

## THE DOCTRINE OF LICENSEE REPUDIATION IN PATENT LAW

THE public has an interest in the adjudication of patents of questionable validity<sup>1</sup> and the law provides procedures whereby private persons may advance this interest.<sup>2</sup> But a licensee generally cannot attack the validity of a patent while he is licensed thereunder.<sup>3</sup> Thus in an action for royalties under a patent license agreement a licensee is usually estopped to assert the invalidity of the patent as a defense.<sup>4</sup>

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1. See *Katzinger Co. v. Chicago Metallic Mfg. Co.*, 329 U.S. 394, 399 (1947); *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 339 U.S. 827, 837 (1950) (dissenting opinion); *Standard Water Systems Co. v. Griscom-Russell Co.*, 278 Fed. 703, 705 (3d Cir. 1922). See Note, 47 COL. L. REV. 477, 485 (1947). That the public interest in patent adjudication has been increasingly recognized is shown by the development of exceptions to the estoppel rule to be noted in the text. In addition, showings of the prior art have been allowed to narrow patent claims. *Kenyon v. Automatic Instrument Co.*, 186 F.2d 752 (6th Cir. 1951). And the federal courts, realizing the importance of validity determinations, sometimes make gratuitous findings. See *Sinclair & Carroll Co. v. Interchemical Corp.*, 325 U.S. 327, 330 (1945). See Note, 61 YALE L.J. 98 (1952).

For a discussion of the relationship of patents to the public interest, see generally, HAMILTON, PATENTS AND FREE ENTERPRISE (TNEC Monograph 31, 1941).

2. A person sued for infringement may challenge patent validity. *United Chromium, Inc. v. General Motors Corp.*, 85 F.2d 577 (2d Cir. 1936); *A. B. Dick Co. v. Simplicator Corp.*, 34 F.2d 935 (2d Cir. 1929). The usual defenses to an infringement suit are non-infringement and patent invalidity. See *Krichbaum v. McDanel*, 232 Fed. 455 (6th Cir. 1922). That even a defense of non-infringement may call forth a judicial determination of patent validity, see Note, 61 YALE L.J. 98 (1952).

If a controversy in regard to a patent exists between a patentee and another person, that person can secure a patent validity determination under the federal declaratory judgment statute. 48 STAT. 955 (1934), 28 U.S.C. § 400 (1946). See *Crosley Corp. v. Hazeltine Corp.*, 122 F.2d 925 (3d Cir. 1941); *Ladenson v. Overspred Stoker Co.*, 89 F.2d 242 (7th Cir. 1937); *Zenie Bros. v. Miskend*, 10 F. Supp. 779 (S.D.N.Y. 1935). See HOAR, PATENT TACTICS AND LAW 222 (3d ed. 1950); Federico, *Operation of the Federal Declaratory Judgment Act in Patent Cases*, 19 J. PAT. OFF. SAC'Y 489 (1937).

The Government is usually not permitted to challenge the validity of its own grant. *United States v. American Bell Telephone Co.*, 167 U.S. 224 (1897). But it may attack the patent on grounds of fraud in its obtainment, *United States v. American Bell Telephone Co.*, 128 U.S. 315 (1888), or if sued as an infringer in the Court of Claims, 62 STAT. 942 (1948), as amended, 28 U.S.C. § 1498 (Supp. 1952). As to the right of the Government to challenge patent validity in antitrust proceedings, see *United States v. U.S. Gypsum Co.*, 333 U.S. 364, 387 (1948).

3. *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 339 U.S. 827 (1950); *United States v. Harvey Steel Co.*, 196 U.S. 310 (1905); *Timken-Detroit Axle Co. v. Alma Motor Co.*, 47 F. Supp. 582 (D. Del. 1942), *aff'd*, 163 F.2d 190 (3d Cir. 1947). If the license has terminated, the estoppel no longer applies. *General Motors Corp. v. Rubsam Corp.*, 65 F.2d 217 (6th Cir. 1933); *Eno v. Prime Mfg. Co.*, 314 Mass. 626, 50 N.E.2d 401 (1943). For a discussion of the rule, see Forkosch, *Licensee Estoppel in Patent Law*, 20 TEMP. L.Q. 515 (1947).

4. *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 339 U.S. 827 (1950); *United States v. Harvey Steel Co.*, 196 U.S. 310 (1905). But a licensee may show the

The origin of patent licensee estoppel is in the contract doctrine that one receiving bargained-for benefits under a contract may not question the consideration he has received.<sup>5</sup> The rule is of judicial creation and is not found in patent legislation.<sup>6</sup> Whether it was originally a rule of state or federal law is uncertain;<sup>7</sup> nevertheless, both federal and state courts have developed exceptions to the estoppel doctrine.<sup>8</sup>

Where a patent is declared invalid in a suit involving the patentee and a third party, one exception to the estoppel rule may arise on the theory of failure of consideration. The consideration for an exclusive licensee's promise to pay royalties is the monopoly dependent upon patent validity, as well as freedom from an infringement suit by the licensor.<sup>9</sup> If the patent is judicially declared invalid, the exclusive licensee is evicted from his monopoly; consideration fails and the licensee may assert the patent invalidity decision as

prior art to limit the scope of the claims of the patentee. *Kenyon v. Automatic Instrument Co.*, 186 F.2d 752 (6th Cir.), *cert. denied*, 342 U.S. 820 (1951); *Midland Steel Products Co. v. Clark Equipment Co.*, 174 F.2d 541 (6th Cir.), *cert. denied*, 338 U.S. 892 (1949).

5. *Marston v. Swett*, 82 N.Y. 526 (1880); *Marston v. Swett*, 66 N.Y. 206 (1876). See also *MacGregor v. Westinghouse Electric & Mfg. Co.*, 329 U.S. 402, 413-15 (1947) (dissenting opinion). The courts have analogized the licensee's position to the estoppel of a tenant in possession to deny his landlord's title, *White v. Lee*, 14 Fed. 789 (C.C.D. Mass. 1882), and to that of an agent to claim that money collected in his principal's name was never owed the principal, *Kinsman v. Parkhurst*, 18 How. 289 (U.S. 1855). For a criticism of the validity of both analogies, see Note, 39 HARV. L. REV. 637 (1926).

6. Its beginning is generally traced to *Kinsman v. Parkhurst*, 18 How. 289 (U.S. 1855). See Forkosch, *supra* note 3, at 566; Notes, 48 COL. L. REV. 1101 (1948); 12 GEO. WASH. L. REV. 94, 96 (1943).

7. See *Sola Electric Co. v. Jefferson Electric Co.*, 317 U.S. 173, 175 (1942). The rule is applied in both federal and state courts. *United States v. Harvey Steel Co.*, 196 U.S. 310 (1905); *Eastern States Petroleum Co. v. Universal Oil Products Co.*, 22 Del. Ch. 333, 2 A.2d 138 (Ch. 1938).

8. See notes 10, 13, 16 *infra* and accompanying text.

The jurisdiction of state courts to try patent validity as an issue ancillary to a contract action for royalties is well settled. *E.g.*, *MacGregor v. Westinghouse Electric & Mfg. Co.*, 329 U.S. 402 (1946) (remanded to state court to try patent validity); *Wilson v. Sanford*, 10 How. 99 (U.S. 1850); *Herzog v. Heyman*, 151 N.Y. 587, 45 N.E. 1127 (1897). If the right asserted by the plaintiff is one arising under patent law, the federal courts alone have jurisdiction, 62 STAT. 931 (1948), 28 U.S.C. § 1338 (Supp. 1952); *Pratt v. Paris Gas Light & Coke Co.*, 168 U.S. 255 (1897); *United States v. American Bell Telephone Co.*, 159 U.S. 548 (1895), and citizenship of the parties and the amount involved are immaterial, *Utah Radio Products Co. v. Boudette*, 78 F.2d 793 (1st Cir. 1935). But if the suit arises out of a licensing contract, *i.e.*, anything but infringement, and there is no diversity of citizenship, the state courts alone have jurisdiction, *Albright v. Teas*, 106 U.S. 613 (1882); *Kay Karen, Inc. v. Perlitch*, 87 F. Supp. 784 (S.D.N.Y. 1949).

9. See *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 176 F.2d 799, 808 (1st Cir. 1949), *aff'd*, 339 U.S. 827 (1950); *Marston v. Swett*, 82 N.Y. 526 (1880); *Marston v. Swett*, 66 N.Y. 206 (1876). Note, 48 COL. L. REV. 1101 (1948).

a defense to an action for royalties accruing after such decision.<sup>10</sup> But a non-exclusive licensee is regarded as having bargained only for the right to use the patent free from an infringement suit by his licensor;<sup>11</sup> the licensee neither expects nor receives any exclusive rights dependent upon patent validity. Here a decision of invalidity generally does not constitute an eviction since the licensee will continue to receive protection from an infringement suit by his licensor,<sup>12</sup> dubious as the value of that protection may be.

Another exception to the general applicability of licensee estoppel is based upon antitrust policy. The estoppel rule does not apply if the licensing agreement under which the patentee sues contains a price-fixing or other clause which, in the absence of a valid patent, would be illegal under the antitrust laws.<sup>13</sup> Public interest in free competition demands that the patent be litigated and any estoppel rule to the contrary must yield.<sup>14</sup>

The potentially most effective exception to the estoppel doctrine is frankly based on the public interest in freedom of manufacture unencumbered by invalid patents.<sup>15</sup> If a licensee repudiates the license agreement by clear and unequivocal notice to the patentee, abandoning its protection, he may thereafter assert the invalidity of the patent as a defense to an action for royalties.<sup>10</sup> Admittedly the consideration does not change or fail with the renunciation of the license; repudiation is allowed as a matter of patent policy, inde-

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10. *Drackett Chemical Co. v. Chamberlain Co.*, 63 F.2d 853 (6th Cir. 1933); *Ross v. Fuller & Warren Co.*, 105 Fed. 510 (C.C.N.D.N.Y. 1900); *Marston v. Swett*, 82 N.Y. 526 (1880). See 2 WALKER, PATENTS § 384 (Deller's ed. 1937).

11. *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 176 F.2d 799 (1st Cir. 1949), *aff'd*, 339 U.S. 827 (1950). See Note, 48 COL. L. REV. 1101 (1948).

12. *Appleton Toy & Furniture Co. v. Lehman Co.*, 165 F.2d 801 (7th Cir. 1948), 48 COL. L. REV. 1101; *Thompson Spot Welder Co. v. Oldberg Mfg. Co.*, 234 Mich. 317, 207 N.W. 828 (1926) (no eviction until conflicting circuit court validity decisions resolved by Supreme Court); *Thompson Spot Welder Co. v. Fairbanks Co.*, 37 Ga. App. 774, 141 S.E. 923 (1928) (Supreme Court invalidity decision not eviction). *Contra*: *Drackett Chemical Co. v. Chamberlain Co.*, 63 F.2d 853 (6th Cir. 1933) (invalidity decision in New York District Court held eviction in 6th Circuit).

13. *Sola Electric Co. v. Jefferson Electric Co.*, 317 U.S. 173 (1942); *United States v. Masonite Corp.*, 316 U.S. 265 (1942); *United States v. Univis Lens Co.*, 316 U.S. 241 (1942).

14. *Katzinger Co. v. Chicago Metallic Mfg. Co.*, 329 U.S. 394 (1947); *Sola Electric Co. v. Jefferson Electric Co.*, *supra* note 13. And the estoppel is ineffective even though the suit is not based upon the possibly invalid clause; it is sufficient that it is contained in the license contract. *MacGregor v. Westinghouse Electric & Mfg. Co.*, 329 U.S. 402 (1947). Nor will a covenant not to attack the patent be enforced. *Katzinger Co. v. Chicago Metallic Mfg. Co.*, *supra*.

15. See *Universal Rim Co. v. Scott*, 21 F.2d 346, 349 (N.D. Ohio 1922); *Elgin Nat. Watch Co. v. Bulova Watch Co.*, 281 App. Div. 219, 222, 118 N.Y.S.2d 197, 201 (1st Dep't 1953).

16. *Universal Rim Co. v. Scott*, *supra* note 15; *Armstrong Co. v. Shell Co.*, 98 Cal. App. 769, 277 Pac. 887 (1929). See *Marston v. Swett*, 82 N.Y. 526, 534 (1880); *Elgin Nat. Watch Co. v. Bulova Watch Co.*, *supra* note 15, at 220.

pendent of contract law, so that licensees may challenge patents in the interest of unrestricted manufacture.<sup>17</sup> However, this exception to the general estoppel rule requires that the repudiation be definite.<sup>18</sup> Initially at least, an equivocal stand would permit a licensee to defend an action for royalties with a claim of repudiation and to defeat a suit for infringement by pointing to the license.<sup>19</sup>

The repudiation doctrine, which originated in New York,<sup>20</sup> has not met with wide acceptance.<sup>21</sup> Where there appears neither breach nor consent by the licensor, many courts hold the license contract irrevocable.<sup>22</sup> Since the repudiation doctrine need look neither to the patentee's breach nor consent, these courts deny the doctrine, criticizing it on contract theory as an unjusti-

17. See *Elgin Nat. Watch Co. v. Bulova Watch Co.*, 281 App. Div. 219, 222, 118 N.Y.S.2d 197, 201 (1st Dep't 1953).

18. *Hyatt v. Dale Tile Mfg. Co.*, 106 N.Y. 651 (1887), *aff'd*, 125 U.S. 46 (1888) (reported 125 U.S. 46 at 49 in margin); *Skidmore v. Fahys Watch-Case Co.*, 28 App. Div. 94, 50 N.Y.Supp. 1016 (1st Dep't 1898); *Skinner v. Machine Co.*, 140 N.Y. 217, 35 N.E. 491 (1893). But no notice is required if there has been an eviction. See *Marston v. Swett*, 82 N.Y. 526, 534 (1880).

19. Thus the patentee, whether he chose initially to sue for royalties or for infringement, would be faced with possible dismissal in either suit independent of the validity of his patent, since the patent issue would not be raised. See *Skinner v. Machine Co.*, 140 N.Y. 217, 222, 35 N.E. 491, 492 (1893). Estoppel by record could prevent the licensee's change of defense in the alternative suit by the patentee. See Note, 39 HARV. L. REV. 637, 639 (1926).

Repudiation, like eviction, is never a defense to an action for royalties accrued before such renunciation; until repudiation the licensee has received the bargained-for consideration. *Universal Rim Co. v. Scott*, 21 F.2d 346 (N.D. Ohio 1922); *Armstrong Co. v. Shell Co.*, 98 Cal. App. 769, 277 Pac. 887 (1929). See *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 176 F.2d 799, 809 (1st Cir. 1949), *aff'd*, 339 U.S. 827 (1950).

20. See *Marsh v. Dodge*, 4 Hun. 278 (N.Y. 1875); *Marston v. Swett*, 82 N.Y. 526 (1880).

21. A repudiating licensee has been allowed to challenge patent validity in only a few cases. See, e.g., *Universal Rim Co. v. Scott*, 21 F.2d 346 (N.D. Ohio 1922); *Mudgett v. Thomas*, 55 Fed. 645 (C.C.S.D. Ohio 1893); *Brown v. Lapham*, 27 Fed. 77 (C.C.S.D. N.Y. 1886); *Harlow v. Putnam*, 124 Mass. 553 (1878); *Macon Knitting Co. v. Leicester Mills Co.*, 65 N.J. Eq. 138, 55 Atl. 401 (Ch. 1903). See also *Armstrong Co. v. Shell Co.*, 98 Cal. App. 769, 277 Pac. 887 (1929). Many decisions, while acknowledging the repudiation doctrine, have held that the licensee failed to show repudiation. E.g., *Lathrop v. Rice & Adams Corp.*, 17 F. Supp. 622 (W.D.N.Y. 1936); *Martin v. New Trinidad Lake Asphalt Co.*, 255 Fed. 93 (D.N.J. 1919); *Skinner v. Machine Co.*, 140 N.Y. 217, 35 N.E. 491 (1893). In other cases the recitation of the doctrine is weaker dictum. See, e.g., *Holmes, Booth & Haydens v. McGill*, 108 Fed. 238, 244 (2d Cir. 1901); *Jones v. Burnham*, 67 Me. 93, 98 (1877); *Strong v. Carver Cotton Gin Co.*, 197 Mass. 53, 63, 83 N.E. 328, 330 (1907); *Marston v. Swett*, 82 N.Y. 526, 533 (1880); *Bucky v. Sebo*, 276 App. Div. 545, 547, 95 N.Y.S.2d 769, 771 (1st Dep't 1950).

22. *St. Paul Plow Works v. Starling*, 140 U.S. 184 (1891); *Eastern States Petroleum Co. v. Universal Oil Products Co.*, 22 Del. Ch. 333, 2 A.2d 138 (Ch. 1938); *Eulberg v. Cooper*, 226 Iowa 776, 285 N.W. 131 (1939); *Miller v. O. B. McClintock Co.*,

fied attempt by the licensee unilaterally to rescind the license agreement.<sup>23</sup> But repudiation is admittedly an exception to contract law based upon public policy.<sup>24</sup> And contract principles should be inapplicable.

The estoppel rule on one side and the exceptions thereto on the other are motivated by conflicting desires to protect the patentee in the enjoyment of his property<sup>25</sup> and to secure for the public the advantages of manufacture unrestricted by invalid patent monopolies.<sup>26</sup> Although in theory patents are awarded only for novel contributions to the progress of science and the useful arts,<sup>27</sup> an overburdened Patent Office frequently grants protection to unpatentable inventions.<sup>28</sup> But an invalid unadjudicated patent may cause potential users to secure a license or to refrain from use. Thus the holder of an invalid patent may be able to establish a monopoly, enjoying all the advantages theoretically afforded only to holders of valid patents.<sup>29</sup> But monopolies should be permitted only where they serve a public purpose.<sup>30</sup> The holder of a valid patent is regarded as having contributed sufficiently to the public good through his invention and its public disclosure to warrant grant of a monopoly as a reward and as an incentive to further invention.<sup>31</sup> But the

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210 Minn. 152, 297 N.W. 724 (1941); *Dall Motor Parts Co. v. Packard Motor Car Co.*, 124 Ohio St. 363, 178 N.E. 835 (1931).

Consent of the licensor to termination may be found in the license provisions. *St. Paul Plow Works v. Starling*, *supra*. Consent may also be evidenced by his choice to sue for infringement instead of for royalties. *Ibid.* But a suit in the alternative is not consent. *Crom v. Cement Gun Co.*, 46 F. Supp. 403 (D. Del. 1942).

23. See *St. Paul Plow Works v. Starling*, *supra* note 22, at 196.

24. See *Elgin Nat. Watch Co. v. Bulova Watch Co.*, 281 App. Div. 219, 222, 118 N.Y.S.2d 197, 201 (1st Dep't 1953).

25. See *MacGregor v. Westinghouse Electric & Mfg. Co.*, 329 U.S. 402, 408 (1946) (dissenting opinion); *Elgin Nat. Watch Co. v. Bulova Watch Co.*, *supra* note 24. That a patent is property, see *Wilson v. Rousseau*, 4 How. 645, 673 (U.S. 1846).

For criticism of the view that protection of the patentee's property right is paramount, see HAMILTON, PATENTS AND FREE ENTERPRISE 51-70 (TNEC Monograph 31, 1941).

26. See *Sola Electric Co. v. Jefferson Electric Co.*, 317 U.S. 173 (1942); *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 339 U.S. 827, 836 (1950) (dissenting opinion). See BENNETT, THE AMERICAN PATENT SYSTEM 85 (1943).

27. U.S. CONST. ART. I, § 8, cl. 8; 35 U.S.C. § 101 (Supp. 1952). See 1 WALKER, PATENTS §§ 8, 9 (Deller's ed. 1937).

28. "[The Patent Office's] funds have been scanty, its personnel poorly paid, its staff insufficient for the work. It has had to resort to makeshifts to carry on; and as its task has grown in size and scope, these makeshifts have grown into an institution." HAMILTON, *op. cit. supra* note 25, at 125.

29. See *Aero Spark Plug Co. v. B. G. Corp.*, 130 F.2d 290, 292 (2d Cir. 1942) (concurring opinion). See HAMILTON, *op. cit. supra* note 25, at 111, 139-43; HOAR, *op. cit. supra* note 2, at 277.

30. See *Louisville Gas Co. v. Citizens' Gas Co.*, 115 U.S. 683, 693 (1885). See also cases cited note 31 *infra*.

31. See *United States v. Univis Lens Co.*, 316 U.S. 241, 250 (1942); *Atlantic Works v. Brady*, 107 U.S. 192, 200 (1882). See also *Picard v. United Aircraft Corporation*, 123 F.2d 632, 642 (1942) (concurring opinion), *cert. denied*, 317 U.S. 651 (1942). HOAR, PATENT TACTICS AND LAW 4 (3d ed. 1950).

holder of an invalid patent has made no such contribution and the maintenance of the monopoly is unjustified.<sup>32</sup> The estoppel rule protects both valid and invalid patents from attack by those licensed thereunder. When applied against one licensed under an invalid patent, estoppel reduces the chances of an invalidity declaration, keeping closed the door to use by others.

The repudiation doctrine opens an additional road to patent validity determination. Potential subjection of valid patents to litigation should be irrelevant, for where the public interest and private rights conflict, fairness between the parties is not the touchstone.<sup>33</sup> Yet the doctrine affords the patentee the protection of notice,<sup>34</sup> enabling him to select the appropriate remedy and setting the date to which he can recover royalties regardless of patent validity.<sup>35</sup> And it is unlikely that licensees will repudiate lightly: a patent is presumptively valid and the challenger's burden of proof is heavy.<sup>36</sup> Moreover, patent litigation is usually a costly undertaking.<sup>37</sup> The repudiation doctrine requires the licensee to consider these factors before he gives the unequivocal notice which may force him into litigation.<sup>38</sup>

The doctrine of repudiation may yield only a state court patent validity determination.<sup>39</sup> But every adjudication is in the public interest:<sup>40</sup> if the patent is declared invalid, such declaration may open the way to use of the patent by others<sup>41</sup> and perhaps to an adjudication by the United States

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32. For a suggestion that the continued exaction of royalties by an invalid patent holder would be violative of the antitrust laws, see Note, 47 *COL. L. REV.* 477, 484 (1947).

33. See *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 257 (1945).

34. See text at note 16 *supra*. For a view that alternative pleading and estoppel by record sufficiently protect the patentee, see Note, 39 *HARV. L. REV.* 637, 639 (1926).

35. See note 19 *supra* and accompanying text.

36. 35 U.S.C. § 282 (Supp. 1952). *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 152 F.2d 895 (3d Cir. 1945); *Strong-Scott Mfg. Co. v. Weller*, 112 F.2d 389 (8th Cir. 1940); *Matteawan Mfg. Co. v. Emmons Bros. Co.*, 253 Fed. 372 (1st Cir. 1918).

37. That the costs of challenging patents effectively deter litigation, see *BENNETT, op. cit. supra* note 26, at 106; *HAMILTON, op. cit. supra* note 25, at 47-8, 111, 141-2; Notes, 61 *YALE L.J.* 98, 103 (1952); 55 *HARV. L. REV.* 950, 957, 969 (1942).

38. A repudiating licensee who wishes to challenge patent validity is faced with the same difficulties as an infringer who wishes to do so. He enjoys no special position after repudiation making his challenge any more onerous to a patentee than that by an infringer. However, a patent licensee, wishing to escape the burden of royalties, may be more willing to engage in litigation than an unlicensed potential user.

39. If the patentee sues for royalties, the suit, in the absence of diversity of citizenship, must be brought in a state court. See note 8 *supra*. If, however, the patentee accepts the repudiation, he may sue for infringement if the licensee has used the patent and the determination will be federal. *Ibid.*

40. See note 1 *supra*.

41. An invalidity decree binds only the parties to the original suit and does not preclude another suit on the same patent involving a different defendant. But a decision of invalidity is usually given great weight in subsequent litigation, discouraging further challenges. See *Triplett v. Lowell*, 297 U.S. 638 (1936); *Mast, Foos & Co. v. Stover Mfg. Co.*, 177 U.S. 485 (1900). See Note, 12 *Geo. WASH. L. REV.* 109 (1943).

Supreme Court.<sup>42</sup> And if it is declared valid, the patentee's monopoly is strengthened, for only the most determined infringers or licensees will contest a patent once judicially declared valid.<sup>43</sup> In this way patent litigation benefits owners of valid patents.

A recent case has, however, undermined the repudiation doctrine in the state of its origin, holding that repudiation is ineffective to avoid licensee estoppel unless the licensee uses the patent after repudiation so the patentee can sue for infringement as an alternative to a royalties suit.<sup>44</sup> This limitation seems unwarranted.<sup>45</sup> True, the patentee cannot sue for infringement unless there has been post-repudiation use by the licensee. But if the license provided for unit royalties only, the patentee could recover nothing without licensee use in any suit. However, if the agreement contemplated minimum royalties, these would be recoverable regardless of use if the patent is declared valid in the royalties suit following repudiation. Thus the repudiation doctrine, minus a use requirement, would merely deny minimum royalties to the holder of an invalid patent licensed to one who fails to use after repudiation. And the use requirement is economically objectionable:<sup>46</sup> it may force the licensee into undesired production if he wishes to avoid liability for royalties by challenging his licensor's patent. If the patent is relatively simple and inexpensive to use, the requirement becomes merely formal. But if use is costly, the requirement places an additional expense upon the licensee which, together with the high costs of patent litigation,<sup>47</sup> may force him to abandon any attempt to attack patent validity. Accepting repudiation as a means to further the public interest in patent adjudication and then denying this effect in the absence of licensee use at once opens and shuts the door on an additional way to determine patent validity.

The repudiation doctrine, unhampered by a use requirement, should be recognized as a desirable means for ridding the public of the burden of invalid patents. Such an exception to the general estoppel rule places a more powerful weapon in the hands of patent licensees, enabling private interests to work for the public good.

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42. A determination of invalidity in a state court of last resort would be appealable as a federal question to the Supreme Court of the United States. Cf. *MacGregor v. Westinghouse*, 329 U.S. 402 (1947).

43. See Note, 61 *YALE L.J.* 93, 103 (1952).

44. *Elgin Nat. Watch Co. v. Bulova Watch Co.*, 281 App. Div. 219, 118 N.Y.S.2d 197 (1st Dep't 1953).

45. See *Armstrong Co. v. Shell Co.*, 98 Cal. App. 769, 781, 277 Pac. 887, 892 (1929) (use requirement termed "inconceivable").

46. See 66 *HARV. L. REV.* 1142 (1953).

47. See note 37 *supra*.

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