Two Recent Decisions May Limit the Effectiveness of "Submarine Patents"

Client Advisories

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In December 1994, Congress passed a law enacting the General Agreement on Tariffs and Trade ("GATT"), extending the timespan of the protection offered by patents from 17 years after it was issued to 20 years, but it keyed the start time to the filing of the patent application rather than the issuance of the patent. Although the new law was passed in late 1994, it did not go into effect until June 8, 1995, and it only applied to patent applications filed on or after that date.

Loophole in the Patent Law

Under the old law, patentees could delay the issuance of the patent—and thus the beginning of the 17-year period—by abandoning patent applications and filing continuing applications in their place. This process led to so-called "submarine patents," which allow patentees to incorporate industry advances into their continuing applications, specifically target competitors' new products, and generally increase the patent's value.

The influx of patent applications filed in the months before the GATT went into effect showed that some patentees were eager to enjoy the benefits of the old law while they still could. In fact, more than 26 years after the GATT went into effect, two of the patentees who sought to take advantage of the old law by filing applications before the deadline are still litigating those claims.

Two Recent Cases May Significantly Curtail Their Ability to Succeed

The first case, *Hyatt v. Hirshfeld*, 998 F.3d 1347 (Fed. Cir. 2021), decided by the United States Court of Appeals for the Federal Circuit, involved a challenge by Gilbert Hyatt to the United States Patent and Trademark Office's ("PTO") rejection of four of his patent applications. The second case, *Personalized Media Communications, LLC v. Apple, Inc.*, No. 2:15-CV-01366 (E.D. Tex. Aug. 5, 2021), involved a challenge to a nine-figure jury verdict obtained by Personalized Media Communications ("PMC") against Apple for patent infringement.

Hyatt and PMC filed over 700 patent applications in the nine days before the effective date of the GATT. This places them among the most prolific filers of that period. In the two cases cited above, both of which involve

these patentees, the courts found that the equitable remedy of prosecution laches applied and relied on that doctrine in ruling against Hyatt and PMC.

Prosecution laches requires a showing that applicant delayed prosecuting the patent in an unreasonable and inexcusable way, and that the accused infringer suffered prejudice as a result of the delay. When proven, prosecution laches may render a patent unenforceable.

In both cases, the courts found ample evidence to establish prosecution laches. In Hyatt's case, his 381 applications averaged about 300 claims each. His applications claimed priority to applications filed in the early 1970s and 1980s, which means he delayed prosecution of his claims from 12 to 28 years. His applications overwhelmed the PTO, with many of his claims being repetitious and redundant. In fact, the PTO estimated that it would take over 500 years of examiner time to process all of his applications. In short, the court found that "Hyatt adopted an approach to prosecution that all but guaranteed indefinite prosecution delay." Similarly, the other court found that PMC engaged in some of the same conduct as Hyatt, filing multiple applications that essentially duplicated earlier applications and made an inordinate number of claims, and delaying prosecution of claims for several years.

Prosecution Laches Applied to Both Cases

In both cases, the courts found that the patentees engaged in conduct to extend the life of their patent protection beyond the 17 years afforded by the pre-GATT law. And in both cases, the courts found that prosecution laches applied.

These cases could present a problem to anyone currently holding a patent tied to an application filed under the pre-GATT law. It has now been over 26 years since the new law went into effect. Anyone holding a patent that still falls within the 17-year protection period of the old law may be susceptible to an argument that the patent is unenforceable because of the doctrine of prosecution laches.

If you have any questions about these decisions, or about any issue involving patent litigation, please contact John Connell at jconnell@archerlaw.com or any member of Archer's Intellectual Property Group.

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Related People

John C. Connell

Of Counsel

jconnell@archerlaw.com

856.354.3074

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