NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

CARDINAL CHEMICAL CO. ET AL. *v.* MORTON INTERNATIONAL, INC.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

No. 92–114. Argued March 3, 1993—Decided May 17, 1993

Since its 1987 decisions in *Vieau* v. *Japax, Inc.,* 823 F. 2d 1510, and *Fonar Corp.* v. *Johnson & Johnson,* 821 F. 2d 627, the Court of Appeals for the Federal Circuit, which has exclusive jurisdiction over appeals from all Federal District Courts in patent litigation, has followed the practice of routinely vacating declaratory judgments regarding patent validity following a determination of noninfringement of the patent. Adhering to that practice in this and a similar case brought by respondent, the Federal Circuit affirmed the District Courts' findings that the particular defendants had not infringed respondent's two patents on chemical compounds used in polyvinyl chloride, and then vacated the entry of judgments, on the defendants' counterclaims, declaring the patents invalid. A third such case is still pending. Petitioners, the alleged infringers in this case, sought certiorari on the ground that the Federal Circuit has erred in applying a *per se* rule to what should be a discretionary matter. Respondent did not oppose the grant of certiorari, but instead pointed out that it also has an interest in having the validity issue adjudicated, in that its patents have been effectively stripped of any power in the marketplace by the Federal Circuit's refusals of substantive review on the two invalidity findings.

Held: The Federal Circuit's affirmance of a finding that a patent has not been infringed is not *per se* a sufficient reason for vacating a declaratory judgment holding the patent invalid. Pp. 5–19.

(a) The *Vieau* and *Fonar* opinions indicate that the practice of vacating such declaratory judgments is limited to cases in which the Federal Circuit is convinced that the finding of noninfringement has entirely resolved the controversy between

the litigants by resolving the initial complaint brought by the patentee. The Federal Circuit has concluded that in such cases the declaratory judgment is ``moot'' in a jurisdictional sense, a conclusion that it considers dictated by this Court's earlier opinions in *Electrical Fittings Corp.* v. *Thomas & Betts Co.,* 307 U. S. 241, and *Altvater* v. *Freeman,* 319 U. S. 359. Pp. 5–8.

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(b) While both *Electrical Fittings* and *Altvater* are consistent with the Federal Circuit practice at issue, neither case required it. *Electrical Fittings* did not involve a declaratory judgment, and *Altvater* does not necessarily answer the question whether, in the absence of an ongoing infringement dispute between the parties, an invalidity adjudication would be moot. Pp. 8–11.

(c) This case did not become moot when the Federal Circuit affirmed the District Court's noninfringement finding. The practice at issue concerns the Federal Circuit's jurisdiction. Where, as here, the District Court has jurisdiction (established independently from its jurisdiction over the patentee's infringement charge) to consider an invalidity counterclaim, so does the Federal Circuit, which is not a court of last resort and is entitled to presume, absent further information, that federal jurisdiction continues. If, before the Federal Circuit had decided this case, either party had advised it of a material change in circumstances that entirely terminated their controversy, it would have been proper either to dismiss the appeal or to vacate the District Court's entire judgment. In fact, however, there was no such change. The Federal Circuit's decision to rely on one of two possible alternative grounds (noninfringement rather than invalidity) did not strip it of *power* to decide the second question, particularly when its decree was subject to review by this Court. Even if it may be good practice to decide no more than is necessary to determine an appeal, it is clear that the Federal Circuit has jurisdiction to review the declaratory judgment of invalidity. Accordingly, the practice at issue is not supported by Article III's ``case or controversy'' requirement. Pp. 11–15.

(d) The Federal Circuit's practice cannot be supported on other grounds. Although the court's interest in the efficient management of its docket might support a rule requiring that the infringement issue always be addressed before validity, there are even more important countervailing concerns, including the successful litigant's interest in preserving the value of its hard-won declaratory judgment; the public's strong interests in the finality of judgments in patent litigation and in resolving validity questions; and the patentee's interests in having the validity issue correctly adjudicated and in avoiding the loss of its patent's practical value that may be a consequence of routine vacatur. The practice in question denies the patentee appellate review, prolongs the life of invalid patents, encourages endless litigation (or at least uncertainty) over the validity of outstanding patents, and thereby vitiates the rule announced in *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation,* 402 U. S.

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313. Pp. 15–18.

(e) It would be an abuse of discretion not to decide the validity issue in this case. Although factors in an unusual case might justify the Federal Circuit's refusal to reach the merits of a validity determination, and that determination might therefore be appropriately vacated, neither the finding of noninfringement alone, nor anything else in the record, justifies such a result here. The patents at issue have been the subject of three separate lawsuits, and both parties have asked the Federal Circuit to resolve their ongoing validity dispute. P. 19.

959 F. 2d 948, vacated and remanded.

STEVENS, J., delivered the opinion for a unanimous Court with respect to Parts I, II, and III, and the opinion of the Court with respect to Part IV, in which REHNQUIST, C. J., and WHITE, BLACKMUN, O'CONNOR, KENNEDY, and THOMAS, JJ., joined. SCALIA, J., filed an opinion concurring in part and concurring in the judgment, in which SOUTER, J., joined.