

COMPUTER LAW

BY RICHARD RAYSMAN AND PETER BROWN

The Doctrine of Patent Prosecution Laches

For nearly 70 years, the doctrine of patent prosecution laches remained, for the most part, unchanged as an affirmative defense in litigation. However, early this fall, that all changed when the U.S. Court of Appeals for the Federal Circuit issued its decision in *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation LP*, 422 F3d 1378 (Fed. Cir. 2005) (*Symbol IV*), a case involving computer bar-code-scanning technology that began nearly six years ago.

This article will discuss the *Symbol* decision as it relates to the doctrine of prosecution laches, the doctrine itself, as well as note some of the unresolved issues involving the defense that are likely to be addressed in future decisions and impact computer and technology-related patent litigation.

The 'Symbol' Case

In *Symbol*, the plaintiffs were involved in designing and manufacturing bar-code scanners and related technology and claimed that their customers had been threatened with infringement lawsuits by defendant Lemelson, arising from the use of the plaintiff's scanning products in their own business ventures. In response, plaintiffs brought a declaratory judgment action seeking to declare unenforceable Lemelson's 14 patents-in-suit. The Lemelson patents generally involved machine vision technology stemming from two patent applications filed in 1954 and 1956. Following the initial applications, Lemelson filed a continuation-in-part application from the original 1950s applications in 1963, and again in 1972 that added drawings, text and a so-called "common specification" that became the basis for 16 additional patent applications filed between 1977 and 1993. *Symbol IV* at 1380.

Mr. Lemelson never developed a prototype of his machine-reading inventions and prolonged



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the patent prosecution process with multiple patent continuation applications.¹ These patents are known informally as "submarine" patents, a term which the Federal Circuit has defined as "the use of continuation applications to claim previously disclosed but unclaimed features of an invention many years after the filing of the original patent application." *Ricoh Co. v. Nashua Corp.*, 1999 U.S. App. LEXIS 2672 at *8 (Fed. Cir. Feb. 18, 1999) (nonprecedential opinion).

The U.S. District Court for the District of Nevada, in hearing Lemelson's motion to dismiss for failure to state a claim, concluded that there was a sufficient cause or controversy for the case to continue, but dismissed *Symbol*'s prosecution laches defense.² See *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found.*, 2000 U.S. Dist. LEXIS 21863 (D. Nev. March 21, 2000) (*Symbol I*). *Symbol* filed an interlocutory appeal to the Federal Circuit, which reversed and remanded the case back to the District Court. The Federal Circuit held that *Symbol*'s defense of prosecution laches was legally viable. *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found.*, 277 F3d 1361 (Fed. Cir. 2002) (*Symbol II*). On remand, and after a bench trial, the District Court held that Lemelson's 18- to 39-year delay in filing and prosecuting the claims under the 14 patents-in-suit was unreasonable and that the patents were unenforceable under the doctrine of patent prosecution laches. The Federal Circuit, in *Symbol IV*, affirmed the judgment of the lower court.

What Is Patent Prosecution Laches?

To understand patent prosecution laches, it is

important to note that it is not a laches defense in the traditional legal sense, where a defendant raises an affirmative defense generally claiming that the plaintiff is barred from commencing legal action due to an unreasonable delay in asserting its legal rights. A typical laches defense in the patent arena involves a situation in which a patent owner sues an alleged infringer and the alleged infringer contends that the owner's delay in bringing suit was unreasonable and inexcusable, resulting in material prejudice to the alleged infringer. See *Wanlass v. Fedders Corp.*, 145 F3d 1461, 1463-64 (Fed. Cir. 1998).

The equitable defense of patent prosecution laches, however, may be invoked in situations when the holder of a valid patent may be nonetheless barred from enforcing it if there was an unreasonable and unjustified delay in prosecuting the patent claim (even though the applicant complied with pertinent statutes and U.S. Patent and Trademark Office [USPTO] rules), and the alleged infringer has suffered prejudice as a result. *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found.*, 301 FSupp2d 1147, 1154-55 (D. Nev. 2004) (*Symbol III*). In short, prosecution laches acts to protect the public by forcing patentees to file patent claims in a timely manner. *Symbol III* at 1157.

Early Supreme Court Cases Awaken

The doctrine is certainly not new and has been the subject of U.S. Supreme Court review. In *Woodbridge v. United States* 263 US 50, 44 SCt 45, 68 LEd 159 (1923), the Court affirmed dismissal of the appellants' complaint because the decedent abandoned his right to the patent by waiting nine and one-half years before securing the issue of the patent to deliberately postpone the beginning term of his limited monopoly. According to the Court, any practice by the inventor and applicant for a patent through which he deliberately and without excuse postpones beyond the date of the actual invention, the beginning of the term of his monopoly, and thus puts off the free public enjoyment of the useful invention, is an evasion of the statute and defeats its benevolent aim. *Woodbridge*, 263 US at 56.

Shortly after its decision in *Woodbridge*, the

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Supreme Court rendered another opinion regarding laches in patent cases in *Webster Electric Co. v. Splitdorff Electrical Co.*, 264 US 463, 44 SCt 342, 68 LEd 792 (1924). In that case, the petitioner filed claims based on an application for reissue of a patent eight years after the initial filing of the original patent application. The appellate court dismissed the case based upon the ground of laches, which the Supreme Court affirmed. The court held that petitioner was deemed to have notice of any defects of the patent at the time of its initial issue. The petitioner's failure to improve the patent with reasonable diligence constituted laches. This disabled the party, who sought to revive a right that he allowed to lie unclaimed, from enforcing it to the detriment of those who were led to act as though it were abandoned. 264 US at 468.

Despite these decisions and subsequent Supreme Court opinions issued in the following decade, such as *Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*, 304 US 159, 58 SCt 842, 82 LEd 1265 (1938), the doctrine lay dormant and courts offered little guidance on how and when to apply prosecution laches; indeed, the Federal Circuit declined the opportunity to address the issue in cases dating back to the late 1990s.³ It wasn't until the Federal Circuit's *Symbol* decisions, which relied, in part, on these older cases, that the doctrine was applied in earnest in the modern era. In fact, some courts were reluctant to acknowledge the defense in the context of patent infringement cases, instead opting to wait for the Federal Circuit to explicitly recognize the defense anew.⁴

The Legal Standard

Generally speaking, there are no strict time limitations for determining whether continued refiling of patent applications is a legitimate utilization of statutory provisions or an abuse of the patent process. The decision is within the discretion of the trial court and must be decided as a matter of equity. *Symbol IV* at 1385. Moreover, the Federal Circuit did not impose an intent requirement, stating that the *Symbol* plaintiffs had not demonstrated that defendant "intentionally stalled" securing the patents at issue to secure a commercial advantage; according to the court, "unreasonable delay alone is sufficient to apply prosecution laches." *Symbol III* at 1156.

In the end, the Federal Circuit did not delineate strict time limitations for determining whether prosecution laches can be found in a particular case. The court did, however, hold that the lower court did not abuse its discretion when it borrowed from other courts, and set out its own legal standard, namely, "the holder of a valid patent may nonetheless be barred from enforcing it if there was an unreasonable and unexplained delay in prosecuting the patent claim, and the alleged infringer has suffered

prejudice as a result."⁵ *Symbol III* at 1154-55. Arguably, the district court's reasoning, which was affirmed by the Federal Circuit, may be persuasive in future cases, absent another ruling from the Federal Circuit or the Supreme Court that further clarifies the doctrine. As the Federal Circuit itself noted in *Symbol IV*, it "did not set forth any firm guidelines for determining when such laches exists, but left this determination to the district court on remand, as the defense exists as an equitable doctrine." *Symbol IV* at 1385. Still, *Symbol* leaves other questions involving the doctrine of prosecution laches unanswered, namely the specific elements of the defense, the applicable burden of proofs, and the definition and significance of adverse intervening rights. See e.g., *Verizon Cal. Inc. v. Ronald A. Katz Tech. Licensing LP*, 2003 U.S. Dist. Lexis 23553 at *61 (C.D. Cal. Dec. 2, 2003).

Adverse Intervening Rights

Generally speaking, adverse intervening rights, as applied to continuation applications,

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are the rights of another which arise after the filing of the first patent application, but before the broadened claims are added to the continuation application. *Progressive Games, Inc. v. Amusements Extra Inc.*, 83 FSupp2d 1180, 1184 (D. Colo. 1999) (citation omitted). In the current case, for example, adverse intervening rights were evidenced by the public use of products developed, manufactured, and sold by *Symbol*, as well as third-party patents and products concerning bar-code technology that were manufactured prior to defendant's continuation applications that broadened its claims. See *Symbol III* at 1157. Effectively, a party with legitimate adverse rights is immunized from claims of infringement by the patentee. Adverse intervening rights can play a significant role in a finding of patent prosecution laches because they are rooted in the public and private interest and concern fundamental fairness in the patent system, which is designed to spur innovation.

In *Symbol III*, for example, the district court stated that a successful defense of prosecution laches requires not only an unreasonable delay in prosecuting the patent claim, but also a finding of prejudice as a result of the delay. *Symbol III* at 1154-55. The court found "strong evidence...of intervening private and public rights." *Symbol III* at 1157. In particular, evidence of prejudice included the independent progress and investment of other innovators in the field of bar-code

technology and the prejudice to the public interest resulting from Lemelson's delay.

Conclusion

While the *Lemelson* case's long delays in patent prosecution are less likely to occur in future cases since the 1994 patent law amendments limited patent rights to 20 years from the date of initial filing (as opposed to the date of issuance),⁶ the doctrine of prosecution laches still remains. *Lemelson's* 18- to 39-year delay was an egregious example of prosecution laches; indeed, as the Nevada District Court noted: "Some of the claims asserted by Lemelson in this case will not expire until 2011, fifty-five years after the 1956 application was filed and forty-eight years after the application was issued as a patent. If the defense of prosecution laches does not apply under the totality of circumstances presented here, the Court can envision very few circumstances under which it would." *Symbol III* at 1156. While *Symbol* remains the modern precedent that revived the prosecution laches defense, it remains to be seen how courts will apply this revived doctrine to future cases, which, most likely will present a less extreme example of prosecutorial delay and resulting prejudice to the alleged infringers.

1. A continuation application is a second application for the same invention claimed in a prior application and filed before the first application becomes abandoned or patented. A continuation-in-part application is an application filed during the lifetime of an earlier application, repeating some substantial portion or all of the earlier application and adding matter not disclosed in the earlier application. See generally MPEP §§201.07 and 201.08.

2. The *Symbol I* court cited *Ford Motor Co. v. Lemelson*, 1997 U.S. Dist. LEXIS 21497, 42 U.S.P.Q.2d 1706 (D. Nev. April 28, 1997) for the proposition that it was improper to introduce the equitable doctrine of laches into the statutory scheme of continuation practice. *Symbol I* at *18.

3. See e.g., *Ricoh Co. v. Nashua Corp.*, 1999 U.S. App. LEXIS 2672 at *9 (Fed. Cir. 1999) (nonprecedential opinion) ("Accordingly, absent congressional indication that intervening rights are to be applied in the context of continuation applications, we reject Nashua's argument that we should judicially adopt equitable safeguards, in contravention of established precedent, when Congress itself has declined to do so.")

4. See e.g., *Progressive Games, Inc. v. Amusements Extra, Inc.*, 83 FSupp2d 1180, 1184 (D. Colo. 1999) in which the court stated that it was "unwilling to apply laches when the Federal Circuit has yet to recognize laches as an equitable defense in cases such as this." See also, note 2, *supra*.

5. The lower court followed other district court cases in fashioning its standard of prosecution laches. See *Cummins-Allison Corp. v. Glory Ltd.*, 2003 U.S. Dist. Lexis 2151, 2003 WL 355470 (N.D. Ill. 2003); *Chiron Corp. v. Genentech, Inc.*, 268 FSupp2d 1139 (E.D. Cal. 2002).

6. 35 USC §154 (a)(2) ("[S]uch grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, or 365(e) of this title, from the date on which the earliest such application was filed.")

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