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Federal Circuit Patent Bulletin: *Fleming v. Escort Inc.*

December 29, 2014

"The delay of active work [while rights to the invention were transferred from one owner to a new owner during a period of bankruptcy] was not unreasonable and was consistent with a continuing commitment to pursuing the project to the full extent conditions allowed [and do not support a finding of] abandonment, suppression, and concealment."

On December 24, 2014, in *Fleming v. Escort Inc.*, the U.S. Court of Appeals for the Federal Circuit (Taranto,* Bryson, Hughes) affirmed the district court's entry of the jury verdict, inter alia, that Escort infringed U.S. Patents No. RE39,038 and No. RE40,653, which related to radar detectors for detecting police signals, and that certain claims of the '038 patent were invalid as anticipated by the prior invention of Steven Orr, and Escort consultant. The Federal Circuit stated:

Fleming also challenges the proof of Orr's prior invention by invoking the principle that "oral testimony by an alleged inventor asserting priority over a patentee's rights . . . must be supported by some type of corroborating evidence." Such evidence is evaluated under "the rule of reason," whereby "all pertinent evidence is examined in order to determine whether the inventor's story is credible." Importantly, "[t]he law does not impose an impossible standard of independence on corroborative evidence by requiring that every point of a reduction to practice be corroborated by evidence having a source totally independent of the inventor; indeed, such a standard is the antithesis of the rule of reason." We have treated the sufficiency of corroboration as a question of fact, with the district court's

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determination subject to review for clear error.

Here, Orr's testimony of prior invention was sufficiently corroborated by the documentary evidence. . . . This evidence makes credible Orr's general account: in 1988, when he had his specific conception, various industry participants were thinking generally about equipping radar detectors with GPS to reduce false alarms; Cincinnati Microwave, in particular, was interested in the idea; by 1992, Orr was collecting data and working toward reducing the conception to practice; and in 1996, spurred by great interest in his project, Orr reduced his invention to practice. The evidence, in referring to frequencies and to using a GPS-given location to mute a detector alarm, also provides substantial corroboration of the more specific claim limitations concerning lockout frequencies and distances that Fleming has highlighted in his argument.

Fleming is correct that none of the corroborating evidence constitutes definitive proof of Orr's account or discloses each claim limitation as written. But the corroboration requirement has never been so demanding. It is a flexible, rule-ofreason demand for independent evidence that, as a whole, makes credible the testimony of the purported prior inventor with regard to conception and reduction to practice of the invention as claimed. The evidence presented here sufficiently does that. . . .

Abandonment, suppression, or concealment may be shown by proof of the prior inventor's active efforts to do so or "may be inferred based upon the prior inventor's unreasonable delay in making the invention publicly known." Whether a delay is sufficiently reasonable to avoid the inference "has consistently been based on equitable principles and public policy as applied to the facts of each case." For example, "delay between the first reduction to practice and public disclosure" is excused "if the inventor continued to refine, perfect, or improve the invention." Moreover, even "a long period of inactivity need not be a fatal forfeiture, if the first inventor resumes work on the invention before the second inventor enters the field."

In this case, there is no evidence of any active efforts to suppress or conceal. And we find the timing of Orr's activities leading to his June 1999 patent application not to warrant an inference of abandonment, suppression, or concealment. The evidence is sufficient to establish the following facts, covering three periods starting from the April 1996 reduction to practice. . . .

What happened in the middle period—between February 1997 and summer 1998—is this: For a period of "approximately 13 months after the bankruptcy," Orr joined another firm to work with "a group of engineers that were designing a cordless telephone." The patent rights to Orr's radar/GPS prior invention, created at Cincinnati Microwave, were acquired by Escort in the bankruptcy, and Escort set priorities to get its new business going but, even so, was interested in developing this invention. Orr testified that, from the middle of 1997 to the middle of 1998, while working elsewhere, he was giving Escort information about his invention, and that Escort was pursuing Orr's invention and conferring with Orr about it during that period. Escort's Kuhn testified that, from the start, Escort was motivated to hire Orr because of Orr's expertise in radar/GPS, was seeking to hire him during its startup period, and finally did hire Orr, in July 1998, to adapt his invention to "a new detection scheme" to resolve performance issues.

In these circumstances, we do not infer suppression, concealment, or abandonment for two reasons. First: In making his argument in this court and in the district court, Fleming's position has been that his priority date is April 14, 1999, when he filed his patent application. That date is later than the dates of Orr's conception (1988) and reduction to practice (1996)—not in dispute for purposes of the present issue. It also is later than the latest possible date—summer 1998—that the evidence establishes Orr resumed work on his prior invention when joining Escort. Even if the focus were solely on Orr (thus disregarding Escort, the patent-rights owner), and even if Orr had abandoned his invention before summer 1998, the defense of abandonment is properly rejected on the ground that Orr resumed his active work before Fleming's April 1999 priority date.

Second: Although Fleming has not made an argument based on a pre-1999 priority date, the conclusion would not change even if we assumed a May 1998 conception date for Fleming (for which there is evidence). On that assumption, the crucial period for the abandonment analysis would be the time between Cincinnati Microwave's February 1997 bankruptcy and Orr's July 1998 employment at Escort. But what occurred during that period does not warrant an inference of suppression, concealment, or abandonment. At most, there was a reasonable pause in active work: the rights to the invention were transferred from one owner to a new owner during a period of bankruptcy; the new owner concentrated its initial efforts on products ready for immediate sale; and even during that period, the new owner maintained communication with Orr and made efforts to bring him to the firm precisely to resume the work needed to perfect the prior invention. The delay of active work in these circumstances was not unreasonable and was consistent with a continuing commitment to pursuing the project to the full extent conditions allowed. In brief, the concepts of abandonment, suppression, and concealment do not fit the facts as reasonably found by the jury.