

# Federal Circuit Patent Bulletin: *Vapor Point LLC v. Moorhead*

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August 10, 2016

*"[O]wnership is not an affirmative defense to an inventorship claim under [35 U.S.C.] § 256."*

On August 10, 2016, in *Vapor Point LLC v. Moorhead*, the U.S. Court of Appeals for the Federal Circuit (O'Malley, Chen, Stoll) affirmed per curiam the district court's order correcting inventorship under 35 U.S.C. § 256 to add Keith Nathan and Kenneth Matheson as joint inventors of U.S. Patents No. 7,727,310 and No. 8,500,862, but not to add Elliott Moorhead as a joint inventor of U.S. Patents No. 7,740,816, No. 7,803,337, No. 8,337,585, No. 8,337,604 and No. 8,337,763. The patents-in-suit all related to the removal of volatile fuel vapors also known as volatile organic compounds (VOCs) from storage tanks and other holding vessels generally in the oil and gas industry. The Federal Circuit stated

"A person who alleges that he is a co-inventor of the invention claimed in an issued patent who was not listed as an inventor on the patent may bring a cause of action to correct inventorship in a district court under 35 U.S.C. § 256." . . . All inventors, even those who contribute to only one claim or one aspect of one claim of a patent, must be listed on that patent. . . .

The district court's findings that Nathan contributed to three of the four key aspects of the invention are supported by substantial evidence. And, substantial evidence supports the district court's conclusion that Matheson contributed to the conception of the use of diffusion plates, as recited in claims 11 and 12 of the '310 patent. While we agree with NanoVapor that the district court erred in finding that Matheson contributed to the conception of the use of a particulatizer to create micro-sized VOC particles for treatment and

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the use of diffusion plates to distribute micro-sized particles across the vapor capture medium, that error does not change the validity of the ultimate judgment because Matheson was still properly found to be an inventor of the diffusion plates. These findings are sufficient to support the district court's inventorship judgment.

Co-inventors need not "physically work together or at the same time," "make the same type or amount of contribution," or "make a contribution to the subject matter of every claim of the patent." "[I]nventorship is determined on a claim-by-claim basis." Because we find that the district court's conclusions are supported by substantial evidence for both Nathan and Matheson—for at least one of the claim elements—we affirm the district court's inventorship determinations with respect to the '310 patent. . . .

"[I]nventorship is a question of who actually invented the subject matter claimed in a patent. Ownership, however, is a question of who owns legal title to the subject matter claimed in a patent, patents having the attributes of personal property." The parties agree that ownership is not an affirmative defense to an inventorship claim under § 256. The voluntary dismissal of the state law claims mooted NanoVapor's affirmative defense that Nathan and Matheson had an obligation to assign any rights in the '310 patent to NanoVapor. . . . Inventorship is dispositive of infringement if and only if NanoVapor waives its ownership by assignment claim. Ultimately, the district court decided the inventorship issue against NanoVapor when it determined that Nathan and Matheson were co-inventors. NanoVapor's clear representation that such a determination would be "ultimately most likely dispositive" of the inventorship issue is a waiver of any assertion of ownership of Nathan and Matheson's rights. The district court did not err, therefore, in dismissing the infringement claim with prejudice because "[a]ll parties understood that the evidentiary hearing would resolve the issue of inventorship and would be dispositive of the remaining infringement claim in the case."

Vapor Point cross-appeals the district court's determination that it is not entitled to attorneys' fees and the case is not exceptional. While we would have preferred a written explanation for its decision, upon review of the record, we do not find that the denial of Vapor Point's motion was an abuse of the district court's discretion.