



Zenith Elecs. Corp. v. Exzec, Inc., 182 F.3d 1340 (Fed. Cir 1999)

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CASE HISTORY

Zenith and Elo Touch sued Exzec for infringement. Exzec counterclaimed Elo Touch violates the federal and state unfair competition laws. Elo Touch moved to dismiss the claims. The district court denied the motion. Elo Touch appeals.

CASE FACTS

- Zenith and EloTouch sued Exzec for infringement.
 - The patent covers computer touch panel.
- Exzec counterclaimed based on the federal and state unfair competition laws.
 - federal law: 43(a) of the Lanham Act
 - state law: Illinois common law
- Exzec alleges that Elo Touch made false representations:
 - (1) of patent infringement;
 - (2) of Exzec's inability to design around the patents.
- Elo Touch alleges that the federal and state unfair competition laws are preempted by federal patent laws.

ISSUE

- (a) Does the federal unfair competition claim conflict with and is preempted by federal patent laws?
- (b) Is the state unfair competition claim preempted by the federal patent laws?

HOLDING

- (a) No
- (b) No, if the patent holder acted in bad faith.

ANALYSIS

1.

- The preemption focuses on the conflict between state and federal law.
 - i. does not apply to federal laws

- A patentee is deprived of the right to make a statement about potential infringement, if the statements are made in bad faith.
- Both the acts of (1) and (2), if made in bad faith, are liable under 43(a) of Lanham Act.

2.

- If a patentee acted in bad faith, the state unfair competition claim is not preempted.

CONCLUSION

- The district court determined that Exzec established bad faith and the correctness of the determination is not argued by the plaintiff; therefore, CAFC affirms.

NOTE

- CAFC's exclusive jurisdiction over matters arising in whole or in part under the patent laws is not defeated by the fact that the patent claims have been dismissed with prejudice.