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PROSECUTION LACHES: HOW SHOULD THIS DEPTH CHARGE TO SUBMARINE PATENTS BE APPLIED?

Karl Ondersma

More than 30 years ago, the Uniform Code Council was formed by members of the food industry to develop standardized bar codes.¹ The UCC eventually grew to include over 250,000 members from the food, retail, and manufacturing industries that developed and implemented bar code systems for such purposes as inventory control and expedited customer service.² In the 1990s, years after the use of bar codes became prevalent in these industries, a patentee named Jerome Lemelson began bringing patent infringement suits against the users of this technology.³ Many of those charged with infringement took licenses rather than face costly lawsuits. Those who contested Lemelson's patents, however, argued that he had obtained them by abusing the patent process through designed delay meant to entrap those who became reliant on bar code technology. Eventually this argument defeated Lemelson, but not before he had obtained approximately 900 licensees and earned nearly \$1.5 billion in royalties.⁴

In *Symbol Technologies v. Lemelson Medical, Education & Research Foundation, LP*, the Court of Appeals for the Federal Circuit held "the equitable doctrine of laches may be applied to bar enforcement of a patent that issued after unreasonable and unexplained delay in prosecution, even though the patent applicant complied with pertinent statutes and rules."⁵ Judge Newman, in a vigorous dissent, commented that the recognition of prosecution laches as a defense to a patent infringement suit "will open legally granted patents to a new source of satellite litigation of unforeseen scope."⁶

While it is unclear how frequently prosecution laches will be argued by alleged patent

¹ Brief of Amici Curiae Uniform Code Council et al. at vi, *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361 (Fed. Cir. 2002).

² *Id.*

³ Susan Hansen, *Breaking the Bar Code*, 3/2004 AM. LAW. 86 (2004) (sending cease and desist letters in 1989, settling with Japanese auto manufacturers for \$100 million in 1992, settling with Ford, GM, and Chrysler in 1998, bringing suit against more than 400 additional companies between 1998 and 1999).

⁴ *Id.*; Nicholas Varchaver, *The Patent King*, FORTUNE, May 3, 2001, at 202 (licensing companies such as Alcoa, Boeing, Dow Chemical, Eli Lilly, GE, Ford, GM, Chrysler, IBM, Hewlett-Packard, and Cisco).

⁵ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361, 1368 (Fed. Cir.), *cert. denied*, 537 U.S. 825 (2002).

⁶ *Id.* at 1369; *See also* ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT §12.3, at 634 (6th Edition 2003) ("This decision is sure to stir much additional litigation.").

infringers, it is evident that the Federal Circuit has provided limited direction regarding the defense to the lower courts that will be hearing those arguments.⁷

Since the Federal Circuit decided *Symbol Technologies* in January 2002, numerous district courts have been presented with the equitable defense of prosecution laches in patent infringement suits.⁸ Many of these courts have noted that, thus far, they have not been provided any guidance on the scope of this defense to so called submarine patents.⁹ Therefore, the district courts are charting their own courses as to the elements of the defense, the burden of proof, and what factors to consider. Until the Federal Circuit speaks further on this equitable defense, the district courts will continue to navigate without a compass.

This paper presents arguments regarding several issues that the district courts have been grappling with due to the limited guidance from the Federal Circuit. Specifically, this paper argues: (1) The only element to the defense is that an alleged-infringer must show an “unreasonable and unexplained delay” by the patentee in prosecuting a patent; (2) the alleged-infringer must prove this element by a

⁷ Jennifer C. Kuhn, *Symbol Technologies: The (Re)Birth of Prosecution Laches*, 12 FED. CIRCUIT B.J. 611, 612 (2003) (“The exact metes and bounds of the defense are unclear because of the narrow scope of the issue presented in the appeal.”); Douglas R. Nemeck, *Current Trends in Equitable Defenses to Patent Infringement: Prosecution Laches and Inequitable Conduct*, 766 PLI/PAT 1035, 1069 (2003) (“[T]he various district courts have taken disparate, if not inconsistent approaches to applying prosecution laches...”); Christine C. Vito & Thomas A. Turano, *New Infringement Defense of Prosecution Laches*, 2 NO. 10 PAT. STRATEGY & MGMT. 1 (2002) (“Until a court articulates the elements of this defense, patentees likely will be subject to the wild imagination of defendants facing infringement allegations.”).

⁸ *A&E Products Group, L.P., v. Mainetti USA Inc.*, No. 01 Civ. 10820, 2004 WL 345841 (S.D.N.Y. Feb. 24, 2004); *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, -- F.Supp.2d--, No. CV-S-01-703-PMP, 2004 WL 161331 (D.Nev. Jan.23, 2004); *Reiffin v. Microsoft Corp.*, 281 F.Supp.2d 1149 (N.D. Ca. 2003); *Verizon Cal. Inc. v. Ronald A. Katz Technology Licensing*, No. 01-CV-09871, 2003 U.S. Dist. LEXIS 23553 (C.D. Ca. Dec. 2, 2003); *Verizon Cal. Inc. v. Ronald A. Katz Technology Licensing*, No. 01-CV-09871, 2003 U.S. Dist. LEXIS 23553 (C.D. Ca. Dec. 2, 2003); *Cummins-Allison Corp. v. Glory, Ltd.*, No. Civ.A. 02-C-7008, 2003 WL 22125212 (N.D. Ill. Sept. 5, 2003); *Stambler v. RSA Security, Inc.*, 243 F.Supp.2d 74 (D. Del. 2003); *Intuitive Surgical, Inc. v. Computer Motion, Inc.*, No. Civ.A. 01-203-SLR, 2002 WL 31833867 (D. Del. Dec. 10, 2002); *Digital Control Inc. v. McLaughlin Manufacturing Co., Inc.* 248 F.Supp.2d 1015 (W.D. Wa. 2003); *Digital Control Inc., v. McLaughlin Manufacturing Co., Inc.*, 225 F.Supp.2d 1224 (W.D. Wa. 2002); *Gen-Probe, Inc. v. Vysis, Inc.*, No. 99-CV-2688 H, 2002 U.S. Dist. LEXIS 25020 (S.D. Ca. Aug. 2, 2002); *Chiron Corp. v. Genentech, Inc.*, 268 F.Supp.2d 1139 (E.D. Ca. 2002).

⁹ *See, e.g., Chiron Corp.*, 268 F.Supp.2d at 1141 (“Symbol Technologies affirmed the validity of the defense, but did not articulate a test for when the defense is established.”); *Intuitive Surgical, Inc.*, 2002 WL 31833867 at *3 (“Unfortunately, neither Congress nor the Federal Circuit has provided any further guidance on the legal standards applicable to the prosecution laches defense.”); *Reiffin*, 281 F.Supp.2d at 1151 (“Although the Federal Circuit...held that the doctrine of prosecution laches may be invoked to bar an infringement prosecution, the Federal Circuit has, as yet, provided no guidance concerning the elements of the defense (or counter-claim) or the burden of proof a defendant must meet to prove prosecution laches.”).

preponderance of the evidence; (3) no presumption of prosecution laches based on any determinate time of patent prosecution should apply; and (4) the defense should apply to post-GATT patents and patents containing terminal disclaimers. Finally, this paper proffers several factual considerations that should be weighed in assessing the reasonableness and explanation of any delays in patent prosecution. In reaching these conclusions regarding prosecution laches, this paper examines both the historical and the Federal Circuit's recent treatment of the defense, compares the defense to other equitable patent infringement defenses, analyzes the district court cases dealing with prosecution laches post *Symbol Technologies*, and reviews several common patent prosecution practices.

Part I of this paper presents the problem addressed by the equitable doctrine of prosecution laches relative to the patent laws and the marketplace. Part II presents the historical roots of the prosecution laches defense and details the Federal Circuit's limited treatment of the doctrine. Part III presents the arguments for the above noted element, burden of proof, and application of the defense. Part IV discusses factors that should be considered in assessing the reasonableness and explanation for any delay in patent prosecution. Part V concludes that district courts will continue to be presented with the defense and the Federal Circuit must further expound on the doctrine lest widely varying results in patent infringement suits occur.

I. Problem Addressed by Prosecution Laches

The Supreme Court has often stated, “[t]he patent laws ‘promote the Progress of Science and useful Arts’ by rewarding innovation with a temporary monopoly.”¹⁰ The patent laws indicate, according to the Court, a congressional determination that the Patent Clause of the Constitution is “best served by free competition and exploitation of either that which is already available to the public or that which may be readily discerned from publicly available material.”¹¹ Therefore, the patent laws strike a “careful balance

¹⁰ *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730 (2002) (citing U.S. CONST. art. I, §8, cl.8.).

¹¹ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989).

between public right and private monopoly to promote certain creative activity.”¹² In establishing this balance, the Court has noted that “[t]he monopoly is a property right; and like any property right, its boundaries should be clear. This clarity is essential to promote progress, because it enables efficient investment in innovation. A patent holder should know what he owns, and the public should know what he does not.”¹³

A patent gives its owner the right to exclude others from making, using, selling, or offering to sell the patented invention.¹⁴ The Supreme Court has noted that the *quid pro quo* granted to an inventor in exchange for this right to exclude is the disclosure required by the patent laws.¹⁵ Specifically, an inventor’s patent must

describe their work in ‘full, clear, concise, and exact terms,’ as part of the delicate balance the law attempts to maintain between inventors, who rely on the promise of the law to bring the invention forth, and the public, which should be encouraged to pursue innovations, creations, and new ideas¹⁶

The written specification, claims, and prosecution history of an issued patent serve a “public notice function,” in that they stake the boundaries of the inventor’s claimed property right.¹⁷ Unfortunately, if the issuance of a patent is unreasonably delayed, the public is never provided any notice.

Patents are obtained through a process commonly referred to as “patent prosecution.” Patent prosecution begins with an inventor, or “patentee,” filing an application with the United States Patent and Trademark Office (PTO). Frequently, patent applications are filed by a patent attorney or patent agent on behalf of an inventor. A patent examiner at the PTO will then substantively review the application to determine whether the disclosed invention satisfies the patent laws and is thus patentable. During

¹² *Id.* at 167.

¹³ *Festo*, 535 U.S. at 730-31 (the Supreme Court went on to hold that some indeterminacy was allowable relative to the equitable doctrine of equivalence, however, this dealt with subtle interpretations as to the scope of equivalents relative to the disclosure as compared to the complete lack of disclosure of a submarine patent).

¹⁴ 35 U.S.C. § 271(a) (2004).

¹⁵ See *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, 534 U.S. 124, 142 (2001) (“The disclosure required by the Patent Act is ‘the *quid pro quo* of the right to exclude.’” (quoting *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 484 (1974))).

¹⁶ *Festo*, 535 U.S. at 731 (citing 35 U.S.C. § 112).

¹⁷ *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 344 F.3d 1359, 1369 (Fed. Cir. 2003).

this substantive review, the patentee is given a limited number of opportunities to present arguments to any objections raised by the examiner in regard to patentability. A patent will be issued if the patentee is successful in overcoming any objections that may arise. However, if the patentee is not able to overcome the examiner's objections, the application is rejected and a patent is not issued.

Those who advocated that the Federal Circuit recognize the doctrine of prosecution laches did so to combat what are commonly termed "submarine" patents.¹⁸ A submarine patent derives its name from the scenario in which an industry develops and matures around a specific invention or technology and, once the industry is economically viable, a previously unknown pending patent will "surface" on the date it is granted by the PTO. The result is that the continued practice of the invention or technology constitutes infringement of the patent.¹⁹ Those in the industry that are placed in this awkward position are then subject to royalty demands from the patent owner or face a potential costly patent infringement suit.

A submarine patent is derived through divisional, continuation, and continuation-in-part applications. These types of applications allow the patentee, prior to the issuance, final rejection, or abandonment of a patent application, to file one or more additional applications that claim the benefit of the earlier filed application.²⁰ As there is no limit to the number of continuation applications that may be filed and depend from a single original application,²¹ a series or chain of patents may eventually emanate from one application. The act of claiming priority in the new application to the prior application enables the new application to be considered as having been filed with the PTO on the date of the original, first filed application. This priority date is important as it is, generally speaking, used to determine what does and does not infringe any subsequently issued patent. Significantly, in some cases, if the patentee chooses to continually

¹⁸ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361, 1370 (Fed. Cir. 2002).

¹⁹ Steve Blount, *The Use of Delaying Tactics to Obtain Submarine Patents and Amend Around a Patent that a Competitor Has Designed Around*, 81 J. PAT. & TRADEMARK OFF. SOC'Y 11, 13 (1999).

²⁰ 35 U.S.C. § 120 (1999) (describing conditions under which a continuation application may have benefit of an earlier filing date); 35 U.S.C. § 121 (1975) (describing conditions under which a divisional application is allowed after a restriction requirement is issued by the PTO).

²¹ *In re Henriksen*, 399 F.2d 253, 254 (C.C.P.A. 1968) ("[T]here is no statutory basis for fixing an arbitrary limit to the number of prior applications through which a chain of copendency may be traced to obtain the benefit of the filing date of the earliest of a chain of copending applications.")

abandon the prior application from which the new patent depends, this chain can continue without any public knowledge of the claimed invention.

II. Historical and Federal Circuit Treatment of Prosecution Laches

A review of the historical development of the equitable doctrine of prosecution laches is important for an appreciation of what the courts have viewed as the basis for the defense and an understanding of situations in which the doctrine has been applied. Additionally, the Federal Circuit's recognition of the defense in *Symbol Technologies* relied heavily on four early Supreme Court cases that discussed the doctrine.

A. Historical Development of Prosecution Laches

The proposition that an individual's dilatory conduct can cause injury to the public and should therefore prohibit the individual from being rewarded with a patent is well known in patent law. In the 1829 case of *Pennock v. Dialogue*, a patentee brought an infringement suit against a defendant on a patent covering high-pressure hose.²² The defendant responded by challenging the patent grant, arguing that the span of seven years from invention to obtainment of the patent, and the wide spread public use of the invention during that time, rendered the patent unenforceable.²³ While the defendant's argument dealt with the inventor's delay in applying for the patent, as opposed to a delay in prosecuting the patent, some of the language used in *Pennock* poignantly echoes modern concerns addressed by the doctrine of prosecution laches.²⁴

In holding that a claim of infringement could be barred when the invention is publicly used or sold prior to the filing of an application for patent, Justice Story stated, "[n]o public policy is overlooked; and no injury can ordinarily occur to the [] inventor, which is not in some sort the result of his own laches or voluntary inaction."²⁵ The defendant argued that such a policy must be enforced for otherwise an inventor would

²² *Pennock v. Dialogue*, 27 U.S. 1 (1829)

²³ *Id.* at 7-9.

²⁴ A delay in filing an application for patent is now addressed under 35 U.S.C. § 102(b) (denying patent protection if an invention was publicly disclosed more than one year prior to filing the application).

²⁵ *Pennock*, 27 U.S. at 23.

delay applying for a patent until “[t]he moment that his invention comes into the most common or public use When the public have fully got possession of it, he seeks to withdraw it . . . and appropriate it to himself. This is directly contrary to the design of the law.”²⁶ Interestingly, the defendant’s argument in *Pennock* is similar to the arguments that district courts hear today from accused infringers claiming that prosecution laches renders the allegedly infringed patent unenforceable.²⁷

One commentator notes that perhaps the first reported case addressing prosecution laches is *Adams v. Jones*, an 1859 case from the Circuit Court of the Western District of Pennsylvania.²⁸ Adams filed for a patent in 1850 on an improvement in door locks and the commissioner of patents initially refused to grant him a patent. Adams was rendered a favorable decision on appeal and finally granted a patent in 1857. Jones defended the charge of infringement by arguing that the patent was void because the invention had been publicly used more than two years prior to patenting.²⁹

Citing *Pennock*, the court recognized that patents had been held void when the inventor allowed the invention to be used publicly before applying for a patent. However, the court distinguished *Pennock* because Adams had filed his application before public use and the delay in the grant of the patent “was not in consequence of any laches of” Adams.³⁰ Significantly, the court did note that, “[a] man might justly be treated as having abandoned his application if it be not prosecuted with reasonable

²⁶ *Id.* at 13.

²⁷ See *Digital Control Inc. v. McLaughlin Manufacturing Co., Inc.*, 225 F.Supp.2d 1244, 1226 (“By delaying disclosure and issuance . . . a plaintiff might unfairly attempt to claim an invention once an industry is fully developed and commercialized.”).

²⁸ Joseph Scott Miller, *The Historical Roots of Patent Prosecution Laches*, OREGON INTEL. PROP. NEWSLETTER, Spring 2002, at 8 (2002) (citing *Adams v. Jones*, 1 F.Cas.126 (C.C.W.D. Pa. 1859)), available at <http://www.lclark.edu/faculty/jsmiller/objects/Laches.pdf>.

²⁹ *Adams*, at 126-27.

³⁰ The court noted that

[t]he testimony shows that the complainant made and sold locks with his improvement, more than two years before his patent, but after his original application. . . . By this application, Adams fully disclosed to the public his invention, and gave notice of his intention to demand a patent. He ought not to lose his rights because of the want of perspicacity of the first commissioner. The delay in the decision of the appeal was not in consequence of any laches of complainants, but of the inability of the aged chief justice to attend to the business of his office.

Id.

diligence. But involuntary delays, not caused by the laches of the applicant, should not work a forfeiture of his rights.”³¹

It appears that the Supreme Court first recognized a form of prosecution laches in 1879 in *Planing-Machine Co. v. Keith*.³² In *Planing*, the patentee applied for a patent in 1848 on a wood planing machine, but did not receive the patent until 1873. The application was rejected by the Patent Office in 1849 and the Court noted “no serious attempt appears to have been made to procure a re-examination, or to renew it, for a period of more than twenty years.”³³ At the time, a rule existed that deemed applications abandoned if they were not prosecuted within two years after being rejected or withdrawn.³⁴ However, an 1870 act of Congress reversed this rule and granted inventors a six-month grace period after passage of the act within which to renew their application.³⁵ The patentee in *Planing* took advantage of this time window to renew his application and was eventually granted the patent at issue.

Despite the patentee in *Planing* having complied with the relevant patent laws, the Court held it was

the intention of Congress to require diligence in prosecuting the claims to an exclusive right. An inventor *cannot without cause* hold his application pending during a long period of years, leaving the public uncertain whether he intends ever to prosecute it, and keeping the field of his invention closed against other inventors.³⁶

Notably, the only “circumstances which will excuse delay in prosecuting an application for a patent” that the Court provided were “extreme poverty of the applicant, or protracted sickness.”³⁷

In 1920 the Supreme Court dealt with a laches argument in regards to an interference proceeding in *Chapman v. Wintroath*.³⁸ The patentees had filed an application in 1909 on “an improvement in deep well pumps” that was still pending

³¹ *Id.*

³² Miller, *supra* note 28 (citing *Planing-Machine Co. v. Keith*, 101 U.S. 479 (1879)).

³³ *Planing-Machine Co.* at 482-83.

³⁴ *Id.* at 483.

³⁵ *Id.*

³⁶ *Id.* at 485.

³⁷ *Id.* at 485-86.

³⁸ *Chapman v. Wintroath*, 252 U.S. 126 (1920).

before the Patent Office in 1915.³⁹ In 1912, during this prolonged period of prosecution, the defendant filed an application relating to the same field that resulted in the issuance of a patent in 1915. Twenty months after the patent issued, the patentees filed a divisional of their original application in which they copied the claims of the issued patent in order to provoke an interference.⁴⁰ On appeal from the interference proceeding, the Court of Appeals for the District of Columbia held that the patentees' divisional application was deficient for the delay of twenty months. The court ruled that the presentation of copied claims to the Patent Office to provoke an interference must be done "within one year from the date of the patent, and that longer delay in filing constitutes equitable laches, which bars the later application."⁴¹

The Supreme Court reversed the lower court and held that the patentees had two years within which to file the divisional application that resulted in the interference. The Court noted it was "not intending to intimate that there may not be abandonment which might bar an application within the two-year period allowed for filing"; however, the Court pointed out that the lower court decision was not based on "any evidence with respect to laches or abandonment," but rather "rests its judgment...wholly upon the delay of the [patentees] in filing their divisional application for more than one year after the [defendant's] patent was issued."⁴² In contrast, the Court specifically noted:

There is no suggestion in the record that the original application of the [patentees] was not prosecuted strictly as required by the statutes and the rules of the Patent Office, and therefore it is settled their rights may not be denied or diminished on the ground that such delay may have been prejudicial to either public or private interests.⁴³

In 1923 the Supreme Court again was confronted with dilatory conduct by a patentee in *Woodbridge v. United States*.⁴⁴ Woodbridge had applied for a patent in 1852 related to the application of a ring to a projectile for use in a rifled cannon. After the patent was granted, but before it issued, Woodbridge availed himself of a Patent Office

³⁹ *Id.* at 132.

⁴⁰ *Id.* An interference is a judicial determination of priority of invention between two parties claiming ownership of an invention. See 35 U.S.C. § 135.

⁴¹ *Id.* at 134.

⁴² *Id.* at 139.

⁴³ *Id.* at 136-37.

⁴⁴ *Woodbridge v. United States* 263 U.S. 50, 44 S.Ct. 45 (1923).

practice of placing a patent in a “secret archive” for up to one year. However, it was not until after more than nine years that Woodbridge wrote to the patent office requesting that the patent be issued ““it being only lately that any immediate opportunity of rendering it pecuniarily available has occurred.””⁴⁵

The Supreme Court held “that Woodbridge forfeited his right to a patent by his delay in taking it from 1852 to 1862,”⁴⁶ noting the “delay of 9 ½ years in securing a patent . . . for the admitted purpose of making the term of the monopoly square with the period when the commercial profit from it would be highest.”⁴⁷

In stating, “[t]his is not a case of abandonment. It is a case of forfeiting the right to a patent by designed delay,” the Court was emphasizing that “[n]o case cited to us presents exactly these facts.”⁴⁸ However, the Court cited *Pennock* and *Planing-Machine*, amongst other cases, when it noted:

[T]he general principles upon which this court has proceeded in cases of abandonment by conduct and its views of the rights of the public, and the purpose of the constitutional authority to grant patents and of Congress in its legislative execution of that purpose, set forth in those cases, leave no doubt of the conclusion we must reach . . . our conclusion rests, not on neglect and intention to give up the patent, but on a deliberate and unlawful purpose to postpone the term of the patent the inventor always intended to secure.⁴⁹

One year later, in *Webster Electric Co. v. Splitdorf Electric Co.*, the Court was faced with another laches issue.⁵⁰ In *Webster*, the patentee had filed an original application in 1910 directed to a support for the mounting of electrical ignition devices.⁵¹ During the prosecution of this application, the patentee filed two divisional applications to provoke interferences with several other patents that had issued.⁵² After a finding against the patentee in one of the interferences, the patentee amended the divisional

⁴⁵ *Id.* at 52-53.

⁴⁶ *Id.* at 63.

⁴⁷ *Id.* at 56.

⁴⁸ *Id.* at 56-58.

⁴⁹ *Id.* at 59.

⁵⁰ *Webster Electric Co. v. Splitdorf Electric Co.*, 264 U.S. 463 (1924).

⁵¹ *Id.* at 464.

⁵² *Id.*

application and added at least two broader claims. This divisional application eventually issued in 1918.⁵³

The Supreme Court noted that the broader claims at issue in the infringement suit were first presented to the Patent Office by amendment to the divisional application eight years and four months after the original application was filed.⁵⁴ During this delay, the Court found, the subject matter of the claims was in general use by the public and the patentee “simply stood by and awaited developments.”⁵⁵ The Court held that this was “a case of unreasonable delay and neglect on the part of the applicant and his assignee in bringing forward claims broader than those originally sought.”⁵⁶

The holding of the Court of Appeals for the Seventh Circuit that the patentee’s “laches barred his right to [the broader claims]”⁵⁷ was affirmed by the Supreme Court.⁵⁸ The Court also established the rule that the two-year time limit within which reissue applications could be filed applied to divisional applications “in cases involving laches, equitable estoppel or intervening private or public rights,” and that it “can only be avoided by proof of special circumstances justifying a longer delay.”⁵⁹

In the 1927 case of *Overland Motor Co. v. Packard Motor Car Co.*, the Supreme Court notably refused to apply laches to prevent a patentee from asserting his patent against the alleged infringer.⁶⁰ During prosecution of a series of patents, the patentee on multiple occasions delayed responding to office actions for more than eleven months at a time when the statutory response time limit was one year.⁶¹ The Supreme Court refused to hold that the lack of an excuse for lapses in time between patent applications and responses could be used to dismiss the infringement claim.⁶²

The alleged infringer argued that such conduct by the patentee would enable him to withhold the invention from the public, add claims to the application to cover independent intervening developments of others, and delay the time when the invention

⁵³ *Id.* at 464-65.

⁵⁴ *Id.* at 465.

⁵⁵ *Id.*

⁵⁶ *Id.* at 465-66.

⁵⁷ *Webster Electric Co. v. Splitdorf Electric Co.*, 283 Fed. 83, 94 (7th Cir. 1922).

⁵⁸ *Webster Electric*, 264 U.S. at 471.

⁵⁹ *Id.*

⁶⁰ *Overland Motor Co. v. Packard Motor Car Co.*, 274 U.S. 417 (1927).

⁶¹ *Id.* at 419.

⁶² *Id.* at 422.

became dedicated to the public.⁶³ The Court stated, “[t]he answer to this argument is that the matter is entirely within the control of Congress,” and went on to note, “[w]e do not know on what principle we could apply the equitable doctrine of abandonment by laches in a case where the measure of reasonable promptness is fixed by statute, and no other ground appears by reason of which laches could be imputed to the applicant.”⁶⁴

In 1937 the Supreme Court, in *Crown Cork & Seal Co., Inc. v. Ferdinand Gutmann Co., Inc.*, again took up the issue of laches in the prosecution process.⁶⁵ The patentee in *Crown Cork* filed a divisional application just over two years from the issuance of an original patent to invoke an interference.⁶⁶ The patentee won the interference and a patent eventually issued on the divisional patent.⁶⁷ When the patentee asserted this divisional patent against the alleged infringer, the Court of Appeals for the Second Circuit interpreted *Webster* as establishing a prima facie two-year time limit for the filing of divisional applications, and that an inventor waiting longer than two years “must justify his delay by proof of some excuse.”⁶⁸ As no excuse appeared to the Second Circuit, they held the divisional patent “invalid because of laches in filing the application on which it was granted.”⁶⁹

On appeal, the Supreme Court corrected the Second Circuit’s belief that *Webster* established a prima facie two-year time limit, stating, “[i]t is clear, that in the absence of intervening adverse rights, the decision in *Webster* . . . does not mean that an excuse must be shown for a lapse of more than two years in presenting the divisional application.”⁷⁰ Because the question that the Supreme Court was addressing assumed an absence of intervening rights, the case was reversed and remanded to the Second Circuit.

Similarly, in *General Talking Pictures Corp. v. Western Electric Co.*, a case decided on the same day as *Crown Cork*, the Court dealt with an allegation that the filing of divisional and continuation applications more than two years subsequent to public use

⁶³ *Id.* at 423.

⁶⁴ *Id.* at 424.

⁶⁵ *Crown Cork & Seal Co., Inc. v. Ferdinand Gutmann Co., Inc.*, 304 U.S. 159 (1938).

⁶⁶ *Id.* at 161.

⁶⁷ *Id.* at 161-62.

⁶⁸ *Crown Cork & Seal Co., Inc. v. Ferdinand Gutmann Co., Inc.*, 86 F.2d 698, 702 (2d Cir. 1936).

⁶⁹ *Crown Cork*, 304 U.S. at 160.

⁷⁰ *Id.* at 167-68.

of the inventions rendered them invalid.⁷¹ With respect to two of the four patents in suit, the Court noted the lower courts had found there was no public use prior to the filing of the divisional applications upon which the patents had issued.⁷² With respect to the other two patents in suit, the Court found that the patentee's use was the only "public use" and that it had not occurred more than two years before the effective filing of the claims.⁷³ The Court held, therefore, that "[i]n the absence of intervening adverse rights for more than two years prior to the continuation applications, they were [filed] in time."⁷⁴

B. Federal Circuit's Treatment of the Defense

The Federal Circuit was created in 1982 and prior to *Symbol Technologies* had not directly recognized the doctrine of prosecution laches. Furthermore, prior to the *Symbol Technologies* decision the Federal Circuit had given mixed indications regarding the applicability of the doctrine. As such, a review of the Federal Circuit's treatment of the doctrine is also necessary to understand the patent prosecution climate in which submarine patents were developed.

1. Pre-Symbol

Prior to enactment of the Patent Act of 1952, the continuation and divisional application practice was governed by common law.⁷⁵ One of Lemelson's arguments at the Federal Circuit in *Symbol Technologies* was that the 1952 Act foreclosed the equitable doctrine of prosecution laches.⁷⁶ Although the Federal Circuit refuted this assertion with reference to the legislative history of the Act,⁷⁷ the viability of the defense after 1952 had actually fallen into some question amongst courts.⁷⁸

⁷¹ *General Talking Pictures Corp. v. Western Electric Co., Inc.*, 304 U.S. 175, 58 S.Ct. 849 (1938).

⁷² *Id.* at 182-83.

⁷³ *Id.* at 183.

⁷⁴ *Id.*

⁷⁵ Thomas G. Eshweiler, *Ford v. Lemelson and Continuing Application Laches Revisited*, 79 J. PAT. & TRADEMARK OFF. Soc'y 401, 408-11 (1997).

⁷⁶ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361, 1365 (Fed. Cir. 2002).

⁷⁷ *Id.* at 1366.

⁷⁸ David L. Marcus, *Is the Submarine Patent Torpedoed?: Ford Mortor Co. v. Lemelson and the Revival of Continuation Application Laches*, 70 TEMP. L. REV. 521, 563-64 (1997).

The limited treatment of prosecution laches by the Federal Circuit prior to *Symbol Technologies* also contributed to the questionable viability of the defense. In the 1986 case of *Studiengesellschaft Kohle mbH v. Northern Petrochemical Co.*, the Federal Circuit noted that the district court had found that the alleged infringer “‘lack[ed] evidence of laches or intentional delay under the patent law’” and tacitly recognized the defense of prosecution laches when it upheld the district court’s “‘conclusion that [the patentee] had not delayed inequitably and that the prolonged pendency was due to the PTO and not to the applicants.’”⁷⁹

However, in two later unpublished opinions the Federal Circuit clearly indicated that it did not recognize prosecution laches as a viable defense. In *Bott v. Four Star Corp.*, in response to the alleged infringer’s assertion of prosecution laches and citations to *Webster* and *Crown Cork*, the Federal Circuit opined that it had not been directed to any legislative history that the equitable considerations of those cases survived the 1952 Patent Act.⁸⁰ Further, the court noted that it was up to Congress to adopt equitable safeguards in relation to continuation applications.⁸¹ Similarly, in the unpublished opinion of *Ricoh Company, Ltd. v. Nashua Corp.*, the Federal Circuit refused to either impute a time limit to the seeking of broadened claims or create an intervening rights exception to continuation applications.⁸² The court refused to “‘judicially adopt equitable safeguards, in contravention of established precedent, when Congress itself has declined to do so.’”⁸³

2. Symbol

Any questions that existed regarding the viability of the equitable doctrine of laches to the patent prosecution process were answered on January 24, 2002, when the Federal Circuit affirmatively answered the sole issue on appeal, holding that “laches may be applied to bar enforcement of patent claims that issued after an unreasonable and

⁷⁹ *Studiengesellschaft Kohle mbH v. Northern Petrochemical Co.*, 784 F.2d 351, 356 (Fed. Cir. 1986).

⁸⁰ *Bott v. Four Star Corp.*, Nos. 88-1117 and 88-1118, 1988 WL 54107 at *1 (Fed. Cir. May 26, 1988).

⁸¹ *Id.* (citing *In re Henriksen*, 399 F.2d 253, 262 (C.C.P.A. 1968)).

⁸² *Ricoh Company Ltd., v. Nashua Corp.*, No. 97-1344, 1999 WL 88969 at *3 (Fed. Cir. Feb. 18, 1999).

⁸³ *Id.*

unexplained delay in prosecution even though the applicant complied with pertinent statutes and rules.”⁸⁴

The Federal Circuit declared that the defense of prosecution laches originated in the two Supreme Court cases of *Woodbridge* and *Webster*, and went on to state that the defense was later ratified by *Crown Cork* and *General Talking Pictures* with respect to “new claims issuing from divisional and continuing applications that prejudice intervening adverse public rights.”⁸⁵ With respect to the Supreme Court’s holding in *Crown Cork*, the Federal Circuit stated, “the [C]ourt ratified the existence of the prosecution laches defense; it did not apply the defense there in the absence of intervening rights.”⁸⁶ And with respect to *General Talking Pictures*, the Federal Circuit stated, “the Court rejected the defense of prosecution laches because there was no evidence of intervening public rights.”⁸⁷

In supporting its position, and refuting that of Lemelson’s, the Federal Circuit stated that there was no suggestion in the Supreme Court cases that the doctrine was limited to interferences.⁸⁸ Further, the Federal Circuit declared that the legislative history of the 1952 Patent Act suggested that the doctrine of prosecution laches as applied to continuation and divisional applications had survived the Act.⁸⁹ Finally, the Federal Circuit declined to be bound by *Ricoh* and *Bott*, its two prior non-precedential opinions that had previously declined to recognize prosecution laches.⁹⁰

3. In re Bogese⁹¹

Eight months after the *Symbol Technologies* decision, the Federal Circuit addressed an appeal from a Board of Patent Appeals and Interferences (the “Board”) decision sustaining an examiner’s position that the patentee had forfeited his right to a

⁸⁴ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361, 1363 (Fed. Cir. 2002).

⁸⁵ *Id.* at 1364-65.

⁸⁶ *Id.* at 1365.

⁸⁷ *Id.*

⁸⁸ *Id.* at 1365.

⁸⁹ *Id.* at 1366.

⁹⁰ *Id.* at 1366-68.

⁹¹ *In re Bogese II*, 303 F.3d 1362 (Fed. Cir. 2002).

patent for delay in prosecution.⁹² In *In re Bogese*, the Federal Circuit noted that it had recently “held that a patent may be rendered unenforceable if it was obtained after an unreasonable and unexplained delay in prosecution.”⁹³ Being unaware of any reason that should prohibit the PTO from applying the doctrine of prosecution laches, the court went on to state its position that “the PTO’s authority to sanction undue delay is even broader than the authority of a district court to hold a patent unenforceable.”⁹⁴ As an administrative agency, however, the court pointed out that the PTO had to first provide notice to the patentee of the pending penalty to be imposed prior to declaring a forfeiture of the patent application.⁹⁵

Bogese, the patentee, filed an original application in 1978 that was later abandoned in favor of a continuation application.⁹⁶ This continuation application reached the Federal Circuit two separate times on appeals from adverse Board decisions.⁹⁷ After a per curiam opinion by the Federal Circuit affirming the Board’s second rejection of this continuation application, Bogese filed a continuation application without amending the claims or offering arguments in favor of patentability and abandoned the previous application.⁹⁸ After a final rejection of this application, Bogese again filed a continuation application without amending the claims and abandoned the previous application.⁹⁹ This pattern of filling a continuation application without amending the application or claims and abandoning the previous application “exactly or almost exactly six months” after a final rejection occurred eleven times over an eight-year period.¹⁰⁰

In rejecting the last continuation application, the examiner warned Bogese that “the next continuation of this series may be rejected by invoking the equitable doctrine of laches, absent any substantive amendment to advance prosecution.”¹⁰¹ When Bogese filed another file wrapper continuation application, the examiner rejected all pending claims, stating:

⁹² *Id.* at 1366.

⁹³ *Id.* at 1367 (citing *Symbol Technologies*, 277 F.3d. at 1368).

⁹⁴ *Id.*

⁹⁵ *Id.* at 1368.

⁹⁶ *Id.* at 1363.

⁹⁷ *Id.*

⁹⁸ *Id.* at 1364.

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

[A]pplicant has forfeited the right to a patent . . . [by] . . . pursu[ing] a deliberate and consistent course of conduct that has resulted in an exceptional delay in advancing the prosecution and the issuance of a patent . . . Applicant has filed 11 patent applications in which Applicant has clearly made no attempt to advance the examination of the claimed invention.¹⁰²

In affirming this position, the Federal Circuit noted the prolonged duration of pendency, Bogese’s practice of abandoning and filing without amendment, and, specifically and repeatedly, cited his failure to make a “substantive amendment to advance prosecution” when required by the PTO.¹⁰³ Bogese challenged “the PTO’s authority to require applicants to advance prosecution,” but the Federal Circuit stated, “[w]e disagree and hold that the PTO has authority to order forfeiture of rights for unreasonable delay.”¹⁰⁴

Two particularly interesting points must be made regarding *In re Bogese*. One, the Federal Circuit believes that the PTO has broader authority to sanction undue delay than does a district court. Two, the Federal Circuit authorized the PTO “to order forfeiture of [patent] rights for unreasonable delay” without regards to whether or not the delay is “unexcused,” as must be determined by district courts.

The historical and Federal Circuit treatment of prosecution laches indicates that the doctrine addresses two issues associated with prolonged patent prosecution; one, the improper extension of the term of the monopoly and two, the delay in issuing a patent in order to entrap third parties that are practicing the invention.¹⁰⁵ Significantly, *Symbol Technologies* has answered the question of the viability of the doctrine of prosecution laches, and the Supreme Court’s denial of Lemelson’s petition for certiorari indicates that the doctrine is more than just a passing fad.¹⁰⁶ The questions now are what constitutes

¹⁰² *Id.* at 1365.

¹⁰³ *Id.* at 1369.

¹⁰⁴ *Id.*

¹⁰⁵ *See* Chiron Corp. v. Genentech, Inc., 268 F.Supp.2d 1139, 1142 (E.D. Cal. 2002) (“In addition to addressing the concern over patentees extending the terms of their monopolies, the prosecution laches defense also responds to concerns that inventors will file narrow claims, await intervening developments, and then file broader claims to cover those developments.”).

¹⁰⁶ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 537 U.S. 825 (2002).

“an unreasonable and unexplained delay,” must anything else be shown, what is the burden of proof, and what factors might a court look at in analyzing such a defense. Indicators of the answers to these questions can be found by looking at district court cases hearing prosecution laches arguments, analogizing to established defenses, and commenting on actual patent prosecution practices.

III. Arguments As to the Elements, Burden of Proof, and Applicability of the Defense

A. The Only Element is “Unreasonable and Unexplained Delay”

Besides leaving the question open as to what constitutes an “unreasonable and unexcused delay,” the Federal Circuit’s decision in *Symbol Technologies* also did not make it clear whether there must additionally be a finding of adverse and intervening rights in order to apply prosecution laches. The sole question on appeal did not affirmatively state that there must be such a finding of adverse and intervening rights to apply prosecution laches. However, the Federal Circuit interpreted the decisions of *Crown Cork* and *General Talking Pictures* as extending prosecution laches to claims issuing from continuation and divisional applications, but noted that the doctrine was not applied in those two cases because the Court did not find adverse and interfering rights. While such a discussion by the Federal Circuit indicates that a finding of adverse and intervening rights may be required to establish prosecution laches, it is not without question. Understandably, therefore, district courts dealing with claims of prosecution laches have taken conflicting positions with regards to whether or not adverse and intervening rights are a necessary element to a finding of prosecution laches.¹⁰⁷

¹⁰⁷ See *Reiffin v. Microsoft Corp.*, 281 F.Supp.2d 1149, 1151 (N.D. Ca. 2003) (“There is one element of the defense of prosecution laches . . . whether plaintiff unreasonably delayed the prosecution of his patent(s) in a manner that cannot be reasonably explained.”); *Digital Control Inc. v. McLaughlin Manufacturing Co., Inc.*, 248 F.Supp.2d 1015, 1018 (W.D. Wa. 2003) (“[T]he Court does not consider that an examination of intervening adverse rights is a useful concept in prosecution laches when addressing continuation applications.”); *Intuitive Surgical, Inc. v. Computer Motion, Inc.*, No. Civ.A. 01-203-SLR, 2002 WL 31833867, at *3 (D. Del. Dec. 10, 2002) (“[T]he court relies on . . . a threshold inquiry . . . as to whether a patent was ‘obtained after an unreasonable and unexplained delay in prosecution’ . . . [and] the court must consider the fact that prosecution laches is an equitable tool which has been used sparingly in only the most egregious of cases.”). *But see* *Chiron Corp. v. Genentech, Inc.*, 268 F.Supp.2d 1139, 1141 (E.D. Cal. 2002) (applying traditional laches test and therefore requiring a showing of “material prejudice to the alleged

This paper argues that in order to establish prosecution laches as a defense, an alleged infringer must show only that the claims in suit issued after an unreasonable and unexplained delay in prosecution. Despite the Federal Circuit's reference in *Symbol Technologies* to adverse intervening rights and despite the traditional requirement that a defendant prove they suffered prejudice in order to invoke laches as a defense, these two tenants of patent law are not elements of the Federal Circuit's revived prosecution laches defense. Rather, the concepts of prejudice and intervening rights are important factors to consider when evaluating the reasonableness of a delay.

The Federal Circuit stated at least three times in *Symbol Technologies* and *In re Bogese* that prosecution laches applies to “an unreasonable and unexplained delay in prosecution” without any mention that prejudice to the alleged infringer must also be shown.¹⁰⁸ In defining prosecution laches in this manner, the court was certainly aware of its landmark 1992 *en banc* decision in *A.C. Aukerman Co. v. R.L. Chaides Construction Co.* that addressed the laches associated with a delay in bringing a patent infringement suit.¹⁰⁹ This traditional laches defense addresses the assertion that a patent owner's delay in bringing suit bars pre-filing damages and requires the alleged infringer to show (1) an unreasonable and inexcusable delay in bringing suit by the patent owner; and (2) material prejudice to the alleged infringer due to the delay.¹¹⁰ The *Aukerman* court noted that this test was based on well-settled law regarding the two prongs of laches: delay and prejudice.¹¹¹ The notable absence by the Federal Circuit in *Symbol Technologies* to address or even reference prejudice to the alleged infringer as a requirement of prosecution laches is evidence that the court does not view it as one of the elements of the defense. The absence of such a discussion is particularly significant as the seminal

infringer attributable to the delay); *Gen-Probe, Inc. v. Vysis, Inc.*, No. 99-CV-2688 H, 2002 U.S. Dist. LEXIS 25020, at *119 (S.D. Ca. Aug. 2, 2002) (“Prosecution laches thus apply where the patent applicant delays deliberately, unreasonably and without excuse the issuance of his patent so as to prejudice the intervening rights of another party.”); *Verizon Cal. Inc. v. Ronald A. Katz Technology Licensing*, No. 01-CV-09871, 2003 U.S. Dist. LEXIS 23553, at *62-63 (C.D. Ca. Dec. 2, 2003) (“[I]t appears that proof of ‘intervening adverse rights’ is a requisite element of a successful prosecution laches defense.”).

¹⁰⁸ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361, 1363 (Fed. Cir. 2002); *In re Bogese II*, 303 F.3d 1362, 1367 (Fed. Cir. 2002).

¹⁰⁹ *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020 (Fed. Cir. 1992).

¹¹⁰ *Id.* at 1028.

¹¹¹ *Id.* at 1026, 1032.

Aukerman decision was intended to provide clarity to the application of laches in patent infringement suits.¹¹²

The argument against prejudice to the alleged infringer as an element of the prosecution laches defense is bolstered by the recognition of the differences in the inequities between prosecution laches and the laches addressed in *Aukerman*. The laches of *Aukerman* deals with the delay of the patent owner relative to a specific alleged infringer, and more particularly, the delay in bringing suit against that individual.¹¹³ Such a form of laches, as the Federal Circuit has noted, requires the plaintiff to deal fairly with his or her adversary.¹¹⁴ Correspondingly, the remedy to this laches bars only the awarding of pre-suit damages. As such, the patent is not held invalid and the owner may still prevent the alleged infringer from violating his or her patent rights, bring suit on future infringement by the alleged infringer, or take action against any other alleged infringers.

In contrast, the delay at issue in prosecution laches is not measured as between the patent owner and the alleged infringer, but rather focuses on the delay in the issuing of the patent claims that are being asserted. As this delay is not specific to the alleged infringer, a finding that the delay is sufficiently egregious renders the patent unenforceable and a patent found unenforceable because of prosecution laches no longer grants its owner any rights of exclusion as to any individual.¹¹⁵

Although not directly stated by the Federal Circuit, prosecution laches must be addressing the impact of an unreasonable delay on the public. As noted, the patent laws are intended to promote the progress of science and provide notice to the public of an inventor's claimed property rights.¹¹⁶ Delays in the issuance of the patent claims, however, prevent the public from being provided with notice of those claimed rights.¹¹⁷ While there may not be prejudice to the specific individual against whom an improperly acquired patent is being asserted, the public may have suffered an inequity through the

¹¹² ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT §12.3, at 620 (6th Edition 2003).

¹¹³ *A.C. Aukerman*, 960 F.2d at 1028.

¹¹⁴ *Id.* at 1029 (citing 5 J.N. POMEROY, EQUITY JURISPRUDENCE §21, at 43 (Equitable Remedies Supp. 1905).

¹¹⁵ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361, 1363 (Fed. Cir. 2002).

¹¹⁶ *See supra* notes 10-16.

¹¹⁷ *See supra* note 17.

patentee's actions. Therefore, the effect of the patentee's unreasonable and unexplained delay on the alleged infringer should not be considered an element of the defense.

Similarly, a determination of adverse intervening rights should also not be required to establish the defense of prosecution laches. The Federal Circuit in *Symbol Technologies* interpreted the Supreme Court holdings in *Crown Cork* and *General Talking Pictures* as ratifying prosecution laches when adverse intervening rights are impaired. However, the court's multiple statements that it is an unreasonable and unexplained delay that establishes prosecution laches are absent of a requirement that adverse intervening rights must also be shown to establish the defense. Here again, the notable absence of such a requirement when plainly considered by the court suggests that a showing of adverse intervening rights is not required to prove prosecution laches.

In re Bogese provides further proof that adverse intervening rights are not an element of prosecution laches. As noted above, in *In re Bogese* the court affirmed the Board's finding of a forfeiture of the patentee's patent rights based solely on the unreasonable delay in prosecution.¹¹⁸ Neither the Board nor the Federal Circuit based its holding on or even discussed the concept of intervening rights, which strongly suggests that it is not a necessary element to the defense.¹¹⁹ Further, a finding of prosecution laches while claims are still pending before the PTO would preclude the possibility of even determining the existence of adverse intervening rights. That is, if the PTO never allowed the claims, there is no "invention" to compare to any publicly existing products, and a determination of what is and what is not "intervening" cannot be made.

Additionally, the concept of "adverse intervening rights," in contemporary times, is associated with reissue patents, which are distinctly separate from continuation and divisional patents.¹²⁰ The patent laws provide that a patentee may obtain a reissue patent based on a prior issued patent, and which has broader claims than the previously issued patent.¹²¹ However, two significant limitations are associated with reissue patents. First, the broader claims must be sought within two years from the issuance of the patent from which it is based. Second, individuals practicing the invention covered by the reissue

¹¹⁸ See *supra* notes 94-100.

¹¹⁹ See *supra* notes 101-104.

¹²⁰ 35 U.S.C. § 251 (2004) (reissue of defective patents).

¹²¹ *Id.*

patent who begin such practice prior to the issuance of the reissue patent are granted “intervening rights” to continue to do so despite the reissue patent.¹²²

As with traditional laches addressed in *Aukerman*, the asserted intervening rights relative to a reissue patent involve the rights between the patentee and the specific alleged infringer charged with infringement. A finding of intervening rights in such a situation, therefore, only renders the patent unenforceable against that individual alleged infringer. However, a finding of prosecution laches renders the patent unenforceable against anyone that practices the claimed invention and is therefore broader in scope and, once again, arguably directed to the impact of the patentee’s actions on the public.

The notable absence of references to either prejudice to an alleged infringer or intervening rights when the Federal Circuit stated their holding regarding prosecution laches suggest these are not elements of the defense. Further, because prejudice and intervening rights typically address the actions between a patent owner and an alleged infringer as opposed to actions with a third party, the public, their applicability as an element to the defense is further questioned. However, as will be seen, the concepts of prejudice and intervening rights are better considered as factors in determining the reasonableness of a delay.

B. Burden of Proof is Preponderance of the Evidence Standard

Another issue that was left unresolved by the *Symbol Technologies* and the *In re Bogese* cases is the level of proof required to establish the prosecution laches defense. This lack of direction has resulted in varied results at the district courts, with at least one holding that it must be established by clear and convincing evidence,¹²³ while others requiring it only be shown by a preponderance of the evidence.¹²⁴ While there are

¹²² 35 U.S.C. § 252 (2004) (“A reissued patent shall not abridge or affect the right of any person...who, prior to the grant of a reissue, made, purchased, offered to sell, or used . . . anything patented by the reissued patent . . .”).

¹²³ See *Gen-Probe, Inc. v. Vysis, Inc.*, No. 99-CV-2688 H, 2002 U.S. Dist. LEXIS 25020 (S.D. Ca. Aug. 2, 2002) (“[S]ince the application of this doctrine would render a patent unenforceable, the moving party must provide clear and convincing evidence.”).

¹²⁴ See *Verizon Cal. Inc. v. Ronald A. Katz Technology Licensing*, No. 01-CV-09871, 2003 U.S. Dist. LEXIS 23553, at *61 (C.D. Ca. Dec. 2, 2003) (“As to the applicable burden of proof, the Court . . . holds that the preponderance of the evidence standard applies to the prosecution laches defense, as it raises considerations analogous to estoppel arising out of delay in enforcing a patent.”); *Reiffin v. Microsoft*

arguments for both standards, the more appropriate burden is that the defense be shown by a preponderance of the evidence.

The clearest sources for establishing the appropriate standard comes from the Federal Circuit's addressing of the traditional laches defense and the patent laws. In *Aukerman*, the Federal Circuit noted that the laches associated with the delay by one party in bringing an infringement suit and the resultant harm to another party did not implicate the types of concerns that generally warrant the clear and convincing standard.¹²⁵ Therefore, the court held that the preponderance of evidence standard was required to establish the traditional laches defense at issue.¹²⁶

The court did recognize that the patent laws mandate that an issued patent be presumed valid and, as such, the defense of patent invalidity is required to be proven by clear and convincing evidence.¹²⁷ This presumption of validity and increased evidentiary burden are based on the rigorous examination conducted by the PTO prior to issuance of a patent. As patent applications are examined to determine patentability as opposed to simply being registered, there is a presumption that the administrative actions of the PTO to this end have been done correctly.¹²⁸

While a finding of traditional laches renders the patent unenforceable only against the alleged individual infringer charged in the suit, and only as to pre-suit damages, a finding of invalidity renders the patent unenforceable as to all individuals.¹²⁹ Similarly, a finding of prosecution laches renders the patent unenforceable against all others as well.¹³⁰ Although a finding of prosecution laches removes all rights of exclusion it does

Corp., 281 F.Supp.2d 1149, 1151 (N.D. Ca. 2003) (“A defendant must prove this element by a preponderance of the evidence.”); *Intuitive Surgical, Inc. v. Computer Motion, Inc.*, No. Civ.A. 01-203-SLR, 2002 WL 31833867, at *5 n.4 (D. Del. Dec. 10, 2002) (“Defendant argues that, consistent with the burden of proof in equitable laches and estoppel cases, the preponderance of the evidence standard should apply. This court agrees.”).

¹²⁵ *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020, 1045 (Fed. Cir. 1992).

¹²⁶ *Id.*

¹²⁷ *See Id.*; 35 U.S.C. § 282 (2004) (“A patent shall be presumed valid.”); *Apotex USA, Inc. v. Merck & Co.*, 254 F.3d 1031, 1036 (Fed. Cir. 2001), *cert. denied*, 534 U.S. 1172 (2002) (“In order to overcome the presumption of validity, the party challenging a patent must prove facts supporting a determination of invalidity by clear and convincing evidence.”).

¹²⁸ *Superior Fireplace Co. v. Majestic Products Co.*, 270 F.3d 1358, 1380 (Fed. Cir. 2001) (citing *Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc.*, 98 F.3d 1563, 1569 (Fed. Cir. 1996), *cert. denied*, 520 U.S. 1230 (1997) (“The presumption of validity is based on the presumption of administrative correctness of actions of the agency charged with examination of patentability.”)).

¹²⁹ An invalid patent does not carry the monopoly rights associated with a valid patent.

¹³⁰ *See supra* note 84.

not do so by challenging the substantive validity or merits of the invention or how it was described, as in an invalidity challenge. Rather, prosecution laches is directed at the dilatory conduct on the part of the patentee in obtaining the patent. As such, an assertion of prosecution laches does not contest the presumption that the PTO has properly performed its duties in issuing the patent and, therefore, should only need to be shown by a preponderance of the evidence standard.

It must be noted, however, that the *In re Bogese* holding “that the PTO has authority to order forfeiture of rights for unreasonable delay” may alter this argument.¹³¹ If the PTO begins to include an evaluation of the prosecution pendency and the patentee’s conduct during such pendency as part of its patent examination process, it would be arguable that such an evaluation was part of the substantive administrative process of the PTO. As such, a prosecution laches defense would challenge the actions of the PTO and may therefore need to be proven by clear and convincing evidence.

C. No Presumption of Prosecution Laches Should Apply

Along with the elements of delay and prejudice to the alleged infringer, the traditional laches defense that bars recovery of pre-suit damages employs a presumption of laches where a patentee delays bringing suit for more than six years from when the patentee knew or should have known of the alleged infringement.¹³² Analogous to Federal Rule of Evidence 301, this presumption shifts the burden of going forward with additional evidence, but not the ultimate burden of persuasion.¹³³ Similar to this presumption, and citing the Supreme Court cases of *Crown Cork* and *General Talking Pictures*, one district court has held that a presumption of prosecution laches could arise based on a patentee’s delay.¹³⁴ In *Verizon Cal., Inc. v. Ronald A. Katz Tech. Licensing*, the district court held that a finding of adverse intervening public rights are a prerequisite to establishing prosecution laches and further held:

¹³¹ See *supra* note 104.

¹³² *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020, 1028 (Fed. Cir. 1992).

¹³³ *Id.* at 1037.

¹³⁴ *Verizon Cal. Inc. v. Ronald A. Katz Technology Licensing*, No. 01-CV-09871, 2003 U.S. Dist. LEXIS 23553 (C.D. Ca. Dec. 2, 2003).

[I]n the absence of intervening adverse rights for more than two years prior to the presentation of patent claims in a continuation or divisional application, the claims were filed “in time” rendering prosecution laches inapplicable . . . However, where the claims at issue were presented more than two years after the existence of an intervening right, the patentee must demonstrate sufficient excuse for the delay.¹³⁵

However, such a presumption is inapplicable to prosecution laches for a number of reasons.

Initially, as noted above and discussed in more detail below, while adverse intervening rights are a strong indicator of the reasonableness of any delay in prosecuting the claims of a patent, they are not an element of the revived prosecution laches defense.

Secondly, *Symbol Technologies* held that a delay in the issuance of the claims could give rise to a finding of prosecution laches, not a delay in presenting the claims to the PTO.¹³⁶ Significantly, claims could be presented within two years of such intervening rights but prevented from issuing while further outside developments in the field continue. Under such a presumption, by filing additional continuation applications and abandoning the application in which the claims were originally presented prior to their issuance or final rejection, the patentee would be able to delay issuance of their patent until the field was dependent upon the technology and avoid the prosecution laches defense.

Thirdly, and related to the argument above, the delay of prosecution laches is measured from the filing of the original application disclosing the subject matter to which priority is claimed, and not with respect to the date intervening rights arise. This court’s presumption measured from the time of intervening rights shifts the Federal Circuit’s prosecution laches focus on the patentee’s delay in prosecuting the claims from the original disclosure to a focus on how quickly the patentee reacted to intervening rights. An original application could be filed and years of delays and continuation applications could follow while the patentee waited until a more developed variant of the invention was placed in the market. Under this rule, as long as the patentee presented the claims to

¹³⁵ *Id.* at *63.

¹³⁶ *See supra* note 5.

the PTO within two years of when those intervening rights arose, the alleged infringer could not argue prosecution laches.

Further evidence that the prosecution laches delay is measured from the filing of the original application disclosing the subject matter is found in the *Symbol Technologies* decision. The Federal Circuit citation to *Webster* points out that the delay held to be unreasonable was from the time the original application was filed until the issuance of a divisional claim to which the claims at issue had been added by amendment.¹³⁷

Finally, and more broadly with respect to presumptions of prosecution laches, the Federal Circuit's *Aukerman* decision provides guidance on this issue. In discussing the defenses of traditional laches and equitable estoppel, the court noted that a significant difference was that unlike laches, no presumption of estoppel exists.¹³⁸ One of the reasons proffered by the court for the lack of a presumption of estoppel was that the relief granted by a finding of estoppel is broader than that for laches.¹³⁹ As noted above, a finding of estoppel bars the entire claim against an alleged infringer, whereas a finding of traditional laches only bars presuit damages. The court reasoned that, since the whole suit might be barred, "the defendant should carry a burden to establish the defense based on proof, not a presumption."¹⁴⁰ Similarly, therefore, no presumption of prosecution laches should exist as such a finding grants broad relief by rendering the claims at issue unenforceable. Rather, the alleged infringer should be required to prove the defense by a preponderance of the evidence.

D. Defense Should Apply to post-GATT Patents and Terminal Disclaimer Patents

Another issue faced by the district courts hearing post-*Symbol Technologies* prosecution laches arguments is the applicability of the defense to patents having a reduced enforceable life as a result of being post-GATT patents or having terminal

¹³⁷ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361, 1364 (Fed. Cir. 2002) ("The Court applied the doctrine in *Webster*...and held that an unreasonable eight-year delay rendered the claims at issue unenforceable. In that case, [the patentee] filed a patent application in 1910...[and the claims in suit] issued in 1918...").

¹³⁸ *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020, 1043 (Fed. Cir. 1992).

¹³⁹ *Id.*

¹⁴⁰ *Id.*

disclaimers.¹⁴¹ The *Symbol Technologies* court was dealing with pre-GATT patents (patents that had been filed prior to June 8, 1995) without terminal disclaimers and did not address the applicability of the doctrine to such patents, thereby leaving the issue open. As such, patent owners at the district courts argue that post-GATT patents and patents with terminal disclaimers are beyond the reach of a prosecution laches defense because their terms have already been tied to the original disclosure. However, the inequity addressed by the prosecution laches doctrine is not only the improper time extension of the monopoly right, but also the prevention of a patentee lying in wait until the market develops around his or her invention and then bringing forth the claims to ensnare the unsuspecting industry.¹⁴² While the presence of terminal disclaimers and the limitations imposed by the GATT treaty are relevant considerations to the reasonableness of any delay, these items alone should not render prosecution laches inapplicable.¹⁴³

Had the GATT patent term limitation applied in *Symbol Technologies*, it would likely have been determinative in the suit. However, neither the 20-year patent term nor the tying of the term of a later patent to an earlier issued patent completely resolve the potential impact of patents that undergo prolonged prosecution. Many industries experience periods of rapid advancement within which they come to significantly rely on

¹⁴¹ The General Agreements on Tariffs and Trade (GATT) was intended to harmonize U.S. patent laws with other countries by altering the term of a patent. (Uruguay Round Agreements Act, 103 Pub. L. No. 465, 108 Stat. 4809 (1994)). Prior to June 8, 1995, the term of a patent was seventeen years from the date of issuance, such that the enforceable life of a patent did not start until after all prosecution was completed in the PTO. 35 U.S.C. § 154 (1988). Patent applications filed post June 8, 1995, however, have a variable length term that begins on the date the patent is issued and extends until twenty years from the date the application was filed. 35 U.S.C. §154(a)(2) (2004). Therefore, the longer the prosecution duration, the shorter the enforceable life of a post-GATT patent.

Terminal disclaimers are based on 35 U.S.C. § 253 (2004), which provides “...any patentee or applicant may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted or to be granted.” A terminal disclaimer enables the patentee to overcome an obviousness-type double patenting rejection by tying the term of a later issued patent to the expiration of a prior issued and commonly owned patent.

¹⁴² See *supra* note 105.

¹⁴³ See *Cummins-Allison Corp. v. Glory, Ltd.*, No. Civ.A. 02-C-7008, 2003 WL 22125212, at *17 (N.D. Ill. Sept. 5, 2003) (“Review of the relevant case law leads to the conclusion that post-GATT patents and continuation patents may still be subject to prosecution laches.”); *Digital Control Inc. v. McLaughlin Manufacturing Co., Inc.* 248 F.Supp.2d 1015, 1018 (W.D. Wa. 2003) (“Plaintiff urges the Court to rule that laches could never apply to a patent under the GATT system. However, the Court in its prior order declined making such a broad ruling given that no such holding was explicitly made in the *Symbol* case.”); *Chiron Corp. v. Genentech, Inc.*, 268 F.Supp.2d 1139, 1143 (E.D. Ca. 2002) (citation omitted) (“Moreover, a bright line rule that the prosecution laches defense never applies when a terminal disclaimer has been filed would run contrary to the principle that ‘with its origin in equity, a determination of laches is not made upon the application of mechanical rules.’”).

specific equipment or technology in a short period of time. In these situations, even the existence of only a few years remaining on the patent term could potentially be enough time to create a significant impact to the developed industry.¹⁴⁴ Therefore, to prevent such entrapment type tactics on fast changing industries, the defense of prosecution laches should apply to both post-GATT patents and patents having terminal disclaimers.

IV. Factors to Consider Regarding Reasonableness and Explanation of Delay

At issue in *Symbol Technologies* were a multitude of patents that claimed priority to two patent applications filed in 1954 and 1956.¹⁴⁵ In reviewing the evidence on remand, the Nevada District Court pointed out that over an 87 year span more than five million patents were issued by the PTO, and that Lemelson held the top 13 positions for the longest duration of patent prosecution during that period.¹⁴⁶ The District Court of Nevada held that the patentee's "delay of from 18 to 39 years in filing the applications that issued as the patents-in-suit requires that Lemelson's right to those claims be deemed forfeited under the equitable doctrine of prosecution laches."¹⁴⁷ In so holding, the court noted, "[i]f 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."¹⁴⁸

Based on Lemelson's records of 18 to 39 years in delaying patent prosecution, it would appear as if he has set one of the boundaries for the implication of prosecution

¹⁴⁴ David L. Marcus, *Is the Submarine Patent Torpedoed?: Ford Motor Co. v. Lemelson and the Revival of Continuation Application Laches*, 70 TEMP. L. REV. 521, 526 (1997) ("[E]ven under the twenty year patent term many inventors will still be able to prolong the prosecution of their applications long enough for industries to become dependent on the technologies employing their inventions."); Roy H. Wepner, *Patent Lawyers Beware: Submarine Patents are Still Lurking*, 145 N.J.L.J. 212 (1996) ("Twenty years is still a long time; in certain technologies, it is more than an eternity. It is easy to envision a submarine application swimming underwater for 15 years, and then issuing and wreaking havoc with a fully matured industry."); Mark A. Lemley, *An Empirical Study of the Twenty-Year Patent Term*, 22 AIPLA Q.J. 369, 378 (1994) ("The problem of submarine patents is particularly troublesome in industries characterized by rapid innovation, since even a modest delay in prosecuting the patent can result in catching an entire industry unaware.")

¹⁴⁵ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, 277 F.3d 1361, 1363 (Fed. Cir. 2002).

¹⁴⁶ *Id.*

¹⁴⁷ *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, LP*, --F.Supp.2d--, 2004 WL 161331 (D. Nev. 2004).

¹⁴⁸ *Id.*

laches. What is unclear is where the other boundary may lie and what factors should be considered in evaluating whether or not a delay is sufficiently unreasonable and unexplained to implicate the defense. In the absence of further guidance from the Federal Circuit, this section will endeavor to address some of the issues that will demarcate that line. Specifically, this section will attempt to coalesce some of the arguments made at the district courts and discuss various actions by a patentee during patent prosecution that should be considered when addressing prosecution laches.

A. Prejudice and the Existence of Public Intervening Rights

As noted above, the existence of prejudice and intervening rights are important considerations in evaluating the reasonableness of a delay in the issuance of patent claims. In fact, prejudice to public intervening rights is a critical factor to consider with regards to reasonableness in view of the Federal Circuit's dictum on the topic in *Symbol Technologies*. As noted, the Federal Circuit commented that the Supreme Court cases of *Crown Cork* and *General Talking Pictures* ratified prosecution laches on claims that prejudiced intervening adverse public rights. Specifically, the Federal Circuit observed that the defense of prosecution laches was not applied in *Crown Cork* "in the absence of intervening rights" and was rejected in *General Talking Pictures* "because there was no evidence of intervening public rights."¹⁴⁹

Evidence that claims issuing after a delay prejudice intervening adverse public rights is significant for without such evidence it is arguable that the claims are not part of a submarine patent designed to extort a dependent industry. Additionally, a lack of evidence as to the existence of adverse public rights indicates that the public has been provided timely notice of the inventor's claimed property right, and that the inventor is not attempting to remove a valuable asset from the public domain.

The extent of the intervening rights should also be considered. For example, the degree to which the public is prejudiced is arguably diminished if the claims at issue only address a tangentially related or infrequently used technology within a broader field. Similarly, prejudice is diminished if the invention at issue has numerous substitutes and

¹⁴⁹ *Symbol Technologies*, 277 F.3d at 1364-65.

there is little or no cost associated with switching between those substitutes. In contrast, claims that purport to cover the central concept of a technology, or one having few substitutes, will necessarily involve a greater degree of potential prejudice.

Furthermore, the presence of intervening public rights should be considered significant regardless of the size of the industry involved. While the bar code technology at issue in *Symbol Technologies* was widely used, it can be readily understood that improperly delayed claims could have an equally serious impact to the users of a less pervasive technology.

B. Post-GATT Patents and Patents with Terminal Disclaimers

While it is argued above that prosecution laches should apply to post-GATT patents and patents having terminal disclaimers, it must also be noted that the presence of these patent term limiters weigh in favor of a finding that any delays in the procurement of the patent are reasonable.¹⁵⁰ As the monopoly associated with these patents cannot extend beyond the term of the parent application, the factual scenarios in which a finding of prosecution laches will be found are necessarily narrowed. Furthermore, the ability to bring patent infringement suits on pre-GATT patents has only a finite timeline, potentially limiting the applicability of the prosecution laches defense in the future.¹⁵¹

C. Publication of Patent Application and Articles

A recent change to the patent laws intended to harmonize the laws of the United States with other nations provides relief from the damage a submarine patent can cause. The provisions of the American Inventors Protection Act of 1999 providing for the publication of pending applications provides a method whereby the public may be put on

¹⁵⁰ See *Digital Control Inc. v. McLaughlin Manufacturing Co., Inc.* 248 F.Supp.2d 1015, 1018 (W.D. Wa. 2003) (“[P]atents subject to GATT or terminal disclaimers limiting patent protection to twenty years will tend to be reasonable.”); *Chiron Corp. v. Genentech, Inc.*, 268 F.Supp.2d 1139, 1143 (E.D. Ca. 2002) (“[I]t certainly is appropriate to weigh the filing of a terminal disclaimer as an equitable consideration, and . . . it may weigh strongly in favor of finding the delay is reasonable . . .”).

¹⁵¹ The GATT term limitation went into effect on June 8, 1995, therefore, the final 17-year term patents will expire on June 8, 2012. Adding the six-year time limitation on infringement damages of 35 U.S.C. § 286 means that the last complaint filed on 17-year term patents will be June 8, 2018.

notice of what the patentee claims as his or her invention.¹⁵² Prior to implementation of this act, pending applications were kept in strict confidence during prosecution such that the public was unaware of any pending claimed patent rights. In contrast, current patent laws provide that “each application for a patent shall be published...promptly after the expiration of a period of 18 months from the earliest filing date for which” priority is being claimed.¹⁵³ With respect to continuation applications, the 18 month period is measured from the filing of the parent application such that if the parent application has been pending in the PTO for at least 18 months prior to the filing of the continuation application, the continuation application will be immediately published. Although patent applications must frequently be amended during the prosecution process and are therefore rarely issued exactly as filed, the public is at least put on notice of the general subject matter of the application when published in this manner.

Patent application publication as a method of providing public notice and preventing a patent from unknowingly “surfacing” is, however, subject to a significant caveat. The patent laws provide that a patent application shall not be published if the patentee so requests.¹⁵⁴ As such, the public may be prevented from obtaining notice of both the parent application and any associated continuation applications if the patentee elects to keep the applications in confidence.

Similar to the public notice provided by the publication of an application, a patentee’s publication in a scientific or trade journal of the claimed invention is also evidence that the patentee is attempting to provide notice to the public.¹⁵⁵ Such actions indicate that the patentee is intending to market and exploit the claimed invention as opposed to entrap those who have substantively advanced use of the invention independently of the patentee.

¹⁵² Nov. 29, 1999, Pub. L. 106-113 [§4502(a)], 113 Stat. 1501A-561.

¹⁵³ 35 U.S.C. § 122(b)(1) (2004).

¹⁵⁴ 35 U.S.C. § 122(b)(2)(B)(i) (2004) (“If an applicant makes a request upon filing, certifying that the invention disclosed in the application has not and will not be the subject of an application filed in another country, or under a multilateral international agreement, that requires publication of applications 18 months after filing, the application shall not be published as provided in paragraph (1).”)

¹⁵⁵ *See* *Reiffin v. Microsoft Corp.*, 281 F.Supp.2d 1149, 1153 (N.D. Ca. 2003) (“[P]laintiff’s publication of his invention in a computer science periodical reflects plaintiff’s willingness to publicize his invention(s) to those in the field of the invention(s) prior to the issuance of any patent for the invention(s).”).

D. Issuance of Patents in a Chain of Patents

Like the public notice provided by patent application publication, if the claims at issue in an infringement suit evolve from a series of continuation applications in which some or all of the previously filed applications have issued as patents, it is arguable that any delays in the issuance of the allegedly infringed claims are not unreasonable. The issuance of patents upon a finding of allowable claims by a patent examiner and the pursuing of the rejected claims and/or additional claims in a continuation application indicates that the patentee is attempting to provide notice to the public as well as obtain all the protection that he or she believes they are entitled to. In contrast, the repeated abandonment of previously filed applications in favor of new continuation applications, especially when an examiner has indicated the existence of allowable claims, may be evidence that weighs against a finding of reasonableness of any delays.

It must be noted, however, that the mere presence of a chain of continuation applications in the prosecution history of an allegedly infringed patent claim cannot, without more, establish an unreasonable delay. The practice of filing continuation applications has long been known and may even be increasing in popularity due to practitioners' perceived uncertainty in claim interpretation by the Federal Circuit and recent decisions affecting the interpretation of claims under the doctrine of equivalents.¹⁵⁶ Therefore, practitioners believe it is more important than ever to obtain patent claims that read literally on an allegedly infringing product. In order to obtain such claims, practitioners frequently maintain at least one pending continuation application before the PTO in order to insert or amend claims to read directly on a product that the patentee believes is misappropriating the invention.

E. Actions by Patentee/PTO to Speed or Delay Prosecution

An additional issue to consider in assessing the reasonableness of any delays in the issuance of claims is whether or not any actions were taken by the patentee or the

¹⁵⁶ Steven B. Pokotilow, Charles E. Cantine, *File Early and File Often*, 4 PAT. STRATEGY & MGMT. 9 (January 2004) (recommending the maintaining of a pending application such that the claims of the continuation application may be amended to capture a competitor's product).

PTO that either expedited or delayed prosecution of the claims.¹⁵⁷ For example, while the PTO normally examines patent applications in the order in which they are received, a patentee may be able to advance examination of an application by filing a “petition to make special” if any one of certain criteria are established.¹⁵⁸ These criteria include the existence of a device that would infringe the invention of the application, the patentee is in poor health, the patentee is at least 65 years of age, the invention of the application would materially enhance the environment, or the invention relates to the development of energy resources.¹⁵⁹ The existence of a petition to make special weighs in favor of a finding of reasonableness with respect to the issuance of allegedly infringed claims. Conversely, electing not to file a petition to make special when any of these criteria are present may be evidence of an unreasonable delay.

Another consideration in assessing the reasonableness of the issuance of claims is whether or not there were any delays on the part of the PTO. Because the PTO receives enormous quantities of mail it is not unheard of for an application or a response to a patent Examiner’s objection to be lost or misplaced by the PTO.¹⁶⁰ Any delays in the issuance of claims that are attributable to the PTO should certainly not be held against a patentee.¹⁶¹

F. Interferences and Prosecution of Other Patents

The traditional laches defense that denies a patent owner pre-suit damages as a result of a delay in bringing suit against an alleged infringer recognizes “other litigation” as an excuse for that delay.¹⁶² That is, a patent owner may still be allowed to pursue an action against an alleged infringer despite a delay in bringing suit if the patent owner had

¹⁵⁷ See Reiffin 281 F.Supp.2d at 1149 (discussing the reasonableness of a delay as depending upon whether or not it can be explained by “legitimate considerations” that include the patentee or PTO taking unusual steps to speed or delay the application process).

¹⁵⁸ 37 C.F.R. § 1.102 (2003); See also Manual of Patent Examining Procedure § 708.02.

¹⁵⁹ Manual of Patent Examining Procedure § 708.02.

¹⁶⁰ *Ideas That Become Valuable Innovations; A Patent and Trademark Office Review, Fiscal Year 1998*, USPTO, at <http://www.uspto.gov/web/offices/com/annual/1998/a98r-2.htm> (“The PTO received 240,090 utility, plant, and reissue applications in FY 1998.”)

¹⁶¹ See Reiffin 281 F.Supp.2d at 1152.

¹⁶² See *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020, 1033 (Fed. Cir. 1992) (“A court must also consider and weigh any justification offered by the plaintiff of its delay. Excuses which have been recognized in some instances . . . include: other litigation . . .”).

been engaged in some other litigation regarding the patent during the delay. Similarly, the prosecution of other patent applications that are related to the allegedly infringed claims may provide an excuse for any delays in issuance.¹⁶³ A patentee with multiple pending applications may choose to prioritize the prosecution of some applications in advance of others in order to, for example, craft the various applications towards particular embodiments of the invention.

Also analogous to the other litigation excuse of the traditional laches defense would be the existence of interferences during the prosecution of a patent application. An interference is a proceeding before the Board of Patent Appeals and Interferences within the PTO to determine who is the first to invent the subject matter of a patent application that conflicts with another pending application or an unexpired patent.¹⁶⁴ The existence of an interference in the prosecution of claims will delay the issuance of those claims and as an interference is a determination of ownership of rights and not a device used by the patentee to delay public notification of those rights, such delays caused by an interference should not be held against the patentee.

G. Existence of Requirement by PTO to “Substantively Advance Prosecution”

As discussed above, in *In re Bogese* the Federal Circuit held that a patent Examiner can require a patentee to make a “substantive amendment to advance prosecution” or risk forfeiture of any patent rights.¹⁶⁵ In light of this holding, a showing that the PTO issued a patentee such an ultimatum would be strong evidence regarding the

¹⁶³ See *Stambler v. RSA Security, Inc.*, 243 F.Supp.2d 74, 76 n.3 (“Defendants argue that plaintiff’s delay of more than three years in filing the division applications . . . constitutes an unreasonable delay. This court disagrees. During this period, plaintiff was prosecuting two other applications based on the original application . . . Plaintiff’s delay . . . under these circumstances is not unreasonable.”); *Gen-Probe, Inc. v. Vysis, Inc.*, No. 99-CV-2688 H, 2002 U.S. Dist. LEXIS 25020, at *120-21 (S.D. Ca. Aug. 2, 2002) (refusing to “second-guess” the business decisions of patent attorney as to filing of continuation applications due to heavy work load).

¹⁶⁴ 35 U.S.C. § 135(a) (2004) (“Whenever an application is made for a patent which . . . would interfere with any pending application, or with any unexpired patent, an interference may be declared . . . The Board of Patent Appeals and Interferences shall determine questions of the inventions and may determine questions of patentability.”).

¹⁶⁵ See *supra* notes 92-104.

unreasonableness of a delay.¹⁶⁶ If a patentee did not diligently prosecute until an Examiner required such a substantive amendment, this would indicate that the patentee was not prosecuting in good faith and, therefore, that an unreasonable delay occurred.

H. Length of the Delay

The number of years involved in the prosecution of claims must certainly be considered when evaluating the reasonableness of a delay. However, as the awarding of a patent is dependent upon many factors, such as the scope of the claims being pursued and the number of pre-existing patents in the technological field at issue, the duration of patent prosecution varies greatly. As previously noted, Lemelson's delays of 18 to 39 years between the filing of the original parent applications and the filing of the allegedly infringed patents were found on remand to be unreasonable. Since *Symbol Technologies*, district courts have held that delays of 15, 11, 9, and 7 years between the filing of the original parent application and the issuance of the allegedly infringed patent were not unreasonable when considered together with the other facts of the cases.¹⁶⁷ Therefore, the duration of patent prosecution is necessarily only one factor of many that must be considered.

I. Kingsdown

District courts hearing prosecution laches arguments have also been faced with an apparent tension created by the *Symbol Technologies* decision relative to the 1988

¹⁶⁶ See *Cummins-Allison Corp. v. Glory, Ltd.*, No. Civ.A. 02-C-7008, 2003 WL 355470 at *41 (N.D. Ill. Feb. 12, 2003) (noting that the examiner did not refuse to issue the patent-in-suit on the ground of dilatory conduct by the patentee despite the examiner having such authority).

¹⁶⁷ *Reiffin v. Microsoft Corp.*, 281 F.Supp.2d 1149 (N.D. Ca. 2003) (plaintiff was not barred by prosecution laches from pursuing patent infringement claim despite nearly 15 year prosecution period from application to issuance); *Gen-Probe, Inc. v. Vysis, Inc.*, No. 99-CV-2688 H, 2002 U.S. Dist. LEXIS 25020 at *121 (S.D. Ca. Aug. 2, 2002) ("In light of [the] evidence, the Court finds that the eleven years between filing and issuance of the [allegedly infringed] patent is not unreasonable."); *Intuitive Surgical, Inc. v. Computer Motion, Inc.*, No. Civ.A. 01-203-SLR, 2002 WL 31833867 (D. Del. Dec. 10, 2002) (based on facts of case, nine year period between original filing and issuance of patent-in-suit was not constitute an unreasonable and unexplained delay such that prosecution laches did not apply); *Stambler*, 243 F.Supp.2d 74 (as a matter of law, patent-in-suit did not issue after an unreasonable delay despite seven year period between original filing and issuance).

Federal Circuit case of *Kingsdown Medical Consultants, Ltd. v. Hollister Inc.*¹⁶⁸ The *Kingsdown* decision addressed another equitable defense, inequitable conduct, which is an offense against the PTO and the public that occurs during patent prosecution when an applicant fails to prosecute the application with candor, good faith, and honesty.¹⁶⁹ As stated in *Kingsdown*, “inequitable conduct resides in failure to disclose material information, or submission of false material information, with an intent to deceive.”¹⁷⁰

In *Kingsdown* the situation of a patentee amending a pending application on an ostomy appliance to cover a competitor’s product was addressed. While the original application was pending, the plaintiff’s patent attorney observed an ostomy device manufactured by the defendant. Thereafter, a continuation application was filed with claims to cover the defendant’s device.¹⁷¹ A patent issued on this continuation application six-and-a-half years after the original application was filed and the plaintiff sued the defendant for infringement.¹⁷²

The district court found that the plaintiff’s actions of observing the defendant’s product and prosecuting a patent to “cover” that device evidenced deceitful intent, which contributed to a finding of inequitable conduct. In reversing this conclusion, the Federal Circuit held:

[T]here is nothing improper, illegal or inequitable in filing a patent application for the purpose of obtaining a right to exclude a known competitor’s product from the market; nor is it in any manner improper to amend or insert claims intended to cover a competitor’s product the applicant[.]...has learned about during the prosecution of a patent application. Any such amendment or insertion must comply with all statutes and regulations, of course, but, if it does, its genesis in the marketplace is simply irrelevant and cannot of itself evidence deceitful intent.¹⁷³

This statement by the Federal Circuit cited their previous decision in *State Industries, Inc. v. A.O. Smith Corp.*, which dealt with an allegation of willful infringement of a patent.

¹⁶⁸ *Kingsdown Medical Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867 (Fed. Cir. 1988).

¹⁶⁹ ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT §12.4, at 642 (6th Edition 2003).

¹⁷⁰ *Kingsdown*, 863 F.2d at 872 (citing *J.P. Stevens & Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1559 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822 (1985)).

¹⁷¹ *Kingsdown*, at 870.

¹⁷² *Id.*

¹⁷³ *Id.* at 874 (citing *State Indus., Inc., v. A.O. Smith Corp.*, 751 F.2d 1226, 1235 (Fed. Cir. 1985)).

There, the Federal Circuit characterized the actions of the parties as “classic commercial gamesmanship under the patent system,” as opposed to willful infringement, because the parties were competitors and the alleged infringer was simply

trying to match a new product of the other with a new product of its own, *not copied* but doing the same job, and the other manipulating its secret pending patent application to cover the functionally competitive structure it did *not* think of but deems to embody its proprietary ‘inventive concept.’¹⁷⁴

What is not clear between the *Kingsdown* and *Symbol Technologies* decisions is when is a delay between the filing of an original application and the filing of a continuation application, or the amending of a pending continuation application, acceptable under *Kingsdown* and improper under *Symbol Technologies*.¹⁷⁵

In *A&E Products v. Mainetti USA Inc.*, the District Court for the Southern District of New York denied cross motions for summary judgment on the defense of prosecution laches and in so doing dealt with the conflict between *Symbol Technologies* and *Kingsdown* more than any other district court.¹⁷⁶ The patentee claimed that it reviewed its competitor’s products to determine if the patentee’s devices were being copied and then, per *Kingsdown*, filed a continuation application to cover those competing products.¹⁷⁷ The court ordered the patentee to submit an affidavit identifying both the competitive products he targeted and when he learned of those products.¹⁷⁸ In response to this affidavit, the court held that the patentee raised a genuine issue of material fact

¹⁷⁴ *State Indus.*, 751 F.2d at 1235.

¹⁷⁵ One district court summarized the tension as follows:

Kingsdown did not address the question of how a long period of delay affects the equities of the situation, particularly where the patentee could have earlier asserted broad claims that would have covered the competitor’s product. Where a long period of delay is involved, other inventors may work under the assumption that the patentee is not going to prosecute broader claims; they may develop improvements only to find that they are infringers of a later-prosecuted patent. *Kingsdown* therefore does not preclude an alleged infringer from asserting these kind of circumstances as grounds for a prosecution laches defense.

Chiron Corp. v. Genentech, Inc., 268 F.Supp.2d 1139, 1143 (E.D. Ca. 2002).

¹⁷⁶ *A&E Products Group, L.P., v. Mainetti USA Inc.*, No. 01 Civ. 10820, 2004 WL 345841 (S.D.N.Y. Feb. 24, 2004).

¹⁷⁷ *Id.* at *4 (citing *Kingsdown*, 863 F.2d at 874).

¹⁷⁸ *A&E Products*, at *4.

regarding whether any delays were unreasonable and unexplained and, therefore, denied the alleged infringer's motion for summary judgment.¹⁷⁹

However, although the patentee claimed that the continuation applications were filed to target known competitive products, the court observed that the deposition testimony of the patentee's patent attorney suggested otherwise.¹⁸⁰ The patent attorney's testimony indicated that he had invented the devices of the chain of applications based on "reasonable variations...just broad enough in scope to be useful."¹⁸¹ The court noted that this testimony

suggest[s], in light of a record which shows each continuation or divisional application was filed by [the patentee] on the very last day before issuance of its predecessor patent...that the applications for the...[patents-in-suit] could have been prepared before or soon after the issuance of the [original patent], and may have been deliberately held in abeyance and filed seriatim to affect competition adversely.¹⁸²

The court's focus in *A&E Products* on whether or not the patentee actually knew of a specific product made by the competitor prior to filing an application suggests a literal reading of the *Kingsdown* holding regarding "a known competitor's product." That is, the court appears to suggest that claims in a continuation application are only proper when they cover a known product. Furthermore, the court's reasoning suggests that it views as improper the filing of a series of applications that "could have been prepared before or soon after the issuance of the [original patent]."¹⁸³ While a detailed analysis of *Kingsdown* relative to *Symbol Technologies* is outside the scope of this paper, two points must be made regarding the *A&E Products* decision.

One, a literal reading of *Kingsdown* is arguably improper. In *Kingsdown*, the Federal Circuit had reversed a district court finding that the observation of a competitor's product and the writing of claims to cover that product indicated an intent to deceive the PTO. Certainly it is even less "deceitful" to draft claims that are not directed at a particular competitor's device, but rather are believed to be within the scope of the

¹⁷⁹ *Id.*

¹⁸⁰ *Id.* at *5.

¹⁸¹ *Id.*

¹⁸² *Id.* at *6.

¹⁸³ *Id.*

patentee's invention. As such, the suggestion by the court in *A&E Products* that a patentee must "know" of a competitor's product in order for the claims of a continuation application to be acceptable seems misplaced.

Two, the suggestion by the court that the filing of a series of applications indicates an intent to adversely affect competition when those applications could have been filed closer in proximity to the filing of the original application has significant implications. As previously noted, it is a common patent prosecution practice to maintain pending continuation applications as a means of preserving the right to insert claims directed at devices that are viewed as misappropriating the invention.¹⁸⁴ Furthermore, this practice is employed not to entrap an industry, but rather as a means to protect the full scope of an invention without having to rely on uncertain claim interpretation. Viewing the mere presence of a chain of continuation applications as an indicator of prosecution laches, as the *A&E* court appears to do, would adversely impact a common patent prosecution practice.

V. Conclusion

Although the *Symbol Technologies* decision has made it clear that the equitable doctrine of prosecution laches may bar enforcement of claims, the application and scope of the doctrine is unclear and it is difficult to predict what affect the decision will have on patent infringement suits and the patent prosecution process. District courts hearing prosecution laches arguments post-*Symbol Technologies* have struggled with the revived doctrine in light of the unusual facts of the case and the limited guidance provided by its holding.¹⁸⁵ Furthermore, the lack of clarity surrounding the doctrine should cause patent prosecutors to proceed with caution, as it is uncertain what current actions could render the patent claims they obtain unenforceable in the future.

Further development by the Federal Circuit on the recently recognized prosecution laches defense would benefit both the public that relies on the patent system and the legal community involved in patent prosecution and litigation. However, until

¹⁸⁴ See *supra* note 156.

¹⁸⁵ See *supra* note 9.

the Federal Circuit speaks further on prosecution laches, courts will be forced to make decisions based on their views of the doctrine. Inevitably, as has already occurred, these courts will come to different conclusions as to the elements, burden, and factors surrounding the defense.¹⁸⁶ Therefore, until the Federal Circuit expounds further, legal discourse should occur in order to provide guidance to the district courts regarding these issues.

As presented in this paper, the delay of prosecution laches affects the public and the defense does not attack the substantive examination of the claims by the PTO, therefore, the defense should be found when a preponderance of the evidence indicates that an unreasonable and unexplained delay occurred during patent prosecution. Furthermore, prosecution laches should be established by proof and not a presumption and can apply to post-GATT patents and patents with terminal disclaimers. As prosecution laches is an equitable defense that is not established by “mechanical rules,” courts must consider “all of the particular facts and circumstances of each case and weigh the equities of the parties.”¹⁸⁷ Some of the more important factors to consider include prejudice to adverse intervening public rights, voluntary publication of applications, issuance of patents from a chain of continuation applications, and any actions intending to delay or expedite prosecution. Finally, the Federal Circuit must clarify when is a delay between the filing of an original application and the filing of a continuation application, or the amending of a pending continuation application, acceptable under *Kingsdown* and improper under *Symbol Technologies*.

¹⁸⁶ See *supra* Part III.

¹⁸⁷ A.C. Aukerman Co. v. R.L. Chaides Construction Co., 960 F.2d 1020, 1032 (Fed. Cir. 1992) (citing *Holmberg v. Armbrrecht*, 327 U.S. 392, 396 (1946); *Bott v. Four Star Corp.*, 807 F.2d 1567 (Fed. Cir. 1986)).