

Bench and Bar - November 2005
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Patents; Inequitable Conduct; Disclosure Of Litigation. Judge Donovan Frank faced an increasingly common patent-litigation argument of inequitable conduct - failure by the patent owner to disclose litigation during prosecution of the asserted patent. Cardiac Science claimed that Philips failed to disclose patent litigation to the Patent Office during prosecution of Philips' patents and that the litigation was "material" to patentability. Cardiac Science's argument was that previous patent litigation involved Philips' invention and, during litigation, there were allegations regarding incorrect inventorship and positions taken that were contrary to positions made to the Patent Office during prosecution of the patents. Judge Frank ruled that there was no showing of inequitable conduct because the subject matter of the prior patent litigation did not go to the question of inventorship and was not "material." Further, Cardiac Science failed to make "specific allegations" of misconduct with respect to the alleged inconsistent positions taken during litigation. *Cardiac Science, Inc. v. Koninklijke Philips Elecs. N.V., et al.*, Civ. No. 03-1064, 2005 U.S. Dist. LEXIS 15835 (D. Minn. 08/01/05).

Copyrights; Preemption. The Eighth Circuit ruled that the Copyright Act does not preempt breach of contract actions based on contractual prohibitions against reverse engineering. The case involved plaintiffs' copyrights on software games for personal computers. In order to play the games, a user must first install the game on a computer and agree to the terms of the End User License Agreement ("EULA") and Terms of Use ("TOU"), both of which prohibit reverse engineering. Defendants installed plaintiffs' games and agreed to the terms of the EULA and TOU. Then, defendants created a computer program that emulated the plaintiffs' games. In creating the program, defendants reverse engineered plaintiffs' games. Plaintiffs alleged that defendants' reverse engineering breached the EULAs and TOUs. Defendants argued that the claims were preempted by federal copyright law. The Eighth Circuit held that the claims were not preempted because, "[b]y signing the TOUs and EULAs, [defendants] expressly relinquished their rights to reverse engineer." The court relied on Federal Circuit law that states, "private parties are free to contractually forego the limited ability to reverse engineer a software product under the exemptions of the Copyright Act." *Davidson & Assocs., d/b/a Blizzard Entm't, Inc. v. Jung*, No. 04-3654, 2005 U.S. App. LEXIS 18973 (8th Cir. 09/01/05).

Patents; Prosecution Laches. The Federal Circuit revisited the doctrine of prosecution laches and affirmed a holding that fourteen patents owned by Lemelson Medical were unenforceable. Fourteen Lemelson patents relating to machine vision and automatic identification bar code technology, resulting from numerous continuation applications, were asserted to be entitled to 1954 and 1956 filing dates. The Federal Circuit ruled that the Nevada district court did not abuse its discretion by finding the asserted patents unenforceable under the doctrine of prosecution laches due to egregious delays in prosecution. However, the court cautioned that the doctrine "should be applied only in egregious cases of misuse of the statutory system." For example, the court said that the doctrine should not apply to: (1) re-filing to respond to USPTO restriction requirements, even if deferred until just before issuance of a parent application; (2) re-filing to present evidence of unexpected advantages that may not have existed earlier; and (3) re-filing to add subject matter to support broader claims as development of an invention progresses. Further, re-filing is appropriate even in the absence of these reasons if not unduly successive or repetitive. However, re-filing an application containing only previously allowed claims for the business purpose of delaying their issuance can be considered an abuse of the patent system. *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found., LLP*, No. 04-1451, 2005 U.S. App. LEXIS 19439 (Fed. Cir. 09/09/05).