TechRoadmap Directions

Intellectual Property Issues of Interest to High Tech Companies

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**Welcome**

I always tell clients that the patent system is like a contract between the inventor and society. And like every contract there is a give and take, a quid pro quo, that is intended to make the contract fair to both parties. A recent (August 9th) ruling by the Court of Appeals for the Federal Circuit demonstrates that equity will be enforced, even if the inventor has not technically violated any rules.

The case in question involves Jerome Lemelson's attempt to enforce his portfolio of machine vision and bar code patents, some of which did not issue until nearly 40 years after the filing date to which they claim priority.

In the age of the New York minute, instant messaging, and technology obsolescence in months, Jerome Lemelson's assignees have learned that in addition to time and tide, the USPTO now no longer waits for any man. Read " "

- **What you should have learned in kindergarten**

The entire patent system is based on the logic of equitable treatment; fairness to the inventor and fairness to society. It's really a lesson we should have learned a long time ago.

Acting as your Director of Intellectual Property, TechRoadmap can help you understand what the patent system expects of you. We function as an interpreter between you and your patent attorney, who is responsible for all legal advice.

- **Torpedoing the submarine patent**

**The US patent system has been much maligned lately**, not without some justification. But although the system may not be working well, the underlying principles on which it's based are pretty good. Like any good contract, the issuance of a patent is governed by rules and laws that are **supposed to provide a fair and equitable** disposition of rights and values among the parties. In the case of a patent, the two parties are the inventors and "society" - the rest of us.

Last week the Court of Appeals for the Federal Circuit (the CAFC) **closed the book (we hope) on the case of the "Lemelson" patents**. Jerome Lemelson was certainly "one of the world's most prolific inventors", having been awarded over 550 patents during a nearly 50 year period. Unfortunately, using legally available venues, **Lemelson become king of the submarine patent**. Patents that issued as late as the '90's, covering many aspects of machine vision and bar code scanning, claimed priority back to the '50's.

**Submarine patents** are patents that are filed when a technology is in its infancy but are kept "below the surface", tied up in the prosecution process in the Patent Office for many years, only to **issue when the technology has already grown into a profitable industry**. These patents are then asserted against unintentionally infringing manufacturers and their customers, both of whom have invested heavily in the technology; unable to change technologies instantaneously, the infringers have little choice but to pay for a license.

In the case of the Lemelson patents, Cognex and Symbol Technologies decided to fight. The crux of the case was **whether delaying patent issuance for so long through multiple (legal) procedural tactics was inherently unfair** ("inequitable") to society. Remember, inventors are granted full control over the use of their inventions in exchange for teaching us all about the invention. Is it inherently unfair to let other inventors work on a technology for 40 years before teaching them about your invention?

To summarize the CAFC decision in a word, **yes**. It is important to note that the length of the delay was not, of itself, the deciding factor. Instead **it was Lemelson's "gaming" the system**, using every procedural tactic possible for no apparent reason other than to effect a further delay. To quote the court *"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 those provisions. The matter is to be decided as a matter of equity..."*

The CAFC listed many legitimate procedures that cause a delay:

- Filing a divisional application in response to a requirement for restriction;
- Refiling an application containing rejected claims in order to present evidence of unexpected advantages of an invention:
- Refiling an application to add subject matter in order to attempt to support broader claims as the development of an invention progresses;

*"However, refiling an application solely containing previously-allowed claims for the business purpose of delaying their issuance can be considered an abuse of the patent system."*

The CAFC concluded by pointing out that Lemelson patents occupied **the "top thirteen positions" for the longest prosecutions** from 1914 to 2001 and determined that the district court's invalidation of the patents should stand.

- **Tip of the Month**

Don't get a "time out" - losing a patent because of inequitable conduct is costly:

- **Don't file before you have an invention** - Filing on a concept will force you to string out the process until you've reduced your invention to practice. You'll lose your priority date if you get "caught".
- **Be candid about your duty of candor** - If you've learned something that the PTO should know, tell them.
- **Don't try to duck under the on-sale bar** - Keep track of any offers to sell your invention - and file in a timely fashion. Your competitors will know when you started selling and use it against you.

- **Disclaimer**

Nothing in this newsletter should be construed as legal advice. TechRoadmap serves as an interface between companies and their legal counsel.

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