James S. Campbell & Nicholas Le Poidevin, *Complex Cases and Jury Trials: A Reply to Professor Arnold*, 128 U. PA. L. REV. 965 (1980); Patrick Devlin, *Jury Trial of Complex Cases: English Practice at the Time of the Seventh Amendment*, 80 COLUM. L. REV. 43 (1980); Patrick Lynch, *The Case for Striking Jury Demands in Complex Antitrust Litigation*, 1 REV. LITIG. 3 (1980); Jeffrey Oakes, Comment, *The Right to Strike the Jury Trial Demand in Complex Litigation*, 34 U. MIAMI L. REV. 243 (1980).

112. For an explanation of the Supreme Court's analysis of the right to a jury trial in *Dairy Queen* and *Beacon Theatres*, see *supra* Part III.A.1-2.

113. See, e.g., Kenneth S. Klein, *The Myth of How to Interpret the Seventh Amendment Right to a Civil Jury Trial*, 53 OHIO ST. L.J. 1005, 1029-30 (1992) (discussing a complexity exception to the Seventh Amendment); Joseph C. Wilkenson, Jr. et al., *A Bicentennial Transition: Modern Alternatives to Seventh Amendment Jury Trial in Complex Cases*, 37 U. KAN. L. REV. 61, 62 (1988) (suggesting juries be eliminated in complex cases).

114. See Joseph A. Miron, Jr., Note, *The Constitutionality of a Complexity Exception to the Seventh Amendment*, 73 CHI.-KENT L. REV. 865, 883 (1998).

115. *Id.* at 884.

116. Wilkenson, Jr. et al., *supra* note 113, at 62.

117. See Donald Zarley, *Jury Trials in Patent Litigation*, 20 DRAKE L. REV. 243, 244 (1971).

118. See *id.*

In sum, despite the evisceration of the Seventh Amendment in the Federal Circuit, the Supreme Court has been gradually expanding its view of cases ripe for jury adjudication. The Supreme Court, in the coming years, will have the opportunity to continue this expansion to effectuate the true merger of law and equity. By allowing juries to hear claims that implicate the Seventh Amendment, rather than by attempting to find a historical analog of the current claim, the Court could potentially draft a better rule for when parties have a right to a jury trial. The next Section will explore “traditional” patent infringement litigation and highlight areas where the Court could potentially clarify this muddled area of the law.

B. “Traditional” Patent Infringement Litigation

Traditional patent infringement litigation begins with patentees discovering infringing uses of their patents. After discovering such a use, the patentee files suit in a federal court seeking relief in the form of damages, an injunction, or both. This Section is divided in accordance with those traditional types of cases where the court granted a jury trial and those where the court denied a jury trial in favor of proceeding with a bench trial.

1. *Jury Trial: An Infringer Has a Jury Trial Right Where Patentee’s Complaint Asserts a Legal Remedy*

As a general matter, jury trials are granted whenever requested and when the plaintiff has asserted a legal remedy, such as damages.

In *Packwood v. Briggs & Stratton Corp.*, the plaintiff sued the defendant for infringement of its lawnmower patent in a traditional infringement action.¹¹⁹ The case was tried by a jury, which returned a verdict of validity and infringement.¹²⁰ The defendant then moved for a judgment notwithstanding the verdict, but the court denied the motion.¹²¹ In its decision, the court wrote, “The nature of the prior art and the nature of what the patentee did to improve upon it must always be questions of fact. They may be relatively simple ones or they may be exceedingly complicated and involved, but questions of fact they must always remain.”¹²² This statement seems to support the theory that a finding of patentability is a question of fact and therefore an issue ripe for a determination by a jury.

The judge, even though he believed the patent to be invalid, refused to set aside the jury verdict of invalidity, stating that the jury was “a

119. 99 F. Supp. 803, 804 (D. Del. 1951).

120. *Id.*

121. *Id.* at 804, 807.

122. *Id.* at 807 (quoting *Hanovia Chem. & Mfg. Co. v. David Buttrick Co.*, 127 F.2d 888, 890 (1st Cir. 1942) (internal quotation marks omitted)).

group of highly intelligent persons who attempted to analyze evidence which was in conflict in order to settle the disputed issue as to the nature of the patented device and as to the nature of the devices of the prior art."¹²³

Thus, the question of the application of the Seventh Amendment to traditional cases when the patentee has asserted monetary damages as a remedy is relatively simple. Where the patentee has asserted such a legal claim, the defendant-infringer has a right to a jury trial. The analysis is different, however, when the patentee has only asserted an equitable remedy. Importantly, it is the patentee's complaint that dictates whether the defendant-infringer has a Seventh Amendment right.

2. *Bench Trial: Infringer Has No Jury Trial Right Where Patentee's Complaint Asserts an Equitable Remedy*

Another example of "traditional" infringement comes from *Tegal Corp. v. Tokyo Electron America, Inc.*¹²⁴ In this "traditional" infringement suit, the district court held that the defendant's product infringed the claims of the patentee.¹²⁵ The defendant appealed from the decision of the district court, specifically challenging the finding that it was not entitled to a jury trial.¹²⁶

In the district court, the patentee initially filed a timely demand for a jury trial on the infringement suit.¹²⁷ It sought both injunctive relief and damages.¹²⁸ Moreover, the defendant asserted affirmative defenses of invalidity and noninfringement.¹²⁹ Shortly before the trial, however, the patentee dropped its claim for damages and lost its right to a jury trial.¹³⁰ In hopes of continuing the trial with a jury, the defendant filed a motion to reconsider having a jury trial, but the district court denied that request.¹³¹

Tegal presented the Federal Circuit with another opportunity to note the importance of the Seventh Amendment in the adjudication of patent claims in the legal system. Unfortunately, the court did not take this opportunity and failed to uphold this most basic right, stating that "a defendant, asserting only affirmative defenses and no counterclaims, does not have a right to a jury trial in a patent infringement suit if the only remedy sought by the plaintiff-patentee is an injunction."¹³²

123. *Id.* at 807.

124. 257 F.3d 1331 (Fed. Cir. 2001).

125. *Id.* at 1334.

126. *Id.* The defendant also challenged several other holdings of the district court; namely, the finding that the claims of the patent were valid and enforceable and that the defendant willfully infringed. *Id.*

127. *Id.* at 1338.

128. *Id.*

129. *Id.* at 1334, 1338.

130. *Id.* at 1338.

131. *Id.*

132. *Id.* at 1341.

The defendant in *Tegal* directed the Federal Circuit to important language from a previous Federal Circuit case: “a patent creates ‘federal legal rights.’”¹³³ This language is especially important in light of the fact that the Federal Circuit in *Tegal* applied the two-part inquiry from *Tull* that directs the Seventh Amendment inquiry towards the nature of the action involved and the nature of the remedy sought.¹³⁴ If a patent confers “federal legal rights,” then it is at least arguable that the action and the remedy are both legal, regardless if the patentee is only seeking injunctive relief.¹³⁵

In *Pfizer Inc. v. Novopharm Ltd.*, the plaintiff sued the defendant for infringement of its antifungal compound patent.¹³⁶ While Pfizer only sought equitable relief, the defendant raised the affirmative defense of invalidity of the patent.¹³⁷ The court, on request of the defendants, struck the plaintiff's jury demand.¹³⁸

Again, the court in this case applied the two-part test from *Tull*.¹³⁹ The court found that the issues were purely equitable and stated that “the presence of an affirmative defense of invalidity does nothing to change this characterization.”¹⁴⁰ While the court held that invalidity was a claim in equity, this Note is concerned with the ability of a defendant-infringer to assert its Seventh Amendment right. The defendant in *Tull*, however, was trying to get the jury trial demand stricken.¹⁴¹ Here, if the plaintiff wanted a jury trial, it had the power to add a claim for damages to its original complaint. Because plaintiffs are afforded the choice of remedy, it was appropriate for the court to deny the plaintiff's jury demand in this case. The court, however, should have denied the jury trial on the basis that it had essentially been waived by the plaintiff, rather than on the finding that invalidity is a defense in equity.

The Supreme Court has also found that patent claim construction is “exclusively within the province of the court.”¹⁴² In its opinion, the Court said that there are two elements of a patent case: patent construction and determining whether infringement occurred.¹⁴³ The Court said, “The first is a question of law, to be determined by the court, construing the letters-patent, and the description of the invention and specification of claim

133. *Id.* at 1340 (quoting *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 978 (Fed. Cir. 1995)).

134. *Id.* at 1339; *see also* *Tull v. United States*, 481 U.S. 412, 417–18 (1987).

135. *See infra* notes 178–189 and accompanying text for an analysis of Judge Newman's dissent in *In re Technology Licensing Co.* that an invalidity claim carries the jury trial right, regardless of the relief requested.

136. No. 00 C 1475, 2001 WL 477163, at *1 (N.D. Ill. May 3, 2001) (unpublished memorandum opinion).

137. *Id.* at *1.

138. *Id.* at *5.

139. *Id.* at *2–4; *see also* *Tull v. United States*, 481 U.S. 412, 417–18 (1987).

140. *Pfizer*, 2001 WL 477163, at *4.

141. *See id.* at *1, *4–5.

142. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996).

143. *Id.* at 384.

annexed to them.”¹⁴⁴ The second, the Court continued, is “a question of fact, to be submitted to a jury.”¹⁴⁵ Even while framing claim construction as a matter of law to be determined by the court, the Supreme Court conceded that whether a defendant is infringing is a question of *fact* to be determined by a jury. The Court thus concluded that whether infringement occurred is a question of fact for the jury and did not condition its conclusion on the type of relief requested. Therefore, it should not matter whether the parties are aligned in a traditional infringement suit or in a declaratory judgment suit.

The Federal Circuit recently addressed the issue of the application of the Seventh Amendment to a claim of inequitable conduct.¹⁴⁶ In *Agfa Corp. v. Creo Products Inc.*, the district court bifurcated the inequitable conduct issue from the validity issue and conducted a bench trial, declaring the plaintiff’s patents unenforceable for inequitable conduct before reaching the issue of validity.¹⁴⁷ In the Federal Circuit, the plaintiff challenged this result and the order granting a bench trial on the issue of inequitable conduct.¹⁴⁸ The Federal Circuit upheld the district court’s bifurcation of the inequitable conduct and validity issues, and it refused to apply the common issue inquiry from *Beacon Theatres*, stating, “Even though the definition of materiality [which is part of the inequitable conduct inquiry] . . . may implicate some aspects of a validity analysis, the issues of invalidity and materiality are still not common within the legal construct of *Beacon Theatres*.”¹⁴⁹

In dissent, Judge Newman found “no support for the panel majority’s version of history that in 18th Century England ‘nearly every defect in a patent resulted from some false representation made by a patentee.’”¹⁵⁰ Judge Newman reasoned, however, that even if the court were to accept that contention as true, it would support the “traditional jury presence, for false statements by a patentee would have been submitted to a jury in 18th Century England.”¹⁵¹ Judge Newman presented several cases to support the position that upon a jury demand, the plaintiff should have been given a trial by jury.¹⁵²

144. *Id.* (quoting *Winans v. Denmead*, 56 U.S. (15 How.) 330, 338 (1854)) (internal quotation marks omitted).

145. *Id.*

146. See *Agfa Corp. v. Creo Prods. Inc.*, 451 F.3d 1366 (Fed. Cir. 2006). Inequitable conduct, a defense to patent infringement, is a result of a “failure to disclose material information, or submission of false material information, with an intent to deceive.” *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 872 (Fed. Cir. 1988).

147. *Agfa*, 451 F.3d at 1369.

148. *Id.*

149. *Id.* at 1372 (citing *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 503–04 (1959)).

150. *Id.* at 1381 (Newman, J., dissenting) (quoting *id.* at 1374 (majority opinion)).

151. *Id.* at 1381–82.

152. For a full list of the cases cited by Judge Newman for support, see *id.* at 1382–83. Several are included here: *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 381 F.3d 1371, 1374 (Fed. Cir. 2004) (“The jury found both patents valid, and rejected St. Jude’s charge that the ‘288 patent is unenforceable for inequitable conduct during patent prosecution.”); *Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, 345 F.3d 1318, 1325 (Fed. Cir. 2003) (“Finally, the jury found that neither Gretz nor Arlington’s

Finally, in yet another Federal Circuit case on the matter, the court found that there was no right to a jury trial to set a royalty rate, even though it was technically monetary relief.¹⁵³ The plaintiff argued that it was entitled to a jury trial to determine the amount of the ongoing royalty rate,¹⁵⁴ claiming that it was “well settled that the determination of damages is a legal question which carries a Seventh Amendment right to a jury trial.”¹⁵⁵

Even though it seemed settled that claims of damages were always triable by a jury, the court stated that “not all monetary relief is property characterized as ‘damages.’”¹⁵⁶ Therefore, the court held that setting a royalty rate did not, standing alone, require a jury trial.¹⁵⁷

In sum, in applying the two-part test from *Tull*, courts have rarely focused on the implications of the Seventh Amendment as they relate to defendant-infringers. Even though the Supreme Court has stated that patents create “federal legal rights,” these legal rights have not afforded defendants the right to a jury trial. The federal courts’ treatment of an infringer’s counterclaims in “traditional” infringement cases is similar to their treatment of the infringer’s declaratory judgment action, the subject of the next Section.

C. *Declaratory Judgment Cases Seeking Declaration of Patent Invalidity and Noninfringement*

Prior to discussing specific cases seeking declaratory relief, this Section will begin by reviewing the role of declaratory judgment counterclaims in patent infringement litigation. Historically, “one of the great evils . . . [of] the patent monopoly” is “the opportunity afforded to the patentee to harass competitors, alleged infringers, and their customers by threatening to sue”¹⁵⁸ After filing suit, the patentee can move to dismiss at any time before trial. This tactic often forces the alleged in-

patent attorney had committed inequitable conduct in prosecuting the ‘674 patent.”); *Juicy Whip, Inc. v. Orange Bang, Inc.*, 292 F.3d 728, 735 (Fed. Cir. 2002) (“The district court submitted the issue of inequitable conduct to the jury . . .”).

153. *Paice LLC v. Toyota Motor Corp.*, 504 F.3d 1293, 1296, 1316 (Fed Cir. 2007).

154. *Id.* at 1316.

155. *Id.* (quoting Corrected Brief of Plaintiff-Cross Appellant Paice LLC at 64 *Paice LLC v. Toyota Motor Corp.*, 504 F.3d 1293 (Fed. Cir. 2007) (Nos. 2006-1610, 2006-1631), 2006 WL 4045125 at *27).

156. *Id.* (citing *Root v. Ry. Co.*, 105 U.S. 189, 207 (1881) (“When . . . relief was sought which equity alone could give . . . in order to avoid multiplicity of suits and to do complete justice, the court assumed jurisdiction to award compensation . . . [by] requiring an account of profits”); *cf. Bowen v. Massachusetts*, 487 U.S. 879, 910 (1988) (“[E]ven if the District Court’s orders are construed in part as orders for the payment of money by the Federal Government to the State, such payments are not ‘money damages’ . . .”).

157. *Id.*

158. EDWIN BORCHARD, *DECLARATORY JUDGMENTS* 812 (2d ed. 1941).

fringer into an unfavorable licensing arrangement and leaves the patentee's claims untouched by litigation.¹⁵⁹

There was no recourse for the infringer to insist on adjudication until 1934. Since the passage of the Declaratory Judgment Act in that year, however, the alleged infringer can file a declaratory judgment of invalidity or noninfringement of the patentee's claims.¹⁶⁰ Moreover, filing a declaratory judgment prevents patentees from harassing alleged infringers into accepting a license. A declaratory judgment for invalidity or noninfringement ensures adjudication on the merits even if the original complaint is dismissed.¹⁶¹ Thus, presently, a patentee's threat of suit can be challenged by instituting an action for a declaratory judgment of invalidity or noninfringement.

These "reverse" infringement suits raise many of the same Seventh Amendment concerns as those present in "traditional" infringement suits. As such, this Section will first discuss cases granting a jury trial and then discuss cases that proceeded with a bench trial.

1. *Jury Trial: An Infringer Has a Right to Jury Trial When Patentee's Complaint Asserts a Legal Remedy*

The leading Federal Circuit decision addressing the right to a jury in situations where counterclaims for a declaratory judgment of invalidity or noninfringement are asserted is *In re Lockwood*.¹⁶² *Lockwood* has a very unique procedural history. Therefore, this Subsection first gives a brief summary of what happened in each court and ultimately analyzes what the reader should take from this case.

In the district court, the patentee brought a classic infringement action against American Airlines, alleging infringement of his patents relating to self-service terminals in automatic ticket dispensing systems.¹⁶³ American Airlines filed a counterclaim for a declaratory judgment that its activities were noninfringing and that the patents were invalid and unenforceable.¹⁶⁴ The court granted American Airline's motion for summary judgment of noninfringement and struck the patentee's demand that the issue of validity be tried by a jury.¹⁶⁵

159. Until the enactment of the Federal Declaratory Judgments Act, an alleged infringer could not maintain an action against the threatening patentee to determine the validity of allegations of infringement but was compelled to await the patentee's infringement suit for an adjudication of his or her legal rights. See *Mowry v. Whitney*, 81 U.S. (14 Wall.) 434, 441 (1871).

160. See Declaratory Judgment Act, Pub. L. No. 73-343, 48 Stat. 955 (1934) (codified as amended at 28 U.S.C. §§ 2201-02 (2006)); Note, *The Use of the Declaratory Judgment in Patent Cases*, 45 YALE L.J. 160, 161 (1935).

161. See BORCHARD, *supra* note 158, at 812.

162. See *In re Lockwood*, 50 F.3d 966 (Fed. Cir. 1995).

163. *Id.* at 968.

164. *Id.*

165. *Id.* at 968-69.

The patentee then appealed to the Federal Circuit for a writ of mandamus to require the issue of validity to be heard in front of a jury.¹⁶⁶ The Federal Circuit granted the patentee's petition and sent the case back down to the district court for a new trial in front of a jury.¹⁶⁷ The Federal Circuit cited a line of cases that all discuss the importance that jury trials occupy in U.S. legal history.¹⁶⁸ Ultimately, the Federal Circuit made it clear that the Seventh Amendment right to a jury trial should be "jealously guarded."¹⁶⁹ Moreover, the court concluded that "a suit for a declaratory judgment of invalidity is more comparable to a lawsuit for patent infringement than to any historical equitable action."¹⁷⁰ In doing so, it further concluded that patent validity is "not purely an equitable issue" and that Lockwood was entitled under the Seventh Amendment to a trial by jury in the declaratory judgment action.¹⁷¹ As such, the Federal Circuit granted the writ of mandamus ordering the district court to reinstate Lockwood's jury demand and denied American's request for rehearing en banc.¹⁷²

American Airlines then petitioned the Supreme Court for a writ of certiorari. The Court granted certiorari and entered a very brief order merely vacating the prior judgment of the Federal Circuit.¹⁷³ The Supreme Court gave no further reasoning for its opinion.¹⁷⁴ After vacating the decision in *Lockwood*, the Court denied a petition for certiorari filed by the defendant in *In re SGS-Thomson Microelectronics*.¹⁷⁵ The Federal Circuit had granted a writ of mandamus for a jury trial to hear the patent invalidity action.¹⁷⁶ As one commentator has suggested, "The denial of request for certiorari may indicate the Supreme Court's satisfaction with the Federal Circuit's apparent majority view favoring the Seventh Amendment right to a jury trial in patent invalidity actions."¹⁷⁷

Next, while not a majority opinion, Judge Newman's dissent in *In re Technology Licensing Co.* is particularly relevant.¹⁷⁸ The defendant

166. *Id.* at 969.

167. *Id.* at 980.

168. *Id.* at 970 (citing *Jacob v. New York City*, 315 U.S. 752, 752–53 (1942) (holding the right to a jury trial "is a basic and fundamental feature of our system" and "should be jealously guarded by the courts"); *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935) ("[C]urtailment of the right to a jury trial should be scrutinized with the utmost care."); *Parsons v. Bedford*, 28 U.S. (3 Pet.) 433, 446 (1830) ("[E]ncroachment upon [the right to a jury trial] has been watched with great jealousy.")).

169. *Id.* at 972; see *Jacob*, 315 U.S. at 753.

170. *In re Lockwood*, 50 F.3d at 980.

171. *Id.*

172. *Id.*

173. *American Airlines, Inc. v. Lockwood*, 515 U.S. 1182 (1995).

174. See *id.*

175. 60 F.3d 839 (Fed. Cir. 1995) (unpublished table decision), *cert. denied*, 516 U.S. 931 (1995).

176. *Id.*

177. Barry S. Wilson, Comment, *Patent Invalidity and the Seventh Amendment: Is the Jury Out?*, 34 SAN DIEGO L. REV. 1787, 1789 (1997).

178. See 423 F.3d 1286, 1291–96 (Fed. Cir. 2005) (Newman, J., dissenting); see also Andrew W. Bateman, Note, *Reconsidering In re Technology Licensing Corporation and the Right to Jury Trial in Patent Invalidity Suits*, 82 CHI.-KENT L. REV. 933, 936, 949 (2007) (arguing that *In re Technology Licensing Corp.* was wrongly decided and endorsing Judge Newman's dissent).

sought to assert its Seventh Amendment right to jury trial, and Judge Newman opined that its demand should be granted because of precedent and the Constitution.¹⁷⁹ Judge Newman held that both adjudication of infringement and validity carry a jury right.¹⁸⁰ Even though there was a waiver of damages, there were still legal issues to be decided, and, according to Judge Newman, those legal issues should have been heard by a jury.¹⁸¹ Judge Newman argued that a jury trial for a claim of invalidity should be “available as of right, whatever the requested remedy for infringement.”¹⁸² Judge Newman continued, “When an action calls for the adjudication of legal rights, the trial court must honor the jury demand, whether or not equitable issues are also present.”¹⁸³

Judge Newman further noted that “the presence of a legal issue preserves the jury right, even if the overall character of the cause can be viewed as equitable.”¹⁸⁴ Additional support for Judge Newman’s argument comes from *Scott v. Neely*, in which the Supreme Court held that a court of equity could not even “take jurisdiction of [a] suit, in which a claim properly cognizable only at law is united in the same pleadings with a claim for equitable relief.”¹⁸⁵ Moreover, Judge Newman’s view is expressly reaffirmed by Federal Rule of Civil Procedure 38(a): “The right of trial by jury as declared by the Seventh Amendment to the Constitution—or as provided by a federal statute—is preserved to the parties in- violate.”¹⁸⁶

Judge Newman’s dissent emphasized that federal courts of appeals have the responsibility to grant mandamus where necessary to protect the constitutional right to trial by jury.¹⁸⁷ Also, by defining the constitutional protection afforded in cases involving both legal and equitable claims, Judge Newman clarified the issues for litigants and for district courts.¹⁸⁸

Judge Newman recalled the previous admonition from the Supreme Court that the evisceration of the jury trial right should be “scrutinized with the utmost care.”¹⁸⁹ Indeed, the Supreme Court has also stated that “this right cannot be dispensed with, except by the assent of the parties entitled to it, nor can it be impaired by any blending with a claim, proper-

179. *In re Tech. Licensing*, 423 F.3d at 1291–92 (Newman, J., dissenting).

180. *Id.* at 1292.

181. *Id.*

182. *Id.*; see also *Parsons v. Bedford*, 28 U.S. (3 Pet.) 433, 447 (1830) (defining suits at common law as “suits in which legal rights were to be ascertained and determined, in contradistinction to those where equitable rights alone were regarded, and equitable remedies were administered”).

183. *In re Tech. Licensing*, 423 F.3d at 1292 (Newman, J., dissenting) (citing *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 472–73, 479 (1962)).

184. *Id.* (citing *Ross v. Bernhard*, 396 U.S. 531, 538 (1970)).

185. See *Scott v. Neely*, 140 U.S. 106, 117 (1891).

186. FED. R. CIV. P. 38(a).

187. *In re Tech. Licensing*, 423 F.3d at 1296 (Newman, J., dissenting) (quoting *Dairy Queen*, 369 U.S. at 472).

188. See *id.*

189. *Id.* at 1295 (quoting *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935)).

ly cognizable at law, of a demand for equitable relief in aid of the legal action or during its pendency.”¹⁹⁰ Because of the importance of the Seventh Amendment, the right to a jury trial of legal issues should only be lost under the most imperative circumstances.¹⁹¹

Judge Newman’s dissent in *In re Technology Licensing* is very persuasive, as it presents a reasonable attempt to outline the rights of patentees and infringers in patent litigation. The infringer should have a right to a trial by jury in a declaratory judgment action to invalidate a patent, regardless of the type of relief that the patentee seeks.¹⁹²

To conclude, the Federal Circuit has noted time and time again the importance of the jury right in patent infringement suits. Moreover, the court has indicated that a declaratory judgment action is not purely equitable. In fact, in *Lockwood*, even though the judgment was vacated, the Federal Circuit made it clear that it believed that a declaratory judgment action of invalidity determines the legal rights of parties.¹⁹³ As such, it seems to follow that the parties should be entitled to a Seventh Amendment right to a jury trial. Moreover, Judge Newman’s dissent in *In re Technology Licensing* is particularly persuasive in its argument that a declaratory judgment action challenging validity and infringement presents undeniably legal issues that should carry the right to a jury trial.¹⁹⁴ The next Section will discuss the majority view of the *In re Technology Licensing* opinion, which ultimately refused to uphold the Seventh Amendment for such cases.

2. *Bench Trial: Infringer Has No Jury Trial Right Where Patentee’s Counterclaim Asserts an Equitable Remedy*

While Judge Newman’s dissent in *In re Technology Licensing* presented a powerful and reasonable argument for allowing jury trials to determine the merits of a declaratory judgment suit, the majority opinion begged to differ.¹⁹⁵ The case presented complex facts: the plaintiff-patentee alleged patent infringement, the defendant-infringer filed a claim against its third-party supplier seeking indemnification, the supplier filed a declaratory judgment action against the patentee, the patentee counterclaimed against the supplier for infringement, and the patentee and the supplier requested a jury trial.¹⁹⁶ Following several procedural steps, after which the patentee withdrew its claim for damages for past

190. See Scott, 140 U.S. at 109–10.

191. See, e.g., *Leimer v. Woods*, 196 F.2d 828, 836 (8th Cir. 1952) (explaining that a federal court should not deprive a party of a properly demanded jury trial, except under special circumstances).

192. *Bateman*, *supra* note 178, at 935–36; see also *Packwood v. Briggs & Stratton Corp.*, 99 F. Supp. 803, 806–07 (D. Del. 1951) (holding that the issue of validity, as well as infringement, is for the jury as trier of fact).

193. See *In re Lockwood*, 50 F.3d 966, 980 (Fed. Cir. 1995).

194. See *In re Tech. Licensing*, 423 F.3d at 1291–96 (Newman, J., dissenting).

195. *Id.* at 1291 (majority opinion).

196. *Id.* at 1286–87.

infringement and the supplier withdrew its jury demand, the patentee maintained that it was still entitled to a trial by jury.¹⁹⁷ The court denied the request and the patentee petitioned for a writ of mandamus.¹⁹⁸

The Federal Circuit accepted the petition to decide whether the district court erroneously denied the request for a jury trial. Historically, according to the court, a jury trial was not available when a plaintiff sought only an equitable remedy.¹⁹⁹ Nevertheless, the court noted that in this case, “the accused infringer ha[d] raised invalidity as a separate claim, not as an affirmative defense.”²⁰⁰ Also, the accused infringer was aligned as the third-party plaintiff, while the patentee was aligned as a third-party defendant and counterclaimant; if the patentee had filed a standard infringement action as the plaintiff and had requested only an injunction, neither the patentee nor the supplier would have been entitled to a jury trial, regardless of whether invalidity was raised as a defense or in a counterclaim.²⁰¹ By choosing the equity route for its infringement action, the patentee ensured that neither claim would be triable to a jury. The majority concluded that the inverted lawsuit, with the supplier as plaintiff and the patentee as defendant, in which only equitable relief was requested for the infringement claim, conferred no jury trial right on the patentee.²⁰² In coming to its decision, the majority muddled the issue of the right to a jury trial for future litigants and district courts. Moreover, the majority failed to emphasize the importance of the Seventh Amendment that the dissent recognized as so vital to our judicial system.

In *Shubin v. United States District Court*, an accused infringer filed a declaratory judgment, and the patentee counterclaimed for only a permanent injunction against future infringement.²⁰³ The Ninth Circuit ruled that no jury trial was available because the patentee did not identify a damages amount and because the accused infringer had not yet infringed the patent for which damages could be assessed.²⁰⁴ Accordingly, the court held that the action was equitable, and, therefore, no right to a jury existed.²⁰⁵

In *Kao Corp. v. Unilever United States, Inc.*, the plaintiff sued the defendant for patent infringement, seeking damages and injunctive relief.²⁰⁶ The plaintiff, however, withdrew its request for damages after the defendant raised affirmative defenses and asserted a counterclaim seek-

197. *Id.* at 1287.

198. *Id.* at 1287–88.

199. *Id.* at 1288.

200. *Id.*

201. *See id.*

202. *Id.* at 1291.

203. 313 F.2d 250, 251 (9th Cir. 1963).

204. *Id.* at 251–52.

205. *Id.* at 252.

206. No. 01-680-SLR, 2003 WL 1905635, at *1 (D. Del. Apr. 17, 2003) (unpublished memorandum opinion).

ing a declaratory judgment of noninfringement, invalidity, and inequitable conduct.²⁰⁷ The defendant made a timely demand for a jury trial, but the court ordered that the case proceed with only a bench trial.²⁰⁸

The court applied the two-part test from *Tull* in coming to its conclusion that the Seventh Amendment had no application in this case.²⁰⁹ The court reasoned that “the patentee’s infringement case is the linchpin of the Federal Circuit’s Seventh Amendment analyses.”²¹⁰ Moreover, the court pointed out that in the eighteenth century, the patentee chose the remedy and, therefore, chose the forum.²¹¹ Finally, the court stated that “a declaratory judgment action in a patent case is characterized by the infringement action, [and] it remains the patentee who is entitled to a jury trial and who may waive that right.”²¹²

The court in *Kao* took the test too far in determining the appropriate course of action for a defendant demanding a jury trial on its declaratory judgment action. As Judge Newman established in her dissent in *In re Technology Licensing Corp.*, a declaratory judgment asks the court system to determine the *legal* positions of the parties.²¹³ As such, it would have been appropriate for the *Kao* court to uphold the application of the Seventh Amendment and grant the defendant its right to a trial by jury.

The courts have had several opportunities to uphold this most fundamental right in declaratory judgment actions. More often than not, however, defendant-infringers have been denied this basic right. It appears that the courts are focused more on the rights of patentees, rather than the rights of defendant-infringers seeking declarations of their legal rights.

D. Summary

This Part began with a brief discussion of the modern trend recognizing a jury right in mixed legal and equitable cases and analyzed its application in the patent litigation context. Next, this Part provided an examination of “traditional” patent infringement suits. It was noted that in those cases, the defendant-infringer’s right to a jury trial depended on the complaint filed by the patentee. This was true even where the defendant-infringer filed counterclaims asserting invalidity and noninfringement of the patent. Importantly, however, there is language in these cas-

207. *Id.*

208. *Id.*

209. *Id.* (quoting *Tull v. United States*, 481 U.S. 412, 417–18 (1987)).

210. *Id.* at *3. The *Kao* court’s ruling, which downplays the independent viability of an infringer’s declaratory judgment claim, appears inconsistent with Supreme Court jurisprudence that has recognized that a party seeking a declaratory judgment of invalidity presents a claim independent of the patentee’s charge of infringement. See *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 100 (1993).

211. *Kao*, 2003 WL 1905635, at *3.

212. *Id.*

213. For an analysis of Judge Newman’s dissent, see *supra* notes 178–192 and accompanying text.

es noting the significance of the right to a jury trial to our legal system. These cases suggest a potential move from considering validity and non-infringement defenses as equitable claims to thinking of them as legal claims.

Finally, in the last section, this Part provided an assessment of the cases that arose in the “reverse” litigation context. In these cases, the defendant-infringers requested a determination of their rights in a declaratory judgment action. Yet again, the majority of the courts focused more on the patentee’s right to a trial by jury rather than the rights of the defendant-infringer. Language in some of these cases, like those cases in the “traditional” infringement context, suggests that several judges are sympathetic to the situation of the defendant-infringer. These judges have argued that a declaratory judgment action seeks to determine the legal rights of the patentee and the defendant-infringer, and that a jury trial should be granted whenever requested. The next Part will provide recommendations for upholding this most basic constitutional guarantee of the Seventh Amendment.

IV. RESOLUTION AND RECOMMENDATION

The right to a jury trial is a key fixture in the U.S. legal system. Importantly, the right provides a check on the three branches of government by allowing citizens to sit as arbiters of legal disputes. This Part suggests a twofold recommendation to uphold this fundamental jury right in a consistent and fair manner. First, the distinction between legal and equitable claims is antiquated and should have been abolished with the merger of courts of equity and law. Second, even if the distinction between law and equity remains, courts should allow defendant-infringers to assert their right to a jury trial whenever they file counterclaims or invoke a declaratory judgment seeking invalidity and noninfringement of the patent in question.

A. *The Merger of Courts of Law and Equity Dictates an Implied Seventh Amendment Right in Equitable Cases*

The merger of courts of law and equity remains incomplete, in large part because the Seventh Amendment mandates, “In Suits at common law . . . the right of trial by jury shall be preserved”²¹⁴ This distinction is a tattered remnant of English common law and makes little sense today. It was originally a jurisdictional distinction, one that the merger of the courts of law and equity has now rendered moot.²¹⁵ The scope of

214. See U.S. CONST. amend. VII.

215. Equity courts had jurisdiction only when there was no recourse in the King’s courts. Because the rigid forms of action precluded litigation of many grievances, the equity courts developed as an independent, parallel judiciary with their own jurisprudence. See COLIN RHYS LOVELL, ENGLISH CONSTITUTIONAL AND LEGAL HISTORY 218–23 (1962).

the common law has changed radically over time and the once rigid “forms of action” have long since disappeared.²¹⁶ Legislatures have added new causes of action and expanded the law in unprecedented ways.²¹⁷ The Seventh Amendment has been construed as providing the right to a jury trial in all civil cases considered to be “at law” at the time of the Constitution’s adoption and as denying this right in all cases considered “in equity” at that time. Thus, the equitable and legal distinction retains great importance in civil cases in which the right to jury trial is at issue.

The confusion between law and equity often results in courts arbitrarily categorizing similar claims differently.²¹⁸ For example, courts have deemed back pay awards under Title VII as restitution an equitable remedy.²¹⁹ On the other hand, courts have categorized back pay awards under the Age Discrimination in Employment Act as damages a legal remedy.²²⁰ Permitting courts to make this ad hoc, subjective characterization of claims as either equitable or legal, gives the courts the power to supersede the Seventh Amendment right to jury trial. This, in effect, enables courts to obviate juries, which exist in part to check the power of courts themselves.

Instead of attempting to find an eighteenth century analog to the current action, courts should directly assess the merits of the jury trial for a particular claim in light of the purpose of the jury in our constitutional democracy. This is not to say that courts should afford all litigants juries on demand. Rather, instead of attempting to categorically determine what actions would have been at law or equity in 1791, the courts should extend Seventh Amendment rights when Seventh Amendment interests are at stake.

This is the thrust of the test that Justice Rehnquist outlined in his dissent in *Parklane Hosiery Co. v. Shore*.²²¹ Justice Rehnquist’s dissent emphasized that the Court should apply the historical analysis purposively to prevent oppression by the government or the judiciary and to implement separation of powers.²²² Justice Rehnquist noted that “it is the substance of the right of jury trial that is preserved, not the incidental or

216. Richard Danzig, *Hadley v. Baxendale: A Study in the Industrialization of the Law*, 4 J. LEGAL STUD. 249, 252 n.10 (1975) (“[T]he common law adopts itself by a perpetual process of growth to the perpetual roll of the tide of circumstances as society advances.” (quoting SIR WILLIAM ERLE, MEMORANDUM ON THE LAW RELATING TO THE UNITED STATES 38–39 (1869) (internal quotation marks omitted))).

217. For example, the Age Discrimination in Employment Act created new legal rights and remedies, enforceable in an action for damages. 29 U.S.C. §§ 623, 626(b) (2006); *see also* *Quinn v. Bowmar Publ’g Co.*, 445 F. Supp. 780, 788–89 (D. Md. 1978).

218. This confusion apparently also existed, to some degree, at common law. *See* Harold Chesnin & Geoffrey C. Hazard, Jr., *Chancery Procedure and the Seventh Amendment: Jury Trial of Issues in Equity Before 1791*, 83 YALE L.J. 999, 999–1000 (1974).

219. 42 U.S.C. § 2000e–5(g) (2006); *see also* *Albermarle Paper Co. v. Moody*, 422 U.S. 405, 416–17 (1975) (holding that back pay is an equitable remedy).

220. 29 U.S.C. § 626(b); *see* *Lorillard v. Pons*, 434 U.S. 575, 584–85 (1978) (holding that the right to jury trial pertains to back pay litigation under the Age Discrimination in Employment Act).

221. *See* 439 U.S. 322, 337–56 (1979) (Rehnquist, J., dissenting).

222. *See id.* at 343–44.

collateral effects of common-law practice in 1791.”²²³ Further, Justice Rehnquist wrote that the purpose of the amendment was “to preserve the substance of the common-law right of trial by jury, as distinguished from mere matters of form or procedure, and particularly to retain the common-law distinction between the province of the court and that of the jury.”²²⁴ Finally, Justice Rehnquist conceded that the guarantees of the Seventh Amendment will prove burdensome in some instances, but this burden is justified by reasoning that “the onerous nature of the protection is no license for contracting the rights secured by the Amendment.”²²⁵

B. Claims of Invalidity and Noninfringement Are Legal Claims and the Seventh Amendment Guarantee Should Be Afforded to Defendant-Infringers

The view that the Seventh Amendment should be extended to cases in equity has been heavily criticized.²²⁶ This Section provides an alternative resolution to the evisceration of the Seventh Amendment in patent litigation. A claim of invalidity and a claim of noninfringement ask the court to make a determination of the legal rights of the patentee and the defendant-infringer. As such, these claims should be within the province of the jury.

Traditionally, the Seventh Amendment has only been used to uphold the right to a jury trial where the patentee asserts monetary damages.²²⁷ As Judge Newman points out, however, defendant-infringers asserting declaratory judgment actions and counterclaims should also be afforded the option to assert their Seventh Amendment right.²²⁸ Moreover, because the right to a trial by jury should be “jealously guarded” and “scrutinized with the utmost care,”²²⁹ the federal courts should take a second look at their current application of the Seventh Amendment in patent infringement suits.

Several courts have noted the possibility that claims of invalidity and noninfringement are legal claims. The Federal Circuit has noted that

223. *Id.* at 345 (citing *Walker v. N.M. & S. Pac. R.R. Co.*, 165 U.S. 593, 596 (1897)).

224. *Id.* at 345 (quoting *Baltimore & Carolina Line, Inc., v. Redman*, 295 U.S. 654, 657 (1935)).

225. *Id.* at 346.

226. *See, e.g.*, *Carrington*, *supra* note 13, at 75 (“I do not mean on this occasion to be so quixotic as to advocate [for the extension of the jury trial to cases in equity], for it may be too shocking to the Hamiltonians among us.”).

227. For a discussion of the traditional application of the Seventh Amendment to a patentee’s claim that includes a claim for legal damages, see *supra* Part III.B.1.

228. *See supra* notes 178–192 and accompanying text; *see also* *Bateman*, *supra* note 178, at 946 (arguing for Judge Newman’s dissent in *In re Technology Licensing* and noting that Judge Newman pointed out “nearly twenty cases” as support, while the majority cited only four).

229. *See* *Jacob v. New York City*, 315 U.S. 752, 753 (1942); *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935).

“a patent creates ‘federal legal rights.’”²³⁰ The Supreme Court has held that a determination of infringement is “a question of fact, to be submitted to a jury.”²³¹ While framing claim construction as a matter of law to be determined by the court, the Supreme Court conceded that whether a defendant is infringing is a question of *fact* to be determined by a jury.²³² Moreover, the Federal Circuit concluded that “a suit for a declaratory judgment of invalidity is more comparable to a lawsuit for patent infringement than to any historical equitable action.”²³³ Thus, both the Supreme Court and the Federal Circuit have made a strong case for finding that the issues of noninfringement and invalidity fall within the confines of the Seventh Amendment.

Therefore, this Part suggests a twofold resolution to the evisceration of the Seventh Amendment in patent infringement suits. First, the historical divide between actions in law and actions in equity is a relic of a time when a jurisdictional divide between courts existed. Second, the determination of the legal relationship between a patentee and a defendant-infringer is ripe for adjudication by a jury. It is imperative that the Federal Circuit and the Supreme Court allow defendant-infringers to assert their Seventh Amendment right to a jury trial. Without upholding this most basic constitutional right, it is the patentee, rather than the court, that decides whether defendant-infringers should be entitled to a trial by jury.

V. CONCLUSION

It has traditionally been the patentee who decides the form of the complaint and the extent of the remedy requested, thus choosing whether the defendant-infringer has a right to a trial by jury. Given the drastic rise of jury demands in the last century,²³⁴ the guarantee of the Seventh Amendment has become a strategic litigation tactic. It is necessary for the courts, therefore, to take another look at how they apply the Seventh Amendment, particularly as it applies to defendant-infringers. Moreover, in light of the trend among commentators to believe patent cases are too “complex” for adjudication by a jury, courts must stand strong on behalf of this constitutional guarantee.²³⁵

The Supreme Court has continuously emphasized the importance of the Seventh Amendment in our legal system. This right is especially significant in patent litigation, as the decision to proceed to trial with a jury

230. *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1340 (Fed. Cir. 2001) (quoting *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 978 (Fed. Cir. 1995)).

231. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996) (quoting *Winans v. Denmead*, 56 U.S. (15 How.) 330, 338 (1854)) (internal quotation marks omitted).

232. *See id.*

233. *In re Lockwood*, 50 F.3d 966, 980 (Fed. Cir. 1995).

234. Kimberly A. Moore, *Jury Demands: Who's Asking?*, 17 BERKELEY TECH. L.J. 847, 850 (2002) (noting the dramatic rise in jury trials of patent cases).

235. *See supra* note 111.

is a tactical determination of public sympathies and prejudices. Sir William Blackstone, praising the use of juries in trials, stated that jurymen are the “best investigators of truth, and the surest guardians of public justice.”²³⁶ The courts, rather than the patentee, should make a determination of when to uphold the Seventh Amendment for defendant-infringers and should “jealously guard” this basic guarantee.

236. BLACKSTONE, *supra* note 1, at *380.