



Archetype IPSM

Federal Circuit Friday

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In *Egenera v. Cisco* (August 28), the Federal Circuit clarified that the requisite "error" for correction of inventorship under 35 USC §256 includes "all varieties of mistakes—honest and dishonest"—rather than only unintentional inaccuracy, and also illuminated the analysis of judicial estoppel under First Circuit law, including the effect of the interplay between claim construction and inventorship.

Background: Facts & The Issue

Egenera sued Cisco for infringement of a patent relating to virtual processing networks that provide additional processing power quickly and efficiently via software commands. In response to the suit, Cisco petitioned for *inter partes* review ("IPR") of the patent.

In reviewing the patent in connection with Cisco's IPR, Egenera determined that one of the named inventors did not contribute to the conception of any of the claims and petitioned the Patent & Trademark Office ("PTO") to remove that inventor. Conveniently for Egenera, deleting that inventor supported swearing behind one of the prior art references in Cisco's IPR (e.g., by conforming the facts to evidence of an asserted conception date that was prior to that inventor's start date at Egenera).¹

The Board denied Cisco's IPR petition, making the assumption that the relevant reference was prior art but concluding that Cisco had not established a reasonable likelihood of prevailing on the merits. Thus, the Board did not base its decision on Egenera's asserted early conception date.

In the litigation, but not in the IPR, Cisco asserted means-plus-function claim constructions. The district court agreed with Cisco and construed the claims as means-plus-function, determining among other things that the corresponding structure in the specification was a so-called "tripartite structure." The district court subsequently determined that (i) the tripartite structure had been conceived by inventor that Egenera had deleted, (ii) Egenera was judicially estopped from adding that inventor back on to the patent, and (iii) because Egenera could not re-add the deleted inventor, the patent was invalid.

The two issues on appeal to be discussed here are (i) whether Egenera *could*, as a matter of patent law, re-add the deleted inventor, and (ii) whether judicial estoppel properly applies to preclude Egenera from re-adding the deleted inventor.

Background: Relevant Black Letter Law

1. Inventorship
 - a. Determining inventorship.
 - i. Proceeds on claim-by-claim basis (because, in general, each claim has a different scope and different claims may have different inventors).²

¹ The removed inventor's start date at Egenera was *before* the priority date of the prior art reference, so that inventor *could* have contributed to the claimed invention(s) in the one-month period between his start date and the prior art's priority date. Thus, the underlying issue presumably related to *the state of the evidence of conception*. For example, the conception evidence (lab notebooks, etc.) may have plausibly supported conception on only two dates: (i) one preceding the removed inventor's start date, which was necessarily before the prior art's priority date; and (ii) one after that inventor's start date *and after* the prior art's priority date. In fact, Egenera asserted a conception date that was a few days before the removed inventor's start date.

² *E.g., Trovan, Ltd. v. Sokymat SA, Irori*, 299 F.3d 1292, 1302 (Fed. Cir. 2002) ("Because co-inventors need not 'make a contribution to the subject matter of every claim of the patent,' 35 U.S.C. § 116, inventorship is determined on a claim-by-claim basis.").

Archetype IPSM

Federal Circuit Friday

- ii. Dependent on claim construction (because you do not know what invention is at issue until the claims are construed).³
 - iii. Question of law based on underlying fact findings.⁴
 - b. Invalidity based on incorrect inventorship – a patent can be validly-issued only to its true inventor(s).
 - i. The Constitution does not permit Congress to grant patents to other than the inventor or inventors of the patented discovery.⁵
 - ii. The Patent Act also requires patents to be awarded only to the true inventors.
 - 1. 35 USC §101: "**Whoever invents or discovers** any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, **may obtain a patent** therefor, subject to the conditions and requirements of this title." (emphasis added).
 - 2. Pre-AIA 35 USC §102(f): "A person shall be entitled to a patent unless . . . (f) he did not himself invent the subject matter sought to be patented." ⁶
 - c. Correcting inventorship – after patent issued: 35 USC §256.
 - i. Correction may be obtained only where an "error" has occurred – *i.e.*, "[w]henver through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent."⁷
 - 1. The requisite "error" includes "all varieties of mistakes – honest and dishonest" – rather than only unintentional inaccuracy."⁸
 - 2. The doctrine of inequitable conduct, rather than the correction of inventorship statute, polices situations involving dishonesty/deceit.⁹
 - ii. Inventorship can be corrected by either petitioning the PTO or obtaining a court order.¹⁰
 - iii. "The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section."¹¹
2. Judicial Estoppel
- a. In general, judicial estoppel holds a party to its representations to a court or other judicial or quasi-judicial tribunal such that the party is not allowed to contradict its representations in a subsequent proceeding involving the same parties.
 - b. In the First Circuit¹² a court examines . . .
 - i. "whether a party's earlier and later positions are 'clearly inconsistent' – that is, 'mutually exclusive';
 - ii. "whether the party 'succeeded in persuading a court to accept' the earlier position; and

³ *E.g., Trovan*, 299 F.3d at 1302 ("[A]n inventorship analysis, like an infringement or invalidity analysis, begins as a first step with a construction of each asserted claim to determine the subject matter encompassed thereby.")

⁴ *E.g., Univ. of Pittsburgh of the Commonwealth Sys. of Higher Educ. v. Hedrick*, 573 F.3d 1290, 1297 (Fed. Cir. 2009)(inventorship is "a question of law that we review *de novo*, based on underlying facts which we review for clear error")

⁵ U.S. Const. Art. I, § 8, cl. 8: "The Congress shall have Power . . . To promote the Progress of . . . [the] useful Arts, by securing for limited Times **to . . . Inventors** the exclusive Right **to their respective . . . Discoveries**." (emphasis added). This clause grants Congress a "qualified authority, unlike the power often exercised in the sixteenth and seventeenth centuries by the English Crown" and "was written against the backdrop of the practices -- eventually curtailed by the Statute of Monopolies -- of the Crown in granting monopolies to court favorites" *Graham v. John Deere Co.*, 383 U.S. 1, 5 (1966).

⁶ See also *Trovan*, 299 F.3d at 1302 ("A patent is invalid if more or less than the true inventors are named."); *Pannu v. Iolab*, 155 F.3d 1344, 1349 (Fed. Cir. 1998)(regarding §102(f), "this subsection mandates that a patent accurately list the correct inventors of a claimed invention")

⁷ 35 USC §256(a).

⁸ *Stark v. Advanced Magnetics, Inc.*, 119 F.3d 1551, 1554–56 (Fed. Cir. 1997)(addressing the pre-AIA version of §256).

⁹ *Id.*

¹⁰ 35 USC §256(a), (b).

¹¹ 35 USC §256(b).

¹² The substantive law of the First Circuit as to the elements of judicial estoppel applies because the case arose in D-Mass and judicial estoppel is itself not unique to patent law. However, Federal Circuit law applies to the "legal effect of representations to the PTO and interpretation of the Patent Act." Slip. Op. at 19. The elements of judicial estoppel in the First Circuit are from *New Hampshire v. Maine*, 532 U.S. 742, 750–51 (2001).

Archetype IPSM

Federal Circuit Friday

- iii. "whether the party would 'derive an unfair advantage or impose an unfair detriment' on the other side if not estopped."

What Egenera Adds or Changes:

As a matter of patent law, could Egenera re-add the deleted inventor? Answer = Yes.

Cisco argued that the Patent Act itself precludes Egenera from re-adding the deleted inventor. Cisco asserted that the deletion by the America Invents Act ("AIA") of the requirement that the requisite "error" in the case of an omitted inventor be without deceptive intent on the part of that omitted inventor¹³ altered the rules for correction of inventorship such that the requisite error must be honest and without deceptive intent in all cases, not just on the part of an omitted inventor in non-joinder situations.

- "The essence of Cisco's position is that when Congress removed this restrictive language that excluded intentional inaccuracy in certain cases, it somehow narrowed the meaning of 'error' to exclude intentional inaccuracy entirely."
- Cisco argued that the AIA amendment "harmonized" the statute with the plain meaning of the word "error" – *i.e.*, an *unintentional* deviation from what is true or correct.
- The notion, then, is that Egenera's deletion of the inventor after Cisco petitioned for an IPR was an intentional act, a "tactical ploy" to avoid certain prior art, and possibly deceitful – but in all events not an "error."

Cisco's argument is really creative and impressive – I would have been proud to conceive of it – but the Federal Circuit did not bite. Instead, the court held that "the AIA did not narrow the meaning of 'error'" and that the requisite error "is simply the incorrect listing of inventors," be it an honest mistake, intentional tactical ploy, or deceitful act.

The court discussed how Egenera's deletion of the inventor was consistent with both Egenera's claim construction position that the limitation at issue was not means-plus-function and the legal presumption (based on the absence of the word "means" in the limitation) that the limitation was not means-plus-function. The court also pointed out how Egenera's subsequent desire to re-add the deleted inventor was consistent with the district court's claim construction, which (i) came well after Egenera petitioned to delete the inventor, (ii) found the limitation to be means-plus-function, and (iii) confirmed that the deleted inventor *really was* an inventor.

For these reasons, the Federal Circuit found that Egenera's petition to delete the inventor was an "error" under §256 and that, as a matter of patent law, Egenera *could* properly re-add the deleted inventor.

Does judicial estoppel preclude Egenera from re-adding the deleted inventor? Answer = No.

The Federal Circuit found *none* of the elements of judicial estoppel to be satisfied and on that basis found that the district court had abused its discretion. The court's reasoning, which helps illuminate the application of judicial estoppel, can be summarized as follows:

- "Egenera advanced no 'clearly inconsistent' positions."
 - Multiple corrections of inventorship under §256 are not *per se* "mutually exclusive."
 - Any facial inconsistency in Egenera's positions on inventorship are justified by the district court's intervening claim-construction and inventorship determinations because inventorship is "a complex legal conclusion" that "can depend on claim construction." Egenera "consistently protested the means-plus-function construction both at the district court and on appeal—a construction that the inventorship question was directly predicated on."
- "Egenera did not succeed in persuading a court or court-like tribunal to accept its first position."
 - Although judicial estoppel can occur in an administrative tribunal, "[n]o substantive examination occurs" regarding a petition for change in inventorship and "the PTO does not consider the substantive adequacy of the petition."

¹³ Pre-AIA §256 provided: "Whenever . . . through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part . . ."



Archetype IPSM

Federal Circuit Friday

- Thus, a §256 petition, without more, does not "count[] as 'persuasion' of a 'court' for judicial-estoppel purposes." ¹⁴
- "Egenera would gain no unfair advantage, and Cisco would suffer no unfair prejudice, if judicial estoppel were not applied."
 - Because the "Board considered Cisco's prior art without addressing Egenera's priority arguments" (*i.e.*, the Board denied the petition under the assumption that the relevant prior art was prior art) Egenera's initial inventorship position – deleting the inventor – had no actual effect.
 - Further, neither Cisco nor the district court identified any unfair advantage to Egenera or prejudice to Cisco from allowing Egenera to re-add the inventor now.

¹⁴ The Federal Circuit added: "This determination is narrow. We do not hold that judicial estoppel cannot apply to statements made during substantive prosecution, *ex parte* reexamination, or other quasi-adjudicatory proceedings – an issue not before us. And we do not go so far as to say that other theories of estoppel cannot apply to ministerial filings or representations before the PTO. But judicial estoppel cannot be stretched beyond persuading a tribunal, and it does not apply here."