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IN THE
UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS,
EASTERN DIVISION

UNIVERSITY OF ILLINOIS FOUNDATION,)
Plaintiff and Counterclaim Defendant,)

vs.)

BLONDER-TONGUE LABORATORIES, INC.,)
Defendant and Counterclaimant,)

vs.)

JFD ELECTRONICS CORPORATION,)
Counterclaim Defendant.)

CIVIL ACTION

No. 66 C 567

ANSWERING BRIEF OF PLAINTIFF
AND COUNTERCLAIM DEFENDANT
UNIVERSITY OF ILLINOIS FOUNDATION
TO COUNTS I, II & III OF COUNTERCLAIM

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I. INTRODUCTION

In counts I, II and III of its counterclaim, defendant Blonder-Tongue (hereinafter B-T) has charged the University of Illinois Foundation (hereinafter Foundation) and JFD Electronics Corporation (hereinafter JFD) with various acts of unfair competition, antitrust violation, and patent infringement. The charges made are specious and untenable. None of these allegations has been proved by any persuasive evidence. Rather, B-T's entire argument is based on semantic hair-splitting, unsupported and unreasonable conjecture, and self-serving declarations having no basis in fact or any support in the record of this case.

Most of the so-called "evidence" which B-T offers in support of its allegations concerns actions which were taken solely by JFD, such as the JFD advertising campaign, the purported patent mismarking of JFD's products, the purported raiding of key B-T personnel, the purported attempt to force customers to buy unpatented items from JFD, and the purported infringement of B-T's patent. Only in connection with the release of news items concerning litigation instituted by the Foundation, in the bringing of this suit against B-T in this Court, and in the prosecution of the parent application of Mayes et al. patent Re. 25,740 in suit is the Foundation accused of actually taking any positive action complained of by B-T. None of these acts by the Foundation can conceivably give rise to a cause of action against it by B-T. Nevertheless, B-T seeks to find the Foundation liable on the unfounded charges of the counterclaim because the Foundation and JFD "entered into a commercial business arrangement, including a license agreement" (B-T's Counterclaim, paragraph 5). On such flimsy evidence, B-T makes the serious charge that the Foundation and JFD conspired to restrain competition (Counterclaim, paragraph 7) and to violate the antitrust laws (Counterclaim, paragraphs 8 and 9). The Foundation is even accused of infringing B-T's patent No. 3,259,904 by making, offering for sale, and selling antennas covered by B-T's patent

(Counterclaim, paragraph 14), even though the Foundation does not make or sell any commercial products (Tr. 1168).

The proof offered by B-T in support of its allegations does not support any aspect of the above charges. Neither the Foundation nor JFD, alone or in concert, has committed any acts which give B-T any cause of action whatsoever. Moreover, the evidence adduced by B-T establishes that the only relationship between the Foundation and JFD was that of licensor and licensee under a conventional patent license agreement (DX-44, 45). B-T has offered absolutely no evidence of any conspiracy between the Foundation and JFD which could conceivably give rise to any liability to B-T, especially on the part of the Foundation.

In the following sections of this brief, we will comment on the specific arguments and the evidence relied on by B-T and will show that these arguments have no substance. B-T's contentions are in fact so groundless that an award of attorneys' fees should be made to the Foundation for its expense in defending against these baseless charges.

II. ARGUMENT

1. ACTIVITIES OF THE FOUNDATION

The charges made against the Foundation must be viewed with its not-for-profit activities as background. The Foundation is a not-for-profit corporation. While it functions primarily to raise funds for use by the University of Illinois and its students, it is entirely independent of and is not controlled by

the University (Tr. 1159-60). The Foundation obtains patents on inventions of the faculty, staff or others associated with the University and licenses such patents with the revenue from the licenses being used for the benefit of the University and its students.

The only business arrangement which the Foundation has with JFD is the patent license, DX-45 (Tr. 1166). The Foundation does no consulting work for JFD. The Foundation-JFD license (DX-45) does not relate to price or other factors which restrict competition but to approved, non-competitive controls of advertising. (See Wisconsin Alumni R. F. v. Vitamins Technologists, 41 F.Supp. 857, 867-8 (S.D. Calif., 1941), reversed on other grounds, 146 F.2d 941). Furthermore the Foundation engages in neither the manufacture nor sale of antennas (Tr. 1168).

2. THE JFD ADVERTISING CAMPAIGN

Blonder-Tongue's argument regarding the advertising campaign carried out by JFD and its effect on the understanding of the reader is not supported by the evidence. Typical of B-T's immaterial argument is the discussion on pages 8, 9 10 of its brief concerning whether JFD's LPV antenna was developed by the Antenna Research Laboratory of the University of Illinois. It is not really significant whether JFD's commercial version of the log-periodic dipole antenna was developed in this form by the University or whether the

commercial product merely incorporated the generic invention made at the University. The fact is that JFD was licensed to produce in commercial form an invention made at the University. The effect on the reader is the same in either event.

The nit-picking by B-T is also illustrated by its argument that Dr. Mayes was not a "director" of JFD's laboratory, even though he guided some of the activities of JFD's staff of scientists and engineers (DX-42, page 19) and that the license arrangement with the Foundation was not an "alliance" with the University.

In connection with the argument that JFD knew that the issued patents licensed from the Foundation, as opposed to pending applications, did not cover its commercial products (pages 11 and 12 of B-T's brief), B-T has not shown that JFD knew that these patents did not cover its products at the time the advertisements were prepared.

Although Mr. Finkel may have known as of April, 1964 (DX-42) that its commercial products were not covered by issued patents, there was no indication that he knew this when the advertisements appeared in the trade, or that the use of the wrong patent numbers in the advertisements was anything other than an innocent mistake.

The argument on pages 12-15 of the B-T brief is the grossest sort of unsupported conjecture. B-T lifts

isolated portions of the language from JFD's advertisements and attempts to characterize the "innuendo desired from the readers" as "obvious". The complete documents, of course, are in evidence before the Court and speak for themselves. A fair reading of the entire advertisements shows only that the intended effect was the same as that intended for all advertisements, i.e., to create a desire to buy the advertised products on the part of those reading the ad. Any technical inaccuracies or exaggerations in these advertisements are merely the usual "puffing" to be found in practically all advertising, and which is not actionable in the absence of a showing of special damages. Smith Victor Corp. v. Sylvania Electric Products, Inc., 242 F.Supp. 302, 308, 312 (N.D. Ill. 1965).

We believe the evidence clearly indicates that JFD's advertising campaign contained nothing improper or deliberately misleading. What is clear and certain, however, is that the Foundation played no part in this advertising campaign other than reviewing the proposed advertisements for improper use of the name of the Foundation or of the University, in accordance with the provisions of the license agreement.

Rather than showing that any concerted plan or conspiracy to compete unfairly with anyone or to violate the antitrust laws existed between JFD and the Foundation, the

evidence shows exactly the opposite. Although JFD was possibly remiss in not submitting its proposed advertisements for review as required by its contract (Tr. 1173, 1174), the evidence shows that when the Foundation had this opportunity, it insisted that all even slightly misleading allegations therein be rectified so as to avoid any untrue impressions that the reader might receive. The exchange of correspondence (DX-30) between JFD and the Foundation gives evidence of the Foundation's efforts in this respect. These letters, far from indicating that JFD and the Foundation were involved in a conspiracy to violate the antitrust laws, show rather that the Foundation did its utmost to avoid any misrepresentations. Regardless, therefore, of whether the actions of JFD constituted unfair competition or antitrust violations, which has not been established, in no event can the Foundation be considered to have played any role in these matters which would create any liability to B-T.

3. THE NEWS RELEASES

In its argument (Brief, pages 16-21) concerning the news releases emanating from the Foundation and the fact that this suit was instituted against B-T, B-T loses sight of the facts.

There was nothing improper about the news releases emanating from the Foundation announcing the suits which the Foundation had brought for infringement of its log-periodic antenna patents. These releases stated only in an entirely

proper and factually correct manner the truth concerning suits instituted by the Foundation to enforce its patents. The propriety of such news releases is well established by numerous cases, for example, Hayes Spray Gun Co., v. E. C. Brown Co., 291 F. 2d 319, 327 (9th Cir. 1961); Coats Loaders & Stackers, Inc. v. Henderson, 233 F. 2d 915, 926-927 (6th Cir. 1956); Bryan v. Sid W. Richardson, Inc., 254 F.2d 191, 198 (5th Cir. 1958). The statement of the Court in Waco-Porter Corp. v. Tubular Structures Corp., 220 F.Supp. 724, 725-726 (Southern Dist. Cal. 1963) is particularly pertinent:

"Under the correct interpretation of the notice in question, the plaintiff does not really charge infringement in this notice, but plaintiff merely states that plaintiff has commenced this action for infringement of patents, trade-marks, breach of contract, and unfair competition, in which the complaint charges defendants with the infringement of the five named patents and other civil wrongs. With the exception of certain technical inaccuracies, the statements made in the notice are true statements, and anyone has the right to inform the trade truthfully about a court action he has brought against another and to state that in his complaint in the action he has charged the other with infringement. This is like reporting events; it amounts to a true statement of fact whether or not the plaintiff prevails in the case and the allegations of the complaint are proved." (Emphasis added.)

Also pertinent is the statement of the court in Bryan v. Richardson, supra, page 7:

"Each defense having thus successively collapsed, Bryan retreats now to the last, but favorite isle of resistance, to claim

that while found to be a poacher he may nonetheless keep his game because the patent owner has been guilty of monopolistic abuses. This was certainly a fact issue and the Court by findings not clearly erroneous resolved it against him. In the main it was nothing more than the lament that the patentee had given written (and oral) notices to several oil companies, as prospective users of Bryan's device, that the machine infringed on these patents. A patentee has that right, Robertson Rock Bit Co. v. Hughes Tool Co., 5th Cir. 176 F.2d 783, 785; Gillman v. Stern, 2nd Cir., 114 F. 2d 28, 32." (Emphasis added)

B-T appears to find something sinister in the fact that this lawsuit was commenced in this District. In arguing that suit was brought here solely for the purpose of permitting the Foundation to issue news releases concerning the suit intended to intimidate prospective customers (Brief, page 19), B-T is deliberately ignoring the facts. This suit was originally brought against both B-T and Allied Radio Corporation, a Chicago retailer of B-T's products. Regardless of whether B-T might have been able to have the suit against it dismissed for improper venue, Allied Radio could not have done so. The action against Allied Radio was proper in all respects. Since, however, the Foundation's ultimate quarrel was not with Allied Radio but rather with Blonder-Tongue, the manufacturer of the accused antennas, B-T was named also as a party. Whether venue under the provisions of 28 U.S.C. 1400 was proper is immaterial. B-T entered its appearance and thereafter the Foundation dismissed the action against Allied Radio in order to permit a resolution of the issues

between the principals and avoid inconveniencing B-T's customer.

In this connection, it should be remembered that Rule 3 of the Federal Rules of Civil Procedure provides that "A civil action is commenced by filing a complaint with the court." There was, therefore, nothing either untrue nor misleading in the news release issued by the Foundation which stated that suit had been instituted against Allied Radio and Blonder-Tongue.

As in the Bryan v. Richardson case quoted above, B-T has retreated "to the last but favorite isle of resistance, to claim that while found to be a poacher, he may nonetheless keep his game because the patent owner has been guilty of monopolistic abuses." The factually correct notices of infringement actions brought by the Foundation to enforce its patents are proper under the law.

4. THE PROCURING OF THE MAYES AND CARRELL PATENT

B-T has charged the Foundation with perpetrating a fraud in the Patent Office (Brief, page 25) by reason of the affidavit under Patent Office Rule 131 which was filed during the prosecution of the Mayes and Carrell application (DX-12). The evidence does not support B-T's charge in any respect.

Specifically, B-T charges that both Dr. Mayes and the Foundation's counsel knew of the existence of two

reports, DX-8 and DX-23, which B-T alleges were "published" more than a year prior to the filing date of the Mayes et al. application. It should be noted that B-T is not alleging that these reports were anticipating or invalidating references in themselves, since if this could be shown, the Mayes et al. patent would be invalid regardless of the manner in which the prosecution of the application was conducted. Under these circumstances, the proper approach to the issue is that taken by the Court in Technograph Printed Circuits, Ltd. v. Bendix Aviation Corp., 218 F.Supp. 1, 47 (D. Md. 1963), affirmed 327 F.2d 497 (4th Cir. 1964):

"The court considers it to be unnecessary to characterize the conduct of the prosecution of the United States Patent applications. The Pilkington, Whilems and Paragon patents have previously been discussed. If they negate novelty, they support the conclusions of invalidity; if they do not, plaintiffs' conduct, however denominated, was ineffective and therefore harmless."

Since the issue has been raised, however, we will discuss it as presented by B-T. In order for this argument to succeed, both of the following must be established:

1. That Mayes et al. were under an obligation to cite these references to the Patent Office, assuming that their existence as "publications" was known.
2. That Mayes et al. knew or should have known that these reports were "publications" prior to September 30, 1959, (i.e., a year before

the filing date of the Mayes et al. patent application), yet they intentionally or recklessly failed to bring these references to the attention of the Patent Office.

If either of these points cannot be supported, B-T's argument must fail. If there was no duty to disclose to the Patent Office, the failure to do so, whether intentional or accidental, cannot be considered a fraud. Even if there were such a duty, a failure to disclose because of good faith ignorance of the facts cannot be considered fraudulent conduct.

B'T's argument falls on both grounds.

Mayes et al. did not misrepresent any fact to the Patent Office during the prosecution of the Mayes et al. patent. All of the allegations made were true, and even B-T has not alleged otherwise. The affidavit under Rule 131, which merely shows a completion of the invention prior to the publication date of a reference cited by the Patent Office, contains no allegation that Mayes et al. knew of no other reference with an equivalent disclosure of an earlier date, nor do the rules of the Patent Office require any such allegation. The question which really underlies the issue is the obligation of an applicant for a patent to disclose his knowledge of the existence of references not cited by the Patent Office which may possibly be pertinent to the prosecution of the application. The law on this point

is that, with the exception of references disclosing the identical invention (i.e., references which anticipate the invention), an applicant is under no obligation, legal or equitable, to cite references for consideration by the Patent Office. Wen Products, Inc. v. Portable Electric Tools, Inc., 367 F. 2d 764, 767 (7th Cir. 1966); Admiral Corp. v. Zenith Radio Corp., 296 F.2d 708, 716-717 (10th Cir. 1961). An applicant's duty to disclose references which anticipate his invention arises by reason of the oath which he must make under 35 U.S.C. §115* that he believes himself the original and first inventor. United States v. Standard Electric Time Co., 155 F.Supp. 949, 951 (D. Mass. 1957). Obviously, if he knows of an anticipating reference, he cannot believe himself to be the first inventor and therefore violates his oath. An applicant is under no obligation, however, to disclose his knowledge of references which might be considered suggestive or pertinent (but not anticipating) by the Patent Office. As the Court said in United States v. Standard Electric Time Co., 155 F.Supp. 949, 952 (D. Mass. 1957), appeal dismissed, 254 F.2d 598:

"There has been no showing that under any statute, or rule of the Patent Office, or professional custom, or canon of ethics there is any explicit or implicit obligation resting upon an applicant for a patent of his

* "The applicant shall make oath that he believes himself to be the original and first inventor of the process, machine, manufacture, or composition of matter, or improvement thereof, for which he solicits a patent; and shall state of what country he is a citizen.****"

solicitor to disclose to the Patent Office all the material which he has used in evolving the invention he claims. Cf. Becton-Dickinson & Co. v. Robert P. Scherer Corp., D.C.E.D. Mich., 106 F.Supp. 665, 674-675, affirmed 6 Cir., 211 F.2d 835.

The applicant's obligation under 35 U.S.C. §115 and under former Rule 46 was to state whether to the best of his knowledge and belief the invention has been described in any printed publication. Of course, a putative inventor must disclose any printed publication which he either knows or believes describes the very invention claimed. United States v. American Bell Telephone Co., 128 U.S. 315, 355-356, 9 S.Ct. 90, 32 L.Ed. 450. More than this, if he knows of a printed publication which plainly describes his claimed invention, or comes so close thereto that every reasonable man would say the invention claimed was not original but had been anticipated, then regardless of his personal view that he is the original inventor, he will not be excused for his failure to disclose his knowledge. But the applicant has no duty to cite every publication of which he knows, or which he has used, merely because the publication is one likely to be referred to by a vigilant examiner in the Patent Office, or by a rival in an interference or other proceeding. It is not the object of the quoted statute or rule to supply all available evidence to the Patent Office, or to force the applicant to set up what he regards in good faith as straw men which he reasonably and in good faith believes he can knock down." (Emphasis added.)

Mayes et al. were under no obligation to bring any references to the attention of the Patent Office, unless the references were anticipatory. For this reason, they cannot be considered as having done anything inequitable in connection with the prosecution of the patent application, even if they knew that the reports in question were "publications" within the context of the patent law. The latter point,

however, is also crucial to B-T's argument and cannot be supported from the evidence. B-T assumes that merely because these reports were in existence and because Dr. Mayes knew of their existence, the reports automatically became legal "publications". It should be noted that when issued, the reports in question did not have the characteristics typical of most printed publications, i.e., books, journal articles, printed pamphlets and the like which are widely distributed in great numbers. Rather, the University of Illinois reports in question were circulated only among a small group of individuals and organizations named on the circulation list at the end of each report. Under similar circumstances, reports of this type have been held not to be "publications", even though there were no restrictions on the circulation and the reports could well have been available to the general public. See Ex parte Suozzi, 125 U.S.P.Q. 445, 447 (P.O. Bd. of App. 1959):

"At best, even assuming that there was no prohibition against the author of the report, or the named or other official recipients of copies thereof, from giving copies or imparting information contained in said report to others who would be classed as the public in general, this would be merely permissive and would not show unequivocally that there was in fact any publication of the report on the July 15, 1953 date here of concern." (Emphasis added.)

Although Dr. Mayes knew that these reports had been prepared, it cannot be said and it certainly has not been demonstrated that he knew or should have known that

they had achieved legal status as "publications" at the time the affidavit was made. Accordingly, B-T's argument falls on its second critical part, that of showing that Mayes et al. had knowledge of the facts at the time their allegedly fraudulent conduct occurred.

Although B-T further alleges that the Foundation's counsel "knew of these earlier publications which Mayes could not have sworn back of", this is not true, and there has been no evidence offered in support thereof.

B-T's argument on pages 25 and 26 of its brief, to the effect that Dr. Mayes admitted he could not swear back of Isbell's invention, appears to be a deliberate attempt to mislead the Court. At no time has Dr. Mayes alleged that he made his invention prior to Isbell, or that he had no knowledge of Isbell's invention. The issue is not whether the invention of Mayes et al. preceded that made by Isbell but whether the Mayes et al. invention was made prior to the publication cited by the Patent Office. The fact, therefore, that Dr. Mayes admitted that Isbell's invention preceded his is immaterial.

The prosecution of the Mayes et al. patent can under no stretch of the imagination be considered as constituting a fraud in the Patent Office, because:

1. Although Mayes et al. knew of the existence of the prior reports there is no evidence that they knew or should have known that

these reports had achieved legal status as "publications". There is further no evidence that the Foundation's counsel had any knowledge whatsoever of these publications which might have created a duty to inquire as to the status.

2. Even assuming that Mayes et al. knew that these reports were "publications" (a fact which has not been demonstrated), they had no obligation to convey this information to the Patent Office, since the reports did not disclose their invention. An applicant cannot deliberately misrepresent facts to the Patent Office, but he has no duty to call attention to outstanding prior art within his knowledge unless such prior art constitutes an anticipation of the invention.

5. THE OTHER CATALOGUED CHARGES DO NOT INVOLVE THE FOUNDATION

No purpose would be served by the Foundation's answer to those charges made solely against JFD, such as alleged mismarking, alleged personnel raiding and alleged JFD customer practices other than to state that the evidence adduced by B-T does not support the charges against JFD. Furthermore there is absolutely no evidence tying in the Foundation with any of the accused actions by JFD.

B-T apparently recognizes the deficiency in its proof since it devotes pages 33-36 of its brief to an attempt to prove that the Foundation "is not a mere licensor". The evidence, however, establishes that although the Foundation might have not been "aloof" (Brief, page 36), it was nevertheless only a licensor in its relationship with JFD, and B-T's arguments and purported evidence prove nothing to the contrary.

B-T alleges that a licensor "does not permit its name to be used for advertising", but gives no support for this statement. Although the license agreement with JFD provided that the authorization to use the name of the University of Illinois or the Foundation in JFD's advertising would not be unreasonably withheld, there is nothing in this provision that would alter the relationship of licensor and licensee which existed between the Foundation and JFD. The Foundation played no active role in any of the activities carried on by JFD in its business and its only connection with these activities was supervising the manner in which reference to the University and to the Foundation was made in JFD's ads (Tr. 1166).

The other activity about which B-T complains as indicating the Foundation was something more than a licensor, is the issuance of news releases concerning suits against infringers of the Foundation patents. As previously discussed

in this brief, however, such news releases are perfectly proper and do not support any conclusion that the relationship of licensor-licensee between the Foundation and JFD was changed to that of partners or co-conspirators, as B-T would have this Court believe.

Similarly, the affidavit filed on behalf of Mayes et al. during the prosecution of the Mayes et al. patent was perfectly proper, as previously discussed. The evidence that the Foundation tried "to obtain patents for use as weapons by a licensee through any means, foul or fair, in the Patent Office" exists only in B-T's imagination.

There is no evidence whatsoever that JFD ever considered the Foundation to be anything other than a licensor, regardless of B-T's allegations on pages 35 and 36 of its brief. The manner in which JFD regarded the relationship between the Foundation and JFD is quite evident from the following portion of the deposition of Mr. Finkel (DX-42, page 20):

"Q. Is it fair to say that you regarded your relationship with any of the University or University Foundation people, Professor Mayes and others, as something more intimate than just a bare license arrangement?

"A. Absolutely not.

"Q. You did not?

"A. It was strictly licensing arrangement."

The fact that each of the Foundation and JFD may independently have had a common interest in insuring the

economic success of the licensing program hardly constitutes their relationship as anything more than that of licensor and licensee.

In summary, B-T has not supported any of its allegations. There is no evidence to support any conclusion that the Foundation was anything other than a licensor, aloof or otherwise, or even that B-T was "mortally injured" by any of the actions of JFD or the Foundation, alone or in concert. The fact that B-T's commercial antenna program was not successful could be attributed to any of a number of reasons. There is no evidence that this failure was due to any action of JFD, let alone any act of the Foundation.

6. COMMENTS ON B-T'S SUMMARY OF THE LAW OF UNFAIR COMPETITION AND ANTITRUST.

We have no quarrel with the discussion of the law of unfair competition and antitrust which B-T has set forth on pages 37-44 of its brief. B-T, however, has not shown that the factual situation of the present case corresponds even remotely to any of the situations in which liability was found in the cited cases. B-T has merely shown that certain isolated facts which, in the context of the cited decisions, tended to strengthen the evidence of the existence of a conspiracy or some other violation giving rise to liability, also exist in the present case. We do not question, for example, that in a situation where substantial evidence of a conspiracy exists, a pattern of acquiring all important

patents in its field, as in the Kobe case, is additional evidence of a violation of the antitrust laws. Similarly, overstated patent marking or representations of non-existent patent protection, in a proper situation, could well be additional evidence of unfair competition. This is not to say, however, that an innocent mistake in patent marking or a truthful news release concerning patent litigation or any of the other individual factors which B-T refers to in the instant case establish a conspiracy. As the Court said in the Electrolux case cited (Brief, page 37) by B-T, an actionable case of unfair competition or antitrust violation does not depend on the presence or absence of any particular individual actions, but rather on the entire picture which develops from the evidence. It is, therefore, really pointless to consider individually the cases cited by B-T relating to the peripheral factors which may tend to strengthen the conclusion that a conspiracy exists.

In this case there has been absolutely no evidence of a conspiracy between the Foundation and JFD. Any misstatements of fact in JFD's advertising were either good faith mistakes or non-actionable "puffing". Further, as we have previously shown, the news releases concerning litigation instituted by the Foundation were perfectly proper, since as B-T concedes, there is "nothing improper in bringing lawsuits against infringers" nor in truthfully reporting this fact to the trade. We might add that

there is also nothing improper in threatening infringers with suit provided this is done in good faith. There is no evidence shown of any threat made by the Foundation against an infringer which did not have a firm basis.

In fact, most of the threats made by the Foundation have been subsequently followed with the institution of litigation.

7. INFRINGEMENT OF BLONDER ET AL. PATENT 3,259,904

The basis on which B-T alleges that the Foundation has been guilty of infringement of the Blonder et al. patent 3,259,904 is obscure, particularly since the uncontradicted evidence is that the Foundation does not make or sell any commercial antennas (Tr. 1168) and therefore has not committed any acts which could be considered infringements of this patent. The only connection which has been demonstrated in this case between the Foundation and JFD, and which the Foundation concedes, is that of licensor and licensee. B-T states no facts or cites any law which would support its charge of infringement against the Foundation.

On page 54 of its brief B-T states that "each of JFD and the University of Illinois Foundation have received financial return for use of the Blonder-Shenfield invention in the changed line of JFD antennas and are liable to B-T for damages." If this is the basis for its charge, it is a complete non-sequitor. This statement presumably refers to the fact that JFD, like every other licensee, pays royalty

to the owner of a patent under which it is licensed. To the extent of its royalty income, the Foundation does, in fact, receive a financial return from the sale of JFD antennas licensed under the Foundation's patents. The royalty, however, arises from the use of the Foundation's patent by JFD and not the use of the Blonder-Shenfield invention, even assuming that JFD's products infringe the Blonder et al. patent, which has not been established by the evidence in this case. The allegation that the licensor of a patent is liable for the infringement by his licensee of a patent to a third party because of his receipt of "financial return" in the form of royalties is a novel argument which, not unexpectedly, B-T has not supported with any law. The argument is, of course, wishful thinking by B-T which has no support in fact or law and which is clearly insufficient to establish any liability to B-T on the part of the Foundation.

8. FOUNDATION IS ENTITLED TO AN AWARD OF ATTORNEY'S FEES IN DEFENDING AGAINST COUNTS I, II AND III

The charges of unfair competition, antitrust, fraud, patent infringement, etc. which have been made by B-T in Counts I, II and III of the Counterclaim against the Foundation are unwarranted and utterly without any basis, as an analysis of the "evidence" presented by B-T in support of its counterclaim will show. Not even a scintilla was directed to any improper activities of the Foundation in its licensing relationship with JFD. While the lack of support for B-T's charges

was particularly flagrant in the count relating to antitrust law violation,* it is also evident in the charges of unfair competition and patent infringement.

While the general rule is that each party must pay his own attorneys' fees, federal courts as part of their historic equity jurisdiction have awarded counsel fees against a party guilty of fraudulent, groundless, oppressive, or vexatious conduct. The Circuit has adopted this principle. As stated in the case of In re Schwartz, 130 F.2d 229, 232 (7th Cir. 1942):

"In actions at law, costs follow the result as of course, but in equity costs not otherwise governed by statute are given or withheld in the sound discretion of the court according to the facts and circumstances of the case, Kansas City So. R. Co. v. Guardian Trust Co., 281 U.S. 1, 9, 50 S.Ct. 194, 74 L.Ed. 659, and may be assessed against a party found to have brought groundless and unwarranted claims causing expense to an estate, Guardian Trust Co. v. Kansas, etc., 8 Cir., 28 F.2d 233, and Sprague v. Ticonic National Bank, 307 U.S. 161, 59 S.Ct. 777, 83 L.Ed. 1184."

See also Continental Can Co. v. Anchor Hocking Glass Corp., 255 F.Supp. 67, 74 (1965) decided by this Court.

The irresponsible charges by B-T in this case have put the Foundation to unnecessary expense. Accordingly, an

* See the colloquy of the Court at pages 999-1001 of the transcript.

award of attorney's fees to the Foundation under 35 U.S.C. § 285 is proper and just under the circumstances.

9. CONCLUSION

Short of supporting B-T's allegations of a conspiracy to violate the antitrust laws and to compete unfairly with B-T and of infringement of B-T's patent, the evidence in this case establishes only the existence of a conventional patent license agreement between the Foundation as licensor and JFD as licensee. There is no evidence of any concerted action by these parties which could even remotely support the allegation of a conspiracy. Accordingly, B-T's counterclaim against the Foundation should be dismissed with an award of attorneys' fees and costs to the Foundation.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing ANSWERING BRIEF OF PLAINTIFF AND COUNTERCLAIM DEFENDANT UNIVERSITY OF ILLINOIS FOUNDATION TO COUNTS I, II AND III OF COUNTERCLAIM was mailed to the following by first-class mail, postage prepaid, this 18 day of March, 1968.

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Will A. Smother