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Guest Column

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Prosecution Laches As A Defense In Patent Cases

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The U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") recently announced a further ruling pertaining to the defense of prosecution laches. *Symbol Technologies Inc. et al. v. Lemelson Medical, Education & Research Foundation LP et al.*, 422 F.3d 1378 (Fed. Cir. 2005). In this case, the Federal Circuit affirmed the District Court's holding that patentee Lemelson's patents were unenforceable under the doctrine of prosecution laches after evaluating the facts in accordance with *Symbol Technologies, Inc. v. Lemelson Medical, Education and Research Foundation*, 277 F.3d 1361, 1363 (Fed. Cir. 2002), *rem., Symbol Technologies, Inc. v. Lemelson Medical, Education and Research Foundation, LP*, 301 F.Supp.2d 1147 (D. Nev. 2004).

Prosecution laches is an equitable defense used to help assure timely issuance of patents and to render a patent unenforceable if a patent applicant has unreasonably delayed prosecution of a patent application, even though the applicant complied with pertinent rules. *In re Bogese II*, 303 F.3d 1362, 1367 (Fed. Cir. 2002). Unreasonable delays in the issuance of a patent decrease the time during which the public can have access to the invention, lessen an invention's potential commercial value, and extend any potential existing monopoly related to the invention. *Reiffin v. Microsoft Corp.*, 270 F. Supp. 2d 1132, 1154 (N.D. Cal. 2003), citing *Woodbridge v. United States*, 263 U.S. 50, 58, 60 (1923).

Prior to enactment of the Patent Act of 1952, the defense of prosecution laches, as it pertained to continuation application practice, was governed by common law. The defense was first recognized in *Kendall v. Winsor*, 62 U.S. 322 (1858). In *Kendall*, the Supreme Court held that a person "may forfeit his rights as an inventor by a willful or negligent postponement of his claims, or by an attempt to withhold the benefit of his improvement from the public until a similar or the same improvement should have been made and introduced to others." *Id.* at 329. In later cases, the Supreme Court also applied the defense to prevent applicants from deliberately delaying the issuance of a patent solely to increase commercial value, or from unreasonably postponing the time when the public could access the invention. *Woodbridge v. United States*, 263 U.S. 50 (1923). *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463 (1924).

The viability of the prosecution laches defense declined after the enactment of the Patent Act of 1952, which provided statutory guidelines for related applications in 35 U.S.C. §§ 120 and 121. Such sections do not warn that there will be forfeiture risks to those who comply with the statutory requirements, and until the Federal Circuit's decision in 2002 it was accepted that the courts "should not intervene in equity to regulate what Congress has not." *Symbol Technologies, Inc.*, 277 F.3d at 1368. After the establishment of the Federal Circuit in 1982, the doctrine of prosecution laches was more formally addressed, albeit not recognized, in several non-precedential opinions. *See Bott v. Four Star Corp.*, No. 88-1117, 1988 WL 54107, at *1 (Fed. Cir. 1988) (refusing to recognize prosecution laches defense); *Ford Motor Co. v. Lemelson*, No. MISC. 516, 1997 WL 547905, at *1 (Fed. Cir. 1997) (refusing to grant Ford permission to appeal denial of summary judgment based on the laches defense); *Ricoh Co. v. Nashua Corp.*, No. 97-1344, 1999 WL 88969, at *3 (Fed. Cir. 1999) (rejecting suggestion that continuation applications are subject to any judicially-imposed time restrictions).

In *Symbol Technologies, Inc.*, patentee Lemelson had filed original patent applications in the 1950s, which remained pending and unpublished by the U.S. Patent and Trademark Office ("USPTO") for 18 to 39 years after they were filed. The patents issued after bar code technology had progressed, thereby surprising the bar code industry. The Lemelson Foundation began sending letters to customers of Symbol and Cognex, stating that the use of Symbol and Cognex products infringed various Lemelson patents. In response, Symbol Technologies filed suit against Lemelson alleging that Lemelson's delay forfeited his right to the patent claims under the prosecution laches defense. *Id.* at 1363. The Federal Circuit held that the equitable doctrine of laches could be applied to bar enforcement of patent claims that issued after unreasonable and unexplained delay in prosecution, even though the applicant complied with pertinent statutes and rules. *Id.* at 1361. The Federal Circuit also reversed and remanded the case to the District Court which had concluded that the defense of prosecution laches was unavailable as a matter of law. *Id.* at 1362.

On remand from the Federal Circuit, the District Court in *Symbol Technologies, Inc.*, 301 F.Supp.2d at 1147, stated that prosecution laches must be evaluated on a case-by-case basis and held that Lemelson's patents were unenforceable on the basis of "unreasonable and unjustified" delay, even if it could not be shown that Lemelson had "intentionally stalled." *Id.* at 1154-1156.

The Federal Circuit, in its recent affirmance of that decision, took a "totality of the circumstances approach," holding that "refiling an application solely containing previously-allowed claims for the business purpose of delaying their issuance can be considered an abuse of the patent system" and "multiple examples of repetitive refilings that

demonstrate a pattern of unjustifiably delayed prosecution may be held to constitute laches." *Symbol Technologies Inc. et al.*, 422 F.3d at 1378, 1385-1386. The Federal Circuit cautioned that the prosecution laches doctrine should be used "sparingly," "only in egregious cases" of system misuse or for a "pattern of unjustifiably delayed prosecution." *Id.* at 1385. However, the Court held there are "no strict time limitations" for determining whether continued refiling of applications is abusive, however each case should be "decided as a matter of equity," subject to the court's discretion. *Id.*

The *Lemelson* decision has ignited renewed interest in the prosecution laches defense. Prosecutors will have to be more vigilant not to unduly delay applications at the USPTO or take actions which could be considered a pattern of unjustified delay. Passage of Congress's General Agreement on Tariffs and Trade ("GATT") in 1995 already addressed this issue by imposing a twenty year term measured from the priority U.S. filing date, thereby defeating the possibility of extending patent coverage through continuation practice.

Since *Lemelson*, litigants and courts have not yet significantly relied on the prosecution laches defense, so it is difficult to assess what an "unreasonable or unexplainable" delay means or how to prove it in court. Other prosecution laches cases have not clarified the definition of a "reasonable" prosecution time. The lack of clarity may cause litigants to take unreasonable positions in arguing a "reasonable" delay, and the standard will have to develop on a case-by-case basis. Varying time guidelines have been set forth in earlier cases. The court in *Webster Electric Co. v. Splitdorf Electrical Co.,* 264 U.S. 463 (1924) held that any patent pending eight years or longer ought to automatically be subject to scrutiny for laches or a presumption of laches. In *Woodbridge v. United States,* 263 U.S. 50 (1923), the court found a patent unenforceable after an unexplained nine-and-a-half-year prosecution delay.

However, various factual considerations should be taken into account when evaluating any presumptive or alleged period of delay based solely on the length of time, whether as a defense to prosecution laches generally or in rebuttal to any presumptive delay time period imposed by the Court. Such factual considerations will likely include delays caused by interference practice, reexamination or reissue filings, PTO errors made during examination, unyielding patent examiners, the need for appeal to the Board of Patent Appeals and Interferences or the Court of Appeals for the Federal Circuit, PTO-related district court actions, secrecy orders that prevent a patent from issuing, delay in initial review of applications in the Office of Initial Patent Examination and/or in licensing and review and the ever-increasing average patent pendency periods, particularly in various PTO group art units.

As patent litigators review patents at issue in a litigation to determine if continuation practice was used to unreasonably extend the pendency of an application before the USPTO, it is now more important to recognize when such a delay may support a claim of prosecution laches. While patent litigators should recognize the need to be more vigilant in their efforts to maintain or defeat the enforceability of a patent, it is also necessary to be aware of the heightened stakes involved if prosecution laches is held to be a valid defense. While a finding of traditional laches renders a patent unenforceable only against the alleged individual infringer charged in the suit, and only as to pre-suit damages, a finding of prosecution laches renders the patent unenforceable generally and against all others. Ultimately, however, in light of the Federal Circuit's recent affirmance of the Lemelson case, patent practitioners would be well-served by more definitive guidelines from the courts as to what constitutes a reasonable delay in prosecution laches. ◆

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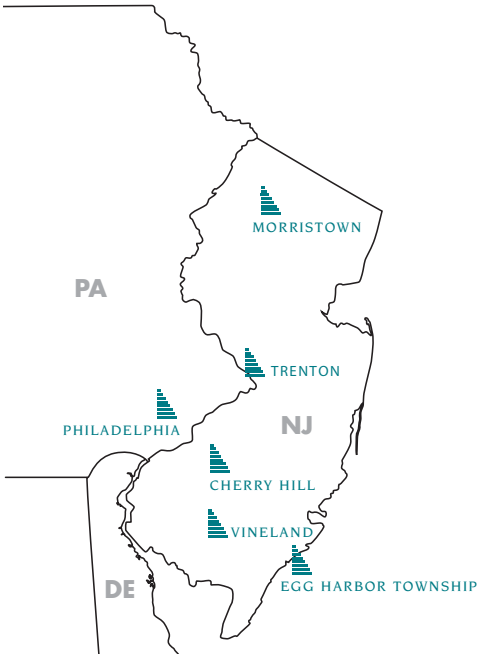

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