



UNIVERSITY OF
MARYLAND
SCHOOL OF LAW

**PATENT LAW
UPDATE**

***Golan
v.
Pingel Enter.,
Inc.***

No. 01-1626
Federal Circuit
Nov. 7, 2002

“[P]atentees do not violate the rules of fair competition by making accurate representations, and are allowed to make representations that turn out to be inaccurate provided they make them in good faith.”

On November 7, 2002, the Federal Circuit, *inter alia*, affirmed the district court’s summary judgment dismissing Golan’s antitrust, unfair competition, and tort claims because Pingel made no actionable false or misleading statements by alleging infringement of U.S. Patent No. 4,250,921, No. 363,533 (design), and the Power-Flo trademark, which all related to petcocks, or after-market motorcycle fuel valves for Harley-Davidson motorcycles. The Federal Circuit stated:

In general, “federal patent law bars the imposition of liability [under federal or state law] for publicizing a patent in the marketplace unless the plaintiff can show that the patent holder acted in bad faith.” “[A] patent owner has the right to . . . enforce its patent, and that includes threatening alleged infringers with suit.” [P]atentees do not violate the rules of fair competition by making accurate representations, and are allowed to make representations that turn out to be inaccurate provided they make them in good faith. Nevertheless, if the party challenging such statements under state or federal law presents clear and convincing evidence that the infringement allegations are objectively false, and that the patentee made them in bad faith, viz., with knowledge of their incorrectness or falsity, or disregard for either, the statements are actionable and are not protected by the existence of a patent. . . .

While notifying infringers without intending to file suit may be an example of bad faith, it is not dispositive. The decision to initiate a lawsuit often includes business-related considerations. [A]patentee might have a good faith belief that a competitor’s product infringes the patent but, for business-related reasons, determines the financial cost of enforcing the patent outweighs the recoverable damages. In such a circumstance, a patentee may elect to attempt to enforce the patent – for example by aggressively asserting its patent rights – and never intend to file suit. This conduct is authorized under the patent laws in the absence of falsity or incorrectness, or disregard for either. Indeed, such conduct is commonly the first step taken to enforce one’s patent rights. . . .

A party that knowingly asserts an expired, and therefore unenforceable, patent results in a clear case of bad faith. However, the record shows that Pingel was told by at least one attorney that the ‘921 patent did not expire until April 23, 1999. It was only at some point well after . . . that Pingel became aware that the advice it received from the attorney was incorrect. While the reliance on the attorney’s calculation of patent term clearly does not affect the expiration of the patent, it does negate an inference that Pingel was asserting a patent it knew to be expired, and accordingly negates a finding of bad faith. . . .

Pingel came to a determination of Golan’s infringement in consultation with his patent attorney and later consulted with two other attorneys, both of whom confirmed that the issues were close. [E]ach attorney stated that although Pingel’s case might not be particularly strong, the issues were “close.” Thus, we find that the evidence does not clearly show that Pingel knew the ‘921 patent was invalid at the time it asserted infringement or that Pingel had no reason to believe that Golan did not infringe any of Pingel’s asserted patents.