

## FORD MOTOR CO. V. LEMELSON

By M. Scott Carey

In *Ford Motor Co. v Lemelson*,<sup>1</sup> Judge George, District Court of Nevada, held that he was without authority (judicial, congressional, or otherwise) to apply the equitable doctrine of laches<sup>2</sup> to limit 35 U.S.C. § 120.<sup>3</sup> Because section 120 is one of the primary procedural mechanisms used to create so-called submarine patents,<sup>4</sup> altering the patent system to prevent such abuses continues to be an area ripe with legislative,<sup>5</sup> judicial,<sup>6</sup> and academic debate.<sup>7</sup> The GATT amendments to the Patent Act in 1995,<sup>8</sup>

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1. 42 U.S.P.Q.2d (BNA) 1706, 1707 (D. Nev. 1997).

2. Laches bars the prosecution of an action for relief where (1) the party claiming certain rights has unreasonably delayed the assertion of those rights, and (2) where such a delay resulted in prejudice to the adversarial party. Reliance or intent are not required elements of a laches defense. See *Lemelson*, 42 U.S.P.Q.2d at 1707.

3. Patent Act, 35 U.S.C. § 120 (1994). Section 120 is the statutory provision that permits an applicant to claim the priority of an earlier filed application provided the earlier filed application is still pending and specific mention is made referencing the earlier application. Entitled "Benefit of Earlier Filing Date in the United States" it states:

An applicant for patent for an invention disclosed in the manner provided by the first paragraph of Section 112 of this title in an application previously filed in the United States, or as provided by Section 363 of this title, which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

35 U.S.C. § 120.

4. Submarine patents are patents, which several years after their original disclosures are filed and upon issuance, automatically result in an infringing population, because the technology patent, believed to be in the public domain, is already in use.

5. See, e.g., CONG. REC. S2678 (daily ed. Mar. 3, 1997) (statement of Sen. Hatch); CONG. REC. H1719 (daily ed. Apr. 16, 1997) (statement of Rep. Rohrabacher).

6. See, e.g., *Advanced Cardiovascular Systems, Inc. v. Medtronic Inc.*, 41 U.S.P.Q.2d (BNA) 1770 (N.D. Cal. 1996); *Ford Motor Co. v. Lemelson*, 42 U.S.P.Q.2d (BNA) 1706 (D. Nev. 1997).

7. See, e.g., David L. Marcus, *Is the Submarine Patent Torpedoed?: Ford Motor Co. v. Lemelson and the Revival of Continuation Application Laches*, 70 TEMPLE L. REV. 521 (1997), Samuel C. Miller III, *Undue Delay in Prosecution of Patent Applications*, 74 J.PAT. & TRADEMARK OFF. SOC'Y 701 (1992).

which changed the patent term of 17 years from issuance to 20 years from filing, took most of the incentive out of the procedural gamesmanship engaged in by Lemelson. However, because technology cycles are becoming shorter and shorter, section 120 still remains susceptible to abuses similar to Lemelson's.<sup>9</sup>

The district court reached an incorrect result in finding that the court was without judicial or congressional authority to introduce the equitable doctrine of laches into the statutory scheme of section 120. The district court's holding was incorrect because: (1) judicial precedent permits the application of equitable doctrines for the type of behavior exhibited by Lemelson;<sup>10</sup> (2) Congress has acted, both prior and subsequent to the 1952 Patent Act, to ameliorate the creation of submarine patents;<sup>11</sup> and (3) abuse of section 120 results in behavior which is contrary to the policy and purposes behind the patent system. Equity should have intervened to find the patents asserted against Ford unenforceable because of an undue delay in their prosecution.

## I. THE MAGISTRATE DECISION

Ford Motor Co. sought a declaration from the court that certain patents held by independent inventor Jerome Lemelson were unenforceable on the grounds of laches for undue delay in prosecution.<sup>12</sup> Lemelson cross-motivated, seeking summary judgement against Ford Motor Co. on the issue of patent infringement.<sup>13</sup> The eleven patents at issue pertained to "machine vision" and "Auto-ID" technologies.<sup>14</sup>

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8. Uruguay Round Agreements Act, H.R. 5110, 103rd Cong. (1994); *see generally*, Patent Act 35 U.S.C. § 154.

9. For example, in rapidly moving industries such as the electronics, computer software, and biotechnology fields, a true submarine patentee would risk the loss of several years of his 20 year term. They may reap a financial windfall by waiting until dependency develops before surfacing their patent, thereby effectively extorting an entire market.

10. *See, e.g.*, Woodbridge v. United States, 263 U.S. 50 (1923); Webster Electric Co. v. Splitdorf Electrical Co., 264 U.S. 463 (1924); Wirebounds Patents Co. v. Saranac Automatic Machine Corp., 65 F.2d 904 (6th Cir. 1933); Mahn v. Harwood, 112 U.S. 354, (1884); Miller v. Brass Co., 104 U.S. 350 (1881).

11. *See* H.R. 6878, 76th Cong. (1939); The Omnibus Patent Act of 1997, S. 507, 105th Cong. (1997); The Century Patent System Improvement Act, H.R. 400, 105th Cong. (1997); Uruguay Round Agreements Act, H.R. 5110, 103rd Cong. (1994).

12. *See* Ford Motor Co. v. Lemelson, 40 U.S.P.Q.2d (BNA) 1349, 1350 (D. Nev. 1996).

13. *See id.*

14. *See id.* at 1351.

Lemelson began prosecution proceedings on these technologies in 1954 and 1956.<sup>15</sup> From these original disclosures, the nine patents asserted against Ford issued,<sup>16</sup> with up to fifty<sup>17</sup> more still pending. The oldest claim asserted against Ford originated in the 1972 patent.<sup>18</sup> The next claim arose in 1979.<sup>19</sup> Two more surfaced in 1982.<sup>20</sup> Eighteen more claims arose in 1986; and twenty-two more in 1989 and beyond.<sup>21</sup> Thus, twenty-two of the claims asserted against Ford appeared thirty-three years after the original disclosure.<sup>22</sup> All the claims asserted against Ford claimed the benefit of the 1954 and 1956 disclosures for their priority.<sup>23</sup>

However, both Ford and Lemelson agreed that nothing in Lemelson's prosecution practices was contrary to any statute or PTO practice. The sections of Title 35 that permit the behavior exhibited by Lemelson are sections 120 and 121. Section 120 allows an applicant to file a continuation of an earlier filed application while receiving the parent's filing date for its priority, provided the earlier application is still pending and the disclosure meets the requirement of Section 112 paragraph 1.<sup>24</sup> Section 121 allows an applicant to divide off certain claims in the original application while still receiving the parent's original filing date for its priority.<sup>25</sup>

Ford asserted that the patents held by Lemelson were unenforceable because of undue delay in the prosecution of the majority of claims asserted against Ford. Ford asked the court to find the patents unenforceable under the equitable doctrine of laches in the absence of an explanation of why it took more than three decades to have the patents issue.

In answer to the moving parties, Judge George initially accepted the Magistrate's recommendation declaring Lemelson's patents unenforceable under the doctrine of laches and thus found Ford's activity non-infringing.<sup>26</sup> However, in light of Lemelson's motion for reconsideration, Judge George vacated his initial ruling and held in favor of Lemelson.

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15. *See id.* at 1358.

16. *See id.* at 1350.

17. *See id.*

18. *See id.* at 1359.

19. *See id.*

20. *See id.*

21. *See id.*

22. *See id.* at 1360.

23. *See supra* note 4.

24. *See supra* note 3.

25. 35 U.S.C. § 121 (1997).

26. *See Lemelson*, 40 U.S.P.Q.2d (BNA) at 1349.

### A. Construction of Continuation Statute in Light of Reissue Statute

Magistrate Atkins first ruled against Ford's suggestion that "the existence of section 251's two-year limitation on broadening claims on reissue operates to limit a patentee from bringing forth new claims from the original disclosure via a continuing application."<sup>27</sup> Ford had originally argued that any of Lemelson's prosecution practices which could have been achieved via the reissue statute are subject to the same two year statutory period in which to act. Thus, Ford contends that Lemelson's greater-than-two-year delay in introducing the broadened or different claims involving the subject matter from the 1954 and 1956 disclosures makes them unenforceable.

The Magistrate Judge was unable to find any express or implied statutory relationship between sections 120 and 121 and the reissue statute, and he therefore held that the "court cannot construe the reissue statute to *necessarily* limit the use of continuing applications."<sup>28</sup> Judge Atkins reached this conclusion because (1) sections 120 and 251 appear in different chapters and parts of Title 35, and (2) the reissue section is focused primarily toward fixing mistakes, whereas the continuation section is geared to "extend substantive patent rights by establishing an earlier effective filing date."<sup>29</sup>

### B. Laches as a Limitation on Continuing Applications

The doctrine of laches belongs to a family of equitable doctrines<sup>30</sup> the court has routinely applied to parties' patent prosecution practices.<sup>31</sup> The equitable doctrine of laches<sup>32</sup> is based on the maxim "equity aids the vigilant, not those who slumber on their rights."<sup>33</sup> Laches bars the prosecution of an action for relief where (1) the party claiming certain rights has un-

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27. *Id.* at 1354.

28. *Id.* (emphasis added).

29. *Id.*

30. Inequitable Conduct, File Wrapper Estoppel, and Laches.

31. See generally *Kingsdown Medical Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867, 9 U.S.P.Q.2d (BNA) 1384 (Fed. Cir. 1988) (inequitable conduct case); *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126, 52 U.S.P.Q. (BNA) 275 (1942) (application of file wrapper estoppel); *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 22 U.S.P.Q.2d (BNA) 1321 (Fed. Cir. 1992) (doctrine of laches).

32. Laches is usually asserted as a defense where the opposing party delays in bringing suit. See *Lemelson*, 40 U.S.P.Q.2d at 1355. However, equity has routinely been extended to cases involving the patent prosecution process. See *Kingsdown Medical Consultants v. Hollister, Inc.*, 863 F.2d 867, 9 U.S.P.Q.2d (BNA) 1384 (Fed. Cir. 1988).

33. HENRY L. MCCLINTOCK, *HANDBOOK ON THE PRINCIPLES OF EQUITY* 52 (2d ed. 1948).

reasonably delayed the assertion of those rights, and (2) where such delay resulted in prejudice to the adversarial party.<sup>34</sup> Statutes without an express period of limitation on the party's right to enforce his interest<sup>35</sup> are ripe for the application of the doctrine of laches.

The Magistrate Judge held that the Federal Circuit has never established an absolute prohibition against the application of equitable doctrines acting to limit an applicant's continuing application practice. According to Judge Atkins,<sup>36</sup> the Federal Circuit (and its predecessor court, the Court of Customs and Patent Appeals (CCPA)) expressed a prohibition against arbitrary restrictions by the PTO or the judiciary of continuing applications.<sup>37</sup>

The Magistrate suggested that the case law hits the "mid-point" between Lemelson's extreme view that "no matter ... how many years from the filing of the first application to the surfacing of a brand new claim on similar subject matter, laches is not available in the face of the statutory scheme devised by Congress,"<sup>38</sup> and Ford's narrow view that new claims concerning the same subject matter must be filed within the two year term of the reissue statute.<sup>39</sup>

### 1. *The Reasonableness of Lemelson's Delay.*

Lemelson's argument for reasonableness was twofold. First, the seven and four way restriction<sup>40</sup> imposed on his 1954 and 1956 disclosures, respectively, by the Patent Office caused the three-decade-plus delay in the patents' issuance. Second, he attacked the premise that a reasonableness

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34. See *Advanced Cardiovascular Sys., Inc. v. SciMed Life Sys., Inc.*, 988 F.2d 1157, 1161-64, 26 U.S.P.Q.2d (BNA) 1038, 1041-42, (Fed. Cir. 1993) (holding laches applied to bringing suit for infringement).

35. See 1 DAN B. DOBBS, *LAW OF REMEDIES* § 2.4(4) (2d ed. 1993).

36. See *Lemelson*, 40 U.S.P.Q.2d at 1355.

37. See, e.g., *Studiengesellschaft Kohle mbH v. Northern Petrochemical Co.*, 784 F.2d 351, 228 U.S.P.Q. (BNA) 837 (Fed. Cir. 1986) (arbitrary restriction on when a continuing application can issue not upheld); *In re Henriksen*, 399 F.2d 253, 158 U.S.P.Q. (BNA) 224 (C.C.P.A. 1968) (arbitrary restriction on the number of continuing applications that may be co-pending not upheld); *Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*, 304 U.S. 159, 37 U.S.P.Q. (BNA) 351 (1938) (arbitrarily setting two year limit on when an applicant must bring forth continuing application not upheld).

38. *Lemelson*, 40 U.S.P.Q.2d at 1355.

39. See *id.*

40. Restrictions occur when two or more independent and distinct inventions are claimed in one application. The examiner will require applicant to be restricted to one invention. The applicant selects what group he wants to proceed with prosecution, this group is called the elected claims and subsequent groups selected are called the divisional claims. See generally 35 U.S.C. § 121 (1994).

requirement attaches to continuing applications. Lemelson argued that *Kingsdown Medical Consultants, Ltd. v. Hollister, Inc.*<sup>41</sup> and *Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*<sup>42</sup> support the practice of "looking at products currently on the market, and drafting new claims within the nomenclature of the early application in order to get new patents which encompass existing technology."<sup>43</sup>

The Magistrate Judge found Lemelson's first argument to be without merit, since the groups Lemelson elected to prosecute first from the restrictions were those closest to the "Auto-ID" and "machine vision" claims asserted against Ford.<sup>44</sup>

The Magistrate Judge ruled Lemelson's practice of "awaiting the development ... of products ... in the marketplace is [not a] reasonable excuse for delaying presentation of claims in applications to the patent office."<sup>45</sup> Magistrate Atkins was able to distinguish *Kingsdown* and *Crown Cork* from the facts of the case at hand. *Kingsdown* says only "that drawing claims to read on currently marketed technology is not *in itself* evidence of intent to act inequitably."<sup>46</sup> Magistrate Atkins distinguished *Crown* by stating that the applicant exercised diligence in drafting claims to create an interference with the competitors products in the Patent Office. She held the applicant in *Crown* was justified in doing so because he was attempting to settle the initial claims, and not to create an infringement in the marketplace.<sup>47</sup>

## 2. Prejudice to Ford

Judge Atkins held that "Lemelson's continuing application practice imposes prejudice upon [Ford and] all manufacturers or users of related products because all technological advancement arguably related to his 1954 and 1956 applications must cease indefinitely, or until Lemelson himself ends the chain of co-pending applications."<sup>48</sup> Therefore, the Magistrate concluded the patents asserted against Ford were unenforceable.

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41. 863 F.2d 867, 874, 9 U.S.P.Q.2d (BNA) 1384, 1390 (Fed. Cir. 1988), *cert denied*, 490 U.S. 1067 (1989).

42. 304 U.S. 159, 37 U.S.P.Q. (BNA) 351 (1938).

43. *Lemelson*, 40 U.S.P.Q.2d at 1360.

44. *See id.* at 1360 n.24.

45. *Id.* at 1361.

46. *Id.*

47. *See id.*

48. *Id.* at 1362.

## II. THE DISTRICT COURT DECISION

The district court initially accepted the Magistrate's recommendation of unenforceability. Upon reconsideration, however, Judge George vacated the Magistrate's recommendation and held "the court should not intervene in equity to regulate [the statutory scheme allowing continuations where] Congress has not,"<sup>49</sup> thereby upholding the enforceability of Lemelson's patents and sanctioning Lemelson's prosecution practices. In arriving at this holding, Judge George considered only whether it was "appropriate to judicially introduce ... doctrines of equity into the statutory scheme of continuation practice."<sup>50</sup>

### A. Laches as a Limitation on Continuing Applications

Judge George upheld the enforceability of Lemelson's patents based on the court's reluctance to equitably restrict patent continuation practice and congressional intent in drafting section 120. He found that past cases revealed the judiciary's unwillingness to equitably restrict the continuation practice.<sup>51</sup>

Judge George relied on a 1950 "Preliminary Draft with Notes" Committee Print of the proposed revision and amendments of the patent laws in finding congressional intent to not limit the statutory scheme of continuing applications.<sup>52</sup> In this draft, contained in section 120 was a terminal disclaimer provision stating that "[t]he term of the patent granted on said later application shall not extend beyond the date of the expiration of the patent, if any, which may be granted on the earlier application."<sup>53</sup> The district court held that removal of this language before the enactment of the 1952 Patent Act is evidence of Congress' intent not to place a statutory time

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49. *Ford Motor Co. v. Lemelson*, 42 U.S.P.Q.2d (BNA) 1706, 1707 (D. Nev. 1997).

50. *Id.* at 1708.

51. *Id.*; see also *In re Hogan*, 559 F.2d 595, 194 U.S.P.Q. (BNA) 527 (C.C.P.A. 1977) (a chain of continuation applications extending over a 24 year period was upheld); *In re Henriksen*, 399 F.2d 253, 158 U.S.P.Q. (BNA) 224 (C.C.P.A. 1968) (the Federal Circuit's predecessor stated "it is unfortunate that a patent should be granted on an application depending upon another application filed over 20 years ago ... but the cure for this deplorable state of affairs rests with Congress, not with us."); *Studengesellgcraft Kohle mbH v. Northern Petrochemical Co.*, 784 F.2d 351, 228 U.S.P.Q. (BNA) 837 (Fed. Cir. 1987) (holding court was without authority to set an arbitrary limit to the length of a patent issuing from a continuation); *Advanced Cardiovascular Systems, Inc. v. Medtronic Inc.*, 41 U.S.P.Q.2d (BNA) 1770 (N.D. Cal. 1996) ("only Congress can determine what constitutes unreasonable delay in the filing of [a continuation] application. It is not for the Court to decide that the prosecution of a patent according to the rules of the PTO is unreasonable and inequitable.").

52. See *Lemelson*, 42 U.S.P.Q.2d at 1709.

53. *Id.*

limit on continuation practices.<sup>54</sup> Judge George held that “absent clear authority, it remains Congress’ prerogative to address problems inherent in its creation of the statutory right in this case.”<sup>55</sup>

The district court further found itself unable to accept the Magistrate’s recommendation due to Judge Atkins’ strong reliance on *Webster Electric Co. v. Splittorf Electric Co.*<sup>56</sup> Judge George held the Magistrate court misapplied *Webster* to Lemelson’s situation because *Webster* not only involved protracted continuation practices but also an interference.<sup>57</sup> The Supreme Court in *Crown Cork*<sup>58</sup> had expressly limited the holding in *Webster* to cases involving the presence of intervening rights.<sup>59</sup> Because Lemelson’s patents were not tied to an interference or the presence of intervening rights, Judge George found the court unable to accept an unenforceability recommendation by the Magistrate grounded in *Webster*.

### B. Reasonableness of the Application of Laches to Lemelson’s Delay

The Magistrate held that the lack of any reasonable explanation forwarded by Lemelson for the three-decades-plus delay resulted in such delay being unreasonable and thus his actions met the first prong of the laches test.<sup>60</sup> Judge George, however, held that such a holding was untenable, because it would shift the presumption of validity that attaches to all patents from Ford to Lemelson. The Magistrate Judge had found Lemelson’s delay unreasonable due to his practice of drafting claims to products currently in production or on the market, but Judge George found no grounds for unreasonableness on this basis because of the court-sanctioned practice of allowing applicants to “insert claims intended to cover a competitor’s product.”<sup>61</sup>

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54. See *id.*; see also *In re Bauman*, 683 F.2d 405, 410 n.12 (C.C.P.A. 1982) (“The deletion of this provision indicates that Congress did not intend limitations such as patent expiration date ... to be imposed on the patent issuing on the continuation application.”)

55. *Lemelson*, 42 U.S.P.Q.2d at 1709.

56. 264 U.S. 463 (1924).

57. An interference proceeding is “[a] priority dispute between two or more inventors, all of whom claim to have been the first inventor of a particular invention.” ROBERT P. MERGES, *PATENT LAW AND POLICY* 38 (1997). Interference proceedings resolve the issue of who was the first to invent the particular invention.

58. 304 U.S. 159, 167, 37 U.S.P.Q. (BNA) 351 (1938).

59. Section 252 of the Patent Act “provides that when certain conditions are present a reissue shall not abridge or affect certain [intervening] rights of those who acted before the reissue was granted. One may be able to infringe a reissue patent if the court decides that equity dictates such a result.” MERGES, *supra* note 57, at 1119.

60. See *Lemelson*, 40 U.S.P.Q.2d at 1361.

61. *Kingsdown Medical Consultants Ltd. v. Hollister, Inc.*, 863 F.2d 867, 874, 9 U.S.P.Q.2d (BNA) 1384, 1390 (Fed. Cir. 1988), *cert denied*, 490 U.S. 1067 (1989).

### III. DISCUSSION

The district court reached the incorrect result in finding the court was without judicial or congressional authority to introduce the equitable doctrine of laches into the statutory scheme of section 120. Judge George's ruling overly broadens the holdings of the case law on which he relies.

#### A. Laches as a Limitation on Continuing Applications

Judge George's holding that the courts have expressed a reluctance to equitably limit the statutory scheme for the continuation practice was correct. However, the courts have not set up an absolute bar to intervening in equity where the express language of the statute is silent. To reach his decision, Judge George read the holdings of a handful of cases, whose outcomes were very fact specific, too broadly.

##### 1. *Cases which Implicitly Sanction Lemelson's Prosecution Practice*

Judge George began his analysis with *In re Hogan*. In *Hogan*, the court concluded that the PTO should have considered the disclosures of Hogan's 1953 and 1956 applications when addressing the issue of priority for his 1972 application. However, by doing so, the court implicitly upheld a chain of continuing applications extending over a twenty-four year period. Although *Hogan* implicitly sanctions a twenty-four year patent chain pendency, the question of laches and its application to section 120 was not before the court. Judge George further draws from *Hogan* for its affirmation of *United States v. American Bell Telephone Co.*<sup>62</sup>

In *American Bell*, the court held that "[a] party seeking a right under the patent statutes may avail himself of all their provisions, and the courts may not deny him the benefit of a single one. These are questions not of natural but of purely statutory right."<sup>63</sup>

The holding in *American Bell* was misapplied in Lemelson's case insofar as it pertained to the court's inability to deny the applicant of a single statutory patent provision. In *American Bell*, the issue was whether an applicant acted within a set statutory time period,<sup>64</sup> and if he did not, whether that was the result of some inaction on his part or proceedings in the Pat-

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62. 167 U.S. 224 (1897).

63. *Id.* at 247.

64. *See id.* at 227 (issue of whether applicant had forfeited his 2 year disclosure window, provided for under section 4886 Rev. Stat., by patent issuing thirteen years after filing with the patent office. Court held delay was result of actions within patent office and laches could not be used to remove rights provided for by 2 year statutory window in section 4886, Rev. Stat.).

ent Office. The Court found the cause for the thirteen-year delay to rest with the Patent Office, and the applicant's inaction within the statutory period was without fault so he could not be denied any of the provisions enumerated in the patent statutes. The statutory provisions at issue in the *Lemelson* case were without express statutory periods, which was not the case in *Hogan* and *American Bell*. As such, they were ripe for the application of the doctrine of laches.<sup>65</sup> Lemelson's delay was further unlike the type seen in *American Bell*, because Lemelson was responsible for the three-decade-plus delay in the issuance of his claims.

Lemelson should have borne the responsibility for the delay because: (1) when Lemelson received the seven way restriction notice for his original application in 1956, the group he elected to prosecute was the group most closely associated with his "Auto-ID" and "machine vision" claims asserted against Ford; (2) the claims were not overly complex, so flushing out the specifics of his invention could not have been a reason for his delay; and (3) the language of his claims evolved to match what was occurring in the market with respect to these technologies.

Next Judge George cited the *In re Henriksen* for the proposition that "it is unfortunate that a patent should be granted on an application depending upon another application filed over 20 years ago ... but the cure for this deplorable state of affairs rests with Congress, not with [the judiciary]."<sup>66</sup> Judge George misapplied *Henriksen* for two reasons. First, the language cited was Judge Smith's dicta, not the holding of *Henriksen*. Thus, there exists no controlling authority that would prohibit applying the doctrine of laches. Second, the issue in *Henriksen* was whether an applicant can use section 120 to receive the benefit of a second preceding application in the chain of co-pending applications.<sup>67</sup> The court held that the "statute provides no limit to the number of applications that may be co-pending."<sup>68</sup> Thus, Judge George incorrectly invoked *Henriksen* to support his holding that the court had no authority to equitably limit continuing applications for unreasonable prosecution delay.

Neither *Hogan* nor *Henriksen* dealt with the application of laches to section 120 for the purpose of rendering patents unenforceable. Thus, Judge George's reading of *Hogan* and *Henrikson* as applied to Lemelson's patents was overly broad.

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65. See 1 DAN B. DOBBS, LAW OF REMEDIES § 2.4(4) (2nd ed. 1993).

66. *Lemelson*, 42 U.S.P.Q.2d at 1708 (quoting *In re Henrikson*, 399 F.2d 253, 262, 158 U.S.P.Q. (BNA) 224, 231 (C.C.P.A. 1968)).

67. See *In re Henrikson*, 399 F.2d 253, 254, 158 U.S.P.Q. (BNA) 224, 225 (C.C.P.A. 1968).

68. *Id.* at 261.

## 2. Cases Applying Laches

Judge George drew heavily from *Crown Cork*,<sup>69</sup> and its express narrowing of *Webster*,<sup>70</sup> to dismiss the first prong of the laches inquiry and conclude that laches is not available to limit section 120.

*Crown Cork* answered the question of whether, "in the absence of intervening adverse rights, an excuse must be shown for a lapse of time of more than two years in presenting claims in a divisional application regularly filed and prosecuted in accordance with patent rules."<sup>71</sup> The Supreme Court's decision in *Crown Cork* reigned in the Court's earlier *Webster* holding, which had appeared to arbitrarily restrict the filing of divisional applications to two years from initial disclosure.

The first prong of any laches analysis begins by asking if the delay was unreasonable. Judge George read *Crown Cork* to say that the question of reasonableness need never be asked, because the Supreme Court has held, absent intervening adverse rights, an excuse need not be shown.<sup>72</sup> Thus, laches could not act to limit section 120 because Lemelson was not required to forward reasons explaining his three-decades-plus prosecution delays.

However, *Crown Cork* established a prohibition against arbitrarily restricting divisional and, by implication, continuation applications to a two-year window and; it did not call for the absolute prohibition of laches to prosecution delays. Therefore, *Crown Cork* did not prevent Judge George from applying the doctrine of laches to find the patents asserted against Ford unenforceable.

## 3. Cases which Defer to the Legislature

Judge George cited a series of cases for the proposition that the judiciary lacks the power to *arbitrarily* limit the statutory scheme of the continuation practice. In *Studiengesellschaft Kohle mbH v. Northern Petrochemical Co.*,<sup>73</sup> the court held that "it was without authority to set an arbitrary limit to the length of a patent issuing from a continuation."<sup>74</sup> *Studiengesellschaft* stated that "[i]f the law as it has been written by Congress

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69. 304 U.S. 159 (1938).

70. 264 U.S. 463 (1924).

71. *Crown Cork*, 304 U.S. at 160.

72. *See Ford Motor Co. v. Lemelson*, 42 U.S.P.Q.2d (BNA) 1706, 1710 (D. Nev. 1997).

73. 784 F.2d 351, 228 U.S.P.Q. (BNA) 837 (Fed. Cir. 1986) *cert. denied*, 478 U.S. 1028 (1986).

74. *Lemelson*, 42 U.S.P.Q.2d at 1708.

creates anomalous situations, then it is for Congress to decide whether to change the law."<sup>75</sup>

*Studiengesellschaft* involved the use of continuing applications that resulted in a patent issuing more than twenty years after the application was filed. However the result of this delay was intimately tied to the three interferences pertaining to the chain of applications that were ongoing while the application was pending.<sup>76</sup>

*Advanced Cardiovascular Systems, Inc., v. Medtronic Inc.*, a California district court decision post-dating the Magistrate's report and recommendation, held that the doctrine of laches could not be applied to the statutory scheme of the continuation practice.<sup>77</sup> It did so because "only Congress can determine what constitutes unreasonable delay in the filing of such an application. It is not for this Court to decide that the prosecution of a patent according to the rules of the PTO is unreasonable and inequitable."<sup>78</sup>

#### 4. Legislative Authority

Judge George cited *Studiengesellschaft* and *Advanced Cardiovascular* to remove the issue from the providence of the judiciary and place it into the congressional arena. The House and Senate Committee Reports from the 1952 Patent Act yield little insight into the congressional intent behind section 120. Both House Report 1923 and Senate Report 1979 state that "[s]ection 120 and 121 express in the statute certain matters which exist in the law today but which had not before been written into the statute, and in so doing make some minor changes in the concepts involved."<sup>79</sup> In the revised code section of the House and Senate reports, both state that section 120 is a new section that "represents the present law not expressed in the statute, except for the added requirement that the first application must be specifically mentioned in the second."<sup>80</sup> Section 120 passed both the House and Senate essentially unchanged from its originally drafted form and with almost no congressional floor debate.<sup>81</sup> Thus, sections 120 and

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75. *Id.* (quoting *Studiengesellschaft*, 784 F.2d at 357, 228 U.S.P.Q. at 837).

76. *See Studiengesellschaft*, 784 F.2d at 356.

77. *See Advanced Cardiovascular Systems, Inc. v. Medtronic, Inc.*, 41 U.S.P.Q.2d (BNA) 1770, 1774-75 (N.D. Cal. 1996).

78. *Lemelson*, 42 U.S.P.Q.2d at 1709-10 (quoting *Advanced Cardiovascular*, 41 U.S.P.Q.2d at 1774-75).

79. H.R. REP. NO. 82-1923, at 6 (1952), S. REP. NO. 82-1908, at 7 (1952).

80. H.R. REP. NO. 82-1923, at 20 (1952), S. REP. NO. 82-1908, at 21 (1952).

81. The only changes made to section 120 were, "'any' was changed to 'an' in referring to applications similarly entitled to the benefit of the filing date of the first appli-

121 codified existing judicial practice, which included the application of laches for unreasonable delays in prosecution.

However, taking such a position requires a review of the evolution of the continuation practice from its inception in 1863 to its codification in 1952. Currently, courts have only been willing to reach as far back as the 1952 Patent Act's genesis, in 1950, to discern intent. In the preliminary draft of the proposed revision and amendments of the patent laws, section 120 contained an additional sentence which said the term of any patent that was the result of a continuing application would end at the conclusion of the parent application's term.<sup>82</sup> This is the so-called terminal disclaimer language that never made it into the final version of section 120. Because this language was excluded from the final version of section 120, some courts have held this to mean that Congress never intended a statutory time limit on the continuation practice.<sup>83</sup> Therefore, these courts refused to introduce equity into the statutory scheme. However, omission of the terminal disclaimer language could just as readily be construed to mean that Congress perceived the equitable origins of the continuation practice and wanted them preserved by codifying "present law not expressed in the statute."<sup>84</sup>

In the absence of express congressional intent, a more reasoned approach to statutory interpretation is that attempted by the magistrate judge when she tried to show congressional intent by analogizing the reissue statute, section 251, to section 120. Magistrate Atkins' approach was similar to the time honored practice of *pari materia*, whereby laws on the same matter must be construed with reference to one another.<sup>85</sup> *Brenner v.*

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ation, and 'on' was inserted." *In re Henriksen*, 399 F.2d at 258, 158 U.S.P.Q. (BNA) 224 (1968); see H.R. 7794, 82nd Cong., 2nd Sess. (1952).

82. An application for patent of an invention disclosed in the manner required by section 28 [now §112] of this title in an application previously filed in the United States by the same inventor shall have the same effect as though filed on the date of the prior application, if the later application is filed before the prior application is patented or abandoned, or proceedings thereon terminated, and if the applicant claims the benefit of the filing date of the prior application in said later application. The term of the patent granted on said later application shall not extend beyond the date of expiration of the patent if any, which may be granted on the earlier application.

*Henriksen*, 399 F.2d at fn.10, 158 U.S.P.Q. at fn.10.

83. See, e.g., *In re Bauman*, 683 F.2d 405, 214 U.S.P.Q. (BNA) 585 (C.C.P.A. 1982).

84. H.R. REP. NO. 82-1923, at 6 (1952); S. REP. NO. 82-1908, at 7 (1952).

85. See John C. Yoo, *Marshall's Plan: The Early Supreme Court and Statutory Interpretation*, 101 YALE L.J. 1607 (1992).

*Manson*<sup>86</sup> is one of the more noteworthy applications of *pari materia*. In *Brenner*, the Court held that “[s]ince [they found] no specific assistance in the legislative materials ..., [they were] remitted to an analysis of the problem in light of the general intent of Congress [and] the purposes of the patent system.”<sup>87</sup> However, Magistrate Atkins found such a task too tenuous because neither section mentions the practice authorized by the other and both appear in different chapters and parts of Title 35.<sup>88</sup>

Lemelson’s prosecution practices cannot stand when interpreting section 120 in reference to the Patent Act in its entirety. Congress has acted on several occasions to circumvent prosecution practices like Lemelson’s.

First, starting from the Constitutional grant of patent rights, section 120 should not be construed to sanction such practices. By withholding his disclosure for several decades he adds nothing to the progress of science, and ultimately, to society. Thus, a statutory provision should not be construed to undermine its constitutional authority and purpose.

Second, section 133 entitled “Time for prosecuting application” may be just what the Magistrate judge was searching for in section 251. Section 133 is found in the same part of Title 35; Part II, “Patentability of Inventions” and in the chapter following section 120, entitled “Examination of Application.” Of significance in determining whether Congress intended to sanction or prohibit prosecution practices like Lemelson’s is the 1939 amendment to section 133.

In the 1939 amendment, the time to respond to an action by the Patent Office was shortened and the Commissioner of Patents was given discretionary control over the time in which an applicant had to reply to an office action or other communication with the Patent Office.<sup>89</sup> The significance of this amendment lies behind the congressional intent for altering the then-existing statutory scheme, as evidenced by the Floor debate in the House of Representatives lead by Representative Van Zandt.

Representative Van Zandt stated that for

many years past patentees have been severely criticized for permitting their patent applications to remain in the Patent Office for unnecessarily long periods of time so that *while the application has been lying in the Patent Office industry has been going ahead and making the articles in question covered by the application. Then when the patent is issued the manufacturing in-*

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86. 383 U.S. 519 (1966).

87. *Id.* at 532.

88. *Ford Motor Co. v. Lemelson*, 40 U.S.P.Q.2d (BNA) 1349, 1354 (D. Nev. 1996).

89. 35 U.S.C. § 133 (1997).

*dustry finds itself in the position of an infringer. This produces great uncertainty in industry, which should be remedied by the present bill, H.R. 6878. ... Several years ago the period allowed to answer a letter of the Patent Office was 1 year. ... This opportunity to wait a year before answering each letter from the Patent Office was taken advantage of by malingerers to such an extent that the period was later cut down to 6 months. ... Nevertheless, anywhere from 3 to 10 letters might be written to an applicant, and in view thereof it is manifest that even the period of 6 months for a reply to each office action of the Patent Office still gives opportunity for malingerers to hold their applications in the Patent Office for unnecessarily long periods. The present bill enables the Commissioner to fix the term for a period between 30 days and 6 months according to his discretion, ... [to be used] so that where the invention is of a complicated character, a longer time will be given to the applicant to reply to an official action, while when the amendment required is of minor nature, the Commissioner would be justified in setting the minimum period of 30 days as a term within which the necessary amendment should be made.<sup>90</sup>*

The amendment to section 133 was voted on after Representative Van Zandt's remarks and passed the House. H.R. 6878 passed the Senate with minimal changes<sup>91</sup> and subsequently was signed into law August 7, 1939.

Section 133 facilitates the give and take between the applicant and the Patent Office.<sup>92</sup> According to Lemelson's own attorneys, section 120 is an equitable doctrine designed by the court for the give and take relationship between the applicant and the Patent Office. It is often difficult to get claims allowed the first time around and applicants are not offered an indefinite number of office actions. At present, examiners on average allow two office actions before sending a final rejection. The continuation scheme allows applicants to try and get the claims they want without losing the priority date of their original application. Thus, the intent behind

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90. CONG. REC. H.R. 6878 (daily ed. July 6, 1939) (statement of Rep. Van Zandt) (emphasis added).

91. "Amendment on page 1, line 6, after the word 'days' and the comma, to insert 'or any extensions thereof,' so as to make the bill read: Be it enacted, etc., that section 4894 of the Revised Statutes (35 U.S.C. § 37) be amended by inserting after 'six months', second occurrence, the words 'or such shorter time, not less than 30 days, or any extensions thereof, as shall be fixed by the commissioner of Patents in writing to the applicant.'" CONG. REC. 76th CONG. 1ST SESS. 10641-42 (1939).

92. *Locklin v. Switzer Bros. Inc.*, 299 F.2d 160, 167, 131 U.S.P.Q. (BNA) 294, 300 (9th Cir. 1961).

the amendment to section 133 suggests that Congress never intended continuation practices as exemplified by Lemelson.

Further evidence of congressional intent can be seen by observing the GATT amendments of 1995 to the Patent Act. After 1995, all patents filed in the United States will be granted a term of 20 years from filing, instead of 17 years from issuance. Thus between the 1939 and the 1995 amendments to the patent statutes, there is ample evidence to show Congress never intended the lying-in-wait patenting style exhibited by Lemelson.

#### IV. CONCLUSION

The district court incorrectly held that the court lacked authority to introduce the doctrine of laches into the statutory scheme of continuing applications. Judge George read the holdings of a handful of cases, whose outcomes were very fact specific, in an overly broad way to determine that he was without recourse to circumvent Lemelson's gamesmanship. The cases relied upon by Judge George all stand for the proposition that the court should not *arbitrarily* introduce laches into the statutory scheme of continuing applications by either limiting the time frame for when such an application may issue or attenuating the number of co-pending applications that may exist at any one time. Congressional intent both before and after the 1952 Patent Act shows an unwillingness to permit a lying-in-wait style of prosecution. Finally, policy dictates that allowance of Lemelson's patenting style runs counter to the Constitutional purpose of "promoting the sciences and useful arts."