

*ELECTROMOTIVE DIVISION OF GENERAL MOTORS CORP. V.
TRANSPORTATION SYSTEMS DIVISION OF GENERAL
ELECTRIC CO.*

417 F.3d 1203 (Fed. Cir. 2005)

The Federal Circuit ruled that plaintiff patentee's pre-issuance use of its claimed inventions did not qualify for the experimental use exception to the on-sale bar of 37 U.S.C. § 102(b).

The Electromotive Division of General Motors ("EMD") designs and produces locomotives and locomotive parts. EMD obtained two patents at issue in this case, United States Patent Number 5,169,242 ("the '242 patent") on compressor bearings used in turbochargers, filed on November 27, 1990, and United States Patent Number 5,567,056 ("the '056 patent") on planetary bearings in drive trains, filed on September 29, 1994. The compressor bearings of the '242 patent were incorporated into existing locomotive orders as part of an EMD experimentation plan in July of 1989, five months prior to the critical date for the § 102(b) on-sale bar. Over three hundred compressor bearings were manufactured for EMD and purchased by EMD from another division of General Motors. The planetary bearings of the '056 patent were installed in locomotive orders as part of an EMD experimentation program in August 1992, thirteen months prior to the critical date under § 102(b). The district court held that each patent was invalid as a matter of law, because each invention was on sale more than one year prior to filing of the patent application, and neither qualified for the experimental use exception to the on-sale bar.

EMD appealed, challenging the court's ruling with respect to the experimental use exception to the on-sale bar, but the Federal Circuit affirmed. The Federal Circuit held that the sale of bearings did not qualify as experimental use because the purpose of the supply order was primarily commercial rather than experimental. EMD could provide no evidence that the third party even used the '242 compressor bearings in the field program locomotives.

With regard to the '056 planetary bearings, the Federal Circuit relied primarily on the fact that the that EMD failed to exercise control over the bearings during the alleged experimental test period, and that EMD failed to provide evidence that the third party purchaser of the locomotives containing the planetary bearings was aware of the experimental nature of the sale. The court emphasized the need for an inventor to demonstrate that any third party user or purchaser of the invention was fully aware of the

experimental nature of the invention for the exception to apply. Consequently, the sale from EMD to the third party must be considered simply a commercial transaction because EMD was unable to show any concrete evidence that the third party purchaser was aware of the experimental nature of the sale of the bearings.

Although the court found customer awareness to be dispositive, it also noted that EMD failed to institute any means by which they could check the progress of the allegedly experimental use of the various parts.