



Vol. 16 No. 3

February 10, 2006

## FEDERAL COURT FIRES A TORPEDO AT “SUBMARINE” PATENT PRACTICE

by  
William T. Cook

On September 9, 2005, the United States Court of Appeals for the Federal Circuit fired a warning shot across the bow of submarine patent holders when it ruled in *Symbol Techs., Inc. v. Lemelson Med. Educ. & Research Found., Ltd. P’shp*, 422 F.3d 1378 (Fed. Cir. 2005) (“*Symbol IV*”) that a Nevada district court did not abuse its discretion in finding the claims of 14 patents (referred to as the “Lemelson patents”) unenforceable under the doctrine of prosecution laches. The Lemelson patents are the quintessential examples of what are infamously referred to as “submarine” patents. Submarine patents are “patents that remain ‘submerged’ during a long *ex parte* examination process and then ‘surface’ upon the grant of a patent” many years after the filing of the original application. See *Discovision Assocs. v. Disc Mfg., Inc.*, CIV. A. 95-21, 95-345, 1997 WL 309499, \*13 n.11 (D. Del. Apr. 3, 1997). Prior to 1995, the examination process for submarine patents typically involved an applicant refiling successive continuation applications with the United States Patent and Trademark Office (“USPTO”) maintaining the original filing date while perpetually extending the term of patent enforceability. Such was the case for the prosecution of the Lemelson patents.

The Lemelson Medical, Education & Research Foundation is the assignee of approximately 185 unexpired patents of the late Jerome H. Lemelson, 14 of which were at issue in the *Symbol* case. *Symbol IV*, 422 F.3d at 1380. These 14 patents stem from patent applications that ultimately claim priority to two patent applications filed in 1954 and 1956. *Id.* In general, these 14 patents involve machine vision and automatic identification bar code technology. *Id.* *Symbol* and its co-plaintiffs design, manufacture, and sell bar code scanners and related machine vision products, including laser and CCD bar code readers. *Id.* at 1381. In 1998, several of *Symbol*’s customers began receiving letters from the Lemelson Foundation stating that the use of *Symbol*’s products infringed various Lemelson patents. *Symbol* then filed a declaratory judgment action (“*Symbol I*”) against the Lemelson Foundation, seeking a judgment that the asserted patents were not infringed by *Symbol* or its customers. *Id.*

The *Symbol I* case led to an appeal to the Federal Circuit to determine “whether, as a matter of law, the equitable doctrine of laches may be applied to bar enforcement of patent claims which issued after an unreasonable and unexpected delay in prosecution even though the applicant complied with pertinent statutes and rules.” *Symbol Techs., Inc. v. Lemelson Med. Educ. & Research Found., Ltd. P’shp*, 277 F.3d 1361, 1363 (Fed. Cir. 2002) (“*Symbol II*”). The Federal Circuit found that *Symbol*’s defense of prosecution laches was legally viable and remanded the case to the district court to determine the relevant facts. *Id.* at 1365-66. Upon remand, the district court conducted a bench trial and concluded that the doctrine of prosecution laches rendered the asserted claims of the Lemelson patents unenforceable. *Symbol Techs., Inc. v. Lemelson Med. Educ. & Research Found., Ltd. P’shp*, 301 F. Supp. 2d 1147, 1153 (D. Nev. 2004) (“*Symbol III*”). In response to the district court’s ruling, the Lemelson Foundation filed an appeal to the Federal Circuit, *Symbol IV*, seeking review of the lower court’s ruling for any abuse of discretion.

---

**William T. Cook** is an associate with Sutherland, Asbill & Brennan LLP in the firm’s Atlanta office and focuses his intellectual property practice in the areas of prosecution of patent applications and the preparation of opinions in the electrical arts.

In its review, the Federal Circuit stated that prosecution laches may render a patent unenforceable when the patent has issued only after an unreasonable and unexplained delay in prosecution. *Symbol IV*, 422 F.3d at 1385. For instance, repetitive refilings that demonstrate a pattern of unjustifiably delayed prosecution may be held to constitute laches. *Id.* at 1386. Still, the court stated that the doctrine should only be applied in egregious cases of misuse of the statutory patent system. *Id.* at 1385. The court was also careful to point out that there is no strict time limitation for determining whether continued refiling of patent applications is an abuse of statutory provisions, and that taken singly, the delay in the prosecution on any one particular application will surely not appear to merit relief by the courts in equity. *Id.* at 1385-86. On the other hand, an examination of the totality of the circumstances, including the prosecution history of a series of related patents and overall delay in issuing claims, may trigger laches. *Id.* at 1386.

The Federal Circuit then reviewed the findings of the district court for an abuse of discretion. In its bench trial, the district court found that the 18 to 39 year delay in filing and prosecuting the asserted claims of the 14 Lemelson patents was not contemplated by the patent statute's provisions for continuation and continuation-in-part applications. *Id.* The district court also noted that the Lemelson patents occupied the "top thirteen positions" for the longest prosecutions at the USPTO from 1914 to 2001 and found that Lemelson had engaged in "culpable neglect" during the prosecution of the patents-in-suit. *Id.* The district court further noted that businesses in general were unable to determine what was patented from what was not patented, and that *Symbol* itself had presented strong evidence of intervening private and public rights. *Id.* Given these circumstances, the Federal Circuit concluded that the district court thoroughly examined the facts and equities and did not abuse its discretion in holding that Lemelson's patents-in-suit were unenforceable under the equitable defense of prosecution laches. *Id.*

The *Symbol IV* case will have its greatest impact on patents that have or will issue from applications pending at the USPTO prior to particular changes in the rules governing patent prosecution that essentially put an end to the submarine strategy used to obtain the Lemelson patents. One of these rule changes occurred in the mid-1990s, when the term length of enforceability for a patent was changed from 17 years from issuance to 20 years from the filing date of the application, or in the case of subsequent applications, 20 years from the filing date of the first (or "parent") application. See 35 U.S.C. § 154. Another relevant change was the automatic publishing of pending patent applications 18 months after filing, thereby providing the public with access to pending patent applications. See 35 U.S.C. § 122; see also 37 C.F.R. § 1.211.

However, circumstances still exist in the U.S. patent system that may allow patent applications to remain submerged at the USPTO up until the issuance of the patent, thereby having the potential for submarine-like effects on the marketplace. For instance, under current U.S. law, applicants may prevent their patent application from being published during its pendency as long as the applicants agree to forego filing for foreign patent protection. Thus, the patent application may remain hidden from the unsuspecting market until it ultimately issues as a patent. See 37 C.F.R. § 1.213. This option of remaining unpublished during the patent examination process was slated for elimination by the Patent Reform Act of 2005. See Patent Reform Act, H.R. 2795, 109<sup>th</sup> Cong. (2005). Reform proponents are likely to continue to advance that idea in Congress this year.

To add to the concerns for potential submarine-like effects on the marketplace by unpublished pending patent applications, the period of examination of a patent application filed with the USPTO is continually becoming longer for many technology areas. In some cases, the examination period may be five years or more (even when diligently prosecuted by the patent applicant). These delays occur partly because the USPTO is experiencing an ever-increasing backlog of patent filings and a growing shortage of patent examiners. Such delays may result in the granting of patent term adjustments by the USPTO, thereby increasing the term of enforceability beyond the 20 year period for patents experiencing delays during the examination process. Moreover, because such delays in patent issuance are caused by the USPTO itself rather than the actions of the patent applicant, these new submarine-like patents that issue may not be subject to the same equitable defense which sunk the Lemelson patents.

Therefore, while the *Symbol IV* ruling may have torpedoed the use of submarine patents, current patent laws and an ever-growing backlog of pending patent applications may allow some applicants to continue to navigate the tumultuous sea of patent prosecution below the surface.