March 21, 1979

Mr. Papan Devnani
182 Highledge Drive
Penfield, NY 14526

Dear Mr. Devnani:

Mr. Ray Woodrow of Princeton University has asked me to respond to your letter of March 2, 1979 asking for information on achieving your career objectives.

SUPA does publish a newsletter on a quarterly basis but has made no provision for advertisements of the kind in which you are interested. As an alternative I direct your attention to the box in the lower right-hand corner of the attached page from Les Nouvelles, a publication of the Licensing Executives Society. I do not know what the rules are which attach to the services of the Placement Committee of that Society but presume from the advertisement that you would be free to submit your advertisement to them. In any event, I would suggest that you send your inquiry to Mr. John L. Sniado.

Very truly yours,

Howard W. Bremer
President

HWB:rw
Enc.

cc--Mr. Woodrow

marking the products and risking an action for breach.

The court first considered whether defendant, if it continued to use the teachings of the disputed patent in its products and marked the patent number on these products, was liable for royalties while the validity litigation was pending. This issue required an examination of the doctrine of patent marking estoppel in light of the *Lear* decision, which had revoked the doctrine of licensee estoppel and permitted withholding royalties during a patent validity dispute. The court looked to two pertinent post-*Lear* decisions by the Seventh Circuit.

In *Crane Co. v. Aeroquip Corp.*, 364 F. Supp. 547 (N.D. Ill. 1973), *aff'd in part and rev'd in part,* 504 F.2d 1086 (7th Cir. 1974), the trial court approved of continuing to mark a product with the patent number while withholding royalties pending a determination of infringement and patent validity (the defendant had been marking the products as a result of an earlier consent decree settling an infringement action). Once the patent was found valid, however, the court applied and imposed patent marking estoppel liability for the royalties notwithstanding a concurrent finding that the patent was not infringed.

On appeal, the Seventh Circuit avoided deciding the marking estoppel issue when it found the patent infringed.

In *Kraly v. National Distillers and Chemical Corp.*, 319 F. Supp. 1349 (N.D. Ill. 1970), *aff'd,* 502 F.2d 1366 (7th Cir. 1974), both the trial court and the circuit court ordered royalty payments notwithstanding a finding that the patent was invalid. These courts thought it inequitable to permit the licensee to pay no royalties while continuing to receive the benefits of marketing its products with the patent number marked on them, even when the patent ultimately was found invalid. In *Kraly,* the courts recognized that after a finding of invalidity, future enforcement would become inappropriate; but equally inappropriate, they noted, would be the licensee's ability to mark without payment of royalty for the time period it marked.

The court found the *Kraly* decision persuasive.

> [I]t offers excellent equitable reasons for requiring payment when a licensee's product is stamped with a challenged patent.

The court felt that *Lear* did not prohibit such a ruling.

Next the court considered whether the defendant would be liable for breach of contract if it stopped marking the patent number on its products and the patent was subsequently found valid. The court, stated it did "not want to remove the incentive to the defendant for challenging what may be an invalid patent," and allowed defendant to discontinue marking its products. Simultaneously, the court enjoined plaintiff to terminate the sales agreement until final adjudication of the case. Defendant was ordered to pay royalties accruing from the future sale of the unmarked products into an escrow fund to make the royalties readily available in the event the patent was upheld.

PRELIMINARY INJUNCTION PROHIBITING ENFORCEMENT OF A FIELD RESTRICTED LICENSE VACATED BECAUSE EXCLUSIVE LICENSEE WAS DEPRIVED OF BENEFIT OF ITS INVESTMENT

Munters Corp. v. Burgess Industries, Inc., _____ U.S.P.Q. _____ (2d Cir., June 2, 1976)

In a declaratory judgment action Burgess obtained a preliminary injunction permitting it to use Munters' patented filling material in evaporative cooling equipment. Earlier, Burgess had sought in vain a license from Munters to use the filling material for this purpose (Burgess was licensed to use the material it purchased from Munters in other ways). Munters had granted an exclusive license for use in evaporative cooling equipment to Buffalo Forge, a codefendant. The declaratory judgment action was based on alleged antitrust violations (field of use restrictions on a purchasing licensee).

On appeal the Second Circuit vacated the preliminary injunction, disagreeing with the district court's conclusion that "the equities tipped decidedly in favor of Burgess." Rather, Buffalo Forge stood to lose much more, if the injunction continued, than Burgess stood to lose if it did not.

The circuit court noted that Burgess had accepted orders for cooling systems incorporating the patented fill long *after* it knew of the exclusive license with Buffalo Forge. Furthermore, though its profits would be decreased, Burgess could fulfill the orders by purchasing from Buffalo Forge air coolers incorporating the material. If Burgess later won this suit, either of the defendants was financially capable of responding in damages. Hence, the preliminary injunction was not of critical importance to Burgess.

Buffalo had invested some $128,000 in developing the patented fill for use in evaporative coolers. The injunction would have permitted Burgess to capitalize on this development and sell to customers who otherwise would have had to buy from Buffalo. This loss of customers would hurt Buffalo's chances of getting its short-term exclusive license renewed because renewal was tied to rising purchases of the patented fill.

The circuit court concluded:

> We fail to see in this situation any balance of the equities in favor of Burgess, let alone a decided tilt.

Authors' Note:

On its face this case involves post-sale restraints imposed on Burgess, as a purchasing licensee. Restrictions on a purchasing licensee are being vigorously attacked by the Justice Department as *per se* antitrust violations. See, the *Ciba* case abstracted above.

Extra Back Copies?

The call is out for back issues of Les Nouvelles. ***Our stock of many older issues ran out long ago. Because LES societies are gaining new members more quickly than anticipated, the stock of current issues — March and June 1976 — also has been depleted. If you are one of the lucky ones with extra copies of back issues, won't you please send them to the editor so they can be made available to members in need. Please send to:***

J. S. Ott
Editor, Les Nouvelles
1225 Elbur Avenue
Cleveland, OH 44107

PLACEMENT OPPORTUNITIES

Jobs anyone? The services of the Placement Committee of LES U.S.A. are available to applicants looking for positions in the licensing field. Please send your resume (five copies preferably) to the Chairman of the Placement Committee:

John L. Sniado
Director,
Patents and Licensing
Kennecott Copper
Corporation
161 East 42nd Street
New York, New York 10017

Companies or firms looking for licensing personnel are invited to send their requirements in confidence to the Chairman of the Placement Committee at the above address. The Placement Committee matches the resumes received with the requirements of the various available openings. Resumes that appear to meet the requirements of any available openings are then forwarded for consideration.