

*Deviated, Unsound, and Self-Retreating: A Critical Assessment of Princo
v. ITC en banc Decision*

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The licensing dispute between Philips and Taiwan CD-R/RW manufacturers has been a powerful generator of new developments in the field of patent and competition worldwide, which culminates at the *Princo* en banc decision of the Fed. Cir. in 2010. By adding new elements to the current governing test, Fed. Cir. confined the patent misuse doctrine to one simplified scenario: the patent owner's restrictions on licensees. This holding substantially constrained the scope of this doctrine to narrower than antitrust law, significantly transforming the landscape of patent misuse. It appears to be another important step of the Fed. Cir. to restrain the strength and scope of the misuse doctrine, but no logical and convincing reasoning provided in this decision.

Through detailed analysis of the *Princo* decision, this paper finds that the previous decisions from Fed. Cir. and other appellate courts could not substantiate the holding of this case. It also deviated from the Supreme Court precedents, which emphasized the policy behind patent misuse is to prevent patent owners from transgressing the boundary of the patent grant as set by the USPTO. The court also ignored the importance of equitable nature long since embedded in the misuse doctrine. Through curtailing substantially the misuse doctrine, Fed. Cir. might force courts to enforce inequitable misbehaviors of the patent holder against alleged infringers, and compress discretionary flexibility necessary to encompass unpredictable kinds of misuse practices. From functional perspective, the court's ruling retreats from suppressing certain patent abuse, creating inevitable gaps and disjuncture with antitrust law. The misuse doctrine needs to be refined, not least adding a new requirement on standing to confine it only for the infringers suffering from the misuse to assert, but not a substantially curtailment. A careful reconsideration of this case hence may be necessary.

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