

## SO YOU THINK YOU HAD THE INVENTION IN PRIOR USE ...<sup>i</sup>

Patent lawyers frequently hear clients react to the patents of competitors with words like “that’s old! We were doing that years ago.” Plaintiffs’ patent trial lawyers frequently hear essentially the same words from defendants. Defendants frequently believe patents have been issued on old developments. They believe they used the invention well before the patent owner.

*No one should rely on an old use to avoid negotiating a patent license or defend against a patent infringement lawsuit without a hard look at whether they can prove the old use, clearly, and convincingly.*

The issue, though, is one of proof: can the company claiming an old use of an invention prove the old use? Usually, the company in this situation has no patent of its own or any printed publication to rely on. It also frequently has no records of any old sale or on sale activity. Often the patent under discussion concerns a method, and the company that thinks the invention is old thinks it used the method on its shop floor, while it has no clear and specific records of the method. Instead, the company must rely on memories of older employees, and old, unclear records.

Proving an old use relying on old memories and old records is difficult. No one should rely on an old use to avoid negotiating a patent license or defend against a patent infringement lawsuit without a hard look at whether they can prove the old use, clearly, and convincingly. If the old use cannot be proved to these standards, the patent license should be negotiated or another defense to the lawsuit found. A recent case proves the point.

In *John Donovan Enterprises-Florida, Inc. v. Thermo King Corporation*,<sup>ii</sup> Donovan sued for willful patent infringement. The two patents in suit concerned bulkheads for refrigerated trucks. These were upright panels with a variety of features that help chilled air circulate inside refrigerated truck trailers, to keep loads cold. Donovan claimed substantial commercial success and many other “objective factors” of non-obviousness. It moved for preliminary injunction. Thermo King defended on grounds of non-infringement and invalidity. Its primary non-infringement position was that the claims should be interpreted as too narrow to permit coverage of Thermo King’s bulkhead. Its primary invalidity defenses were based on bulkheads said to have been in public use.

The District Court denied preliminary injunction. It reasoned Donovan did not have a reasonable likelihood of success on many patent claims because they were too narrow for a decision of infringement to be likely. As to one claim, it found no defense

of non-infringement that was likely to be successful, but reasoned that “it was very unlikely” that Donovan would succeed against Thermo King’s validity challenge. Later, the judge granted summary judgment of non-infringement of all claims except the one.

The case went to trial in about 10 months from filing. By that time, Thermo King had found seven people – the alleged prior user and six alleged corroborating witnesses -- to testify about a past public use that Thermo King considered an anticipation. Six consistently testified by deposition that there was a public use and that the bulkhead in public use was an anticipation. The seventh disputed anticipation as to one claimed feature, but signed a declaration of the existence of the bulkhead. Thermo King called the consistent six to testify. It also had reproductions of the old bulkhead made as models for the courtroom. In discovery, Donovan did not seek out anyone to testify contrary to these potential witnesses. It did plan to call the seventh witness.

Meanwhile, Donovan could not engage Thermo King in settlement negotiations. Thermo King apparently felt confident that it could prove invalidity to the jury.

The jury and judge decided otherwise. The jury found the claim in dispute not invalid over the alleged public use. In fact, it found the old bulkhead was not prior art at all. The judge reversed his early words of unlikeliness of success for Donovan, to say the testimony of the defense of prior use was known before trial to have been “highly suspect.”

The jury did not “nullify” the court’s instructions on the law, or otherwise act improperly. Instead, the defense of prior public use ran afoul of the high standards for proof of such uses, and the kinds of things that frequently happen in courtrooms: poor direct testimony, cross-examination that effectively exposed faded and tainted memories, bias, lack of corroborating documentary evidence, and inadequate exhibit preparation.

*In Donovan, the defense thought it had seven good, consistent witnesses, persuasive, expensive demonstrative models, and photographs contemporaneous with an alleged prior use, to prove the use. It failed. This defense of prior public use ran afoul of the high standards for proof of such uses, and the kinds of things that frequently happen in courtrooms, if the attorneys for the patent owner know how to meet and overcome prior use defenses.*

The defense ran afoul of the high standards of the law for proof of such uses. In *Woodland Trust v. Flowertree Nursery Inc.*, 148 F.3d 1368 (Fed.Cir. 1998), the Federal

Circuit endorsed the following criteria, as a “rule of reason” for assessing corroboration:

- (1) the relationship between the corroborating witness and the alleged prior user,
- (2) the time period between the event and trial,
- (3) the interest of the corroborating witness in the subject matter in suit,
- (4) contradiction or impeachment of the witness' testimony,
- (5) the extent and details of the corroborating testimony,
- (6) the witness' familiarity with the subject matter of the patented invention and the prior use,
- (7) probability that a prior use could occur considering the state of the art at the time,
- (8) impact of the invention on the industry, and the commercial value of its practice.

Each one of these criteria is a touchstone for cross-examination and argument by the opponent of the proof of public use. Each one allows for evidence and argument that a judge and jury should distrust the proof of prior use. Moreover, any invalidity defense in a patent case must be proven by clear and convincing evidence. Prior use is no different. Thus, the opponent can shape cross-examination and arguments to a judge or jury to convince both judge and jury that the defense is not clear and leaves serious doubt.

Specifically, in reliance on the criteria of the rule of reason, the opposition can prove and argue that (1) the witnesses brought to trial for corroboration have relationships to the alleged prior user such that they cannot be trusted, (2) a long time period has passed since the alleged use, (3) the corroborating witnesses are biased in their interests in the outcome of the case, (4) the witnesses have been contradicted or impeached on details, (5) their testimony is not extensive or detailed, (6) they were unfamiliar with the technology of the prior use at the time and are unfamiliar with the technology now, (7) a prior use was improbable considering the state of the art at the time, (8) that the patented invention had a high impact such that it was unlikely the low-impact prior art existed or was anticipating, and that the commercial value of the patented invention is high, leading to the same unlikeliness.

The example of *Woodland Trust* on its facts and holding can also be used a touchstone by the opponent. The Federal Circuit set a strong example for the handling of prior use evidence for the district courts. It reversed a decision of invalidity, rejecting the testimony of four witnesses and also two photographs. Concerning the photographs, it said “their lack of detail and clarity can not have provided documentary support” for

the witness testimony. After noting “the [resulting] absence of any physical record to support the oral evidence,” the Federal Circuit then held that the “relationship of the witnesses and the fact that the asserted prior uses ended twenty years before trial, and were abandoned . . . underscore the failure of [the] oral evidence [of the four witnesses] to provide clear and convincing evidence of prior knowledge or use.” *Woodland Trust*, 148 F.3d at 1373.

The example of the *Woodland Trust* decision is “backed up” by an example from the United States Supreme Court from the late 1900s. In *The Barbed Wire Case*, the U.S. Supreme Court reversed a judgment of invalidity despite the consistent testimony of twenty-four witnesses, both interested and uninterested, and the presence at trial of a sample of the allegedly prior art barbed wire. 143 U.S. 275 (1892).

In the *Donovan* case, the alleged prior art was twenty years old as in *Woodland Trust*. The defense had photographs of the allegedly prior art bulkhead, but they were not detailed and not clear. The patent owner’s cross-examinations and arguments to the jury capitalized on the criteria of the rule of reason and the words and results of *Woodland Trust* and *The Barbed Wire Case*.

The defense also ran afoul of the common events of trial. Witnesses did not testify to much detail in their direct testimony, varied from their deposition testimony under cross-examination, admitted lack of memory of details of the old bulkhead and surrounding events, and revealed some artful preparation of them for their testimony.

The first witness to the prior use set an example of unreliability. He was impeached by contradicting his deposition testimony three times: first on the simple point of whether he spoke to Thermo King’s attorneys before his deposition, second, on a simple point of whether the prior art bulkheads had ever been stacked on a pallet, and third, on the important point whether bulkheads put on pallets had cracked. When he had his deposition testimony read to him, he went on to say twice that he could not even remember his own deposition testimony, given a mere two months before his trial testimony. He could not remember it even when he saw the transcript. He testified that he had nothing to do with the design of the twenty-one year old bulkhead he was trying to remember, and could not remember if he had ever measured the bulkhead. The bulkhead, if any, was made for six to eight months at most, he guessed. He could not remember how long he held one of his jobs – a year or couple years, he guessed. He testified there were no differences between Thermo King’s courtroom model and the bulkhead to be remembered, although there *were* differences. He also admitted his testimony about the bulkheads differed from his identification of an exhibit.

The next witness was also arguably unreliable. He was impeached on the simple point of whether he shipped bulkheads as part of his job responsibilities. He testified he could not remember important details, including how many bulkheads were made, a critically important depth of the bulkheads, or how many would stack. He was imprecise on some details, and contradicted the first witness, couching some testimony in the words that he “supposed” some things were true,” and saying that he had based his testimony on “how [the company at issue] made other products.” He also testified he had no responsibility for bulkhead design, and that the Thermo King demonstrative exhibits were not fully accurate.

The third witness was also arguably unreliable and probably incapable of accurate memory. He testified an exhibit was accurate, and then testified it was inaccurate. He could not remember the important height, width or angles on the bulkhead.

Even the witness called by Donovan proved unreliable. Before trial, he had signed a detailed declaration about the old bulkhead, that the bulkhead designer said contained no inaccuracies, as did the witness by signing the declaration, but he contradicted the declaration and his deposition at trial.

That left two corroborating witnesses, and the topic of bias. These two witnesses were unreliable from self-interest. One was responsible for the accused infringement, and biased from the need to protect his corporate position. The other was also unreliable from self-interest aligned with Thermo King’s interest, because his company itself had previously been sued by Donovan, preliminarily enjoined, *Aero Industries Inc. v. John Donovan Enterprises-Florida Inc.*, 80 F.Supp.2d 963 (S.D.Ind. 1999), then licensed at a royalty the witness admittedly disliked, and was again at risk of another patent infringement suit over a new product.

*All* the witnesses were proven to be suspect for bias. The second corroborating witness testified to the condition of the underside of Thermo King’s demonstrative bulkheads when they were on the floor of the courtroom with the undersides not visible. That lent to the argument that he was testifying as Thermo King had programmed him to testify. The first arguably shaded his testimony significantly in Thermo King’s favor in declining to confirm that bulkheads put on pallets had cracked. The second and third arguably testified as Thermo King wanted in spite of differences from an exhibit.

Thermo King had also left itself open to the argument that in its eagerness, it had acted to prod the memories of all the relevant witnesses. One witness admitted freely that Thermo King’s attorneys had met with him just before his testimony, and they were

proven to have spoken with him before his deposition. Another had arguably practiced his testimony, and spoken with Thermo King before his deposition. A third had met with Thermo King “a few times” before his testimony and before his deposition. A witness on a related matter had met with Thermo King at least six times. It could be said that the jury reasonably rejected the testimony of the witnesses as inaccurate, because the memories of the witnesses were prodded by the eagerness of Thermo King.

The lack of any clearly corroborative documentary evidence also permitted argument that no old bulkhead existed as different from any other irrelevant old bulkhead. The lack of any physical evidence relating to the alleged old bulkhead alone arguably provided an independent legally sufficient evidentiary basis for a reasonable jury to find that the old bulkhead was not prior art. *See, e.g., The Barbed Wire Cases* (reversing judgment of infringement because oral testimony of 24 uninterested witnesses insufficient to corroborate alleged prior use); *Woodland Trust* (reversing judgment of invalidity for lack of sufficient corroboration finding an “absence of any physical record to support oral evidence”); *cf Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 60 (1923) (“not a single written record, letter, or specification of prior date”). The Federal Circuit has even quotably said that the requirement of documentary evidence for corroboration “is reinforced, in modern times, by the ubiquitous paper trail of virtually all commercial activity.” *Woodland*, 148 F.3d at 1373. Because “it is rare indeed that some physical record . . . does not exist,” the absence of any clear, satisfactory physical record to support the oral testimony of the witnesses was arguably a sufficient basis for the jury’s verdict. *See Woodland*, 148 F.3d at 1373.

Colorful words have been said against invalidating patents based on old uses, especially in situations of commercial success. In *Barbed Wire*, 143 U.S. at 283, 292, the Supreme Court said:

[C]ourts have not been reluctant to sustain a patent to the man who has taken the final step which has turned a failure into a success. In the law of patents it is the last step that wins. . . . It [the invention] may have been under their very eyes; they may almost be said to have stumbled over it; but they certainly failed to see it, to estimate its value, and to bring it into notice. . . . [D]oubts should be resolved in favor of the patentee.

And in *Reynolds v. Whitin Mach. Works*, 167 F.2d 78, 84 (4<sup>th</sup> Cir. 1948), where

the prior art was patents, it was said:

Patents for useful inventions ought not be invalidated and held for naught because of ... excursions into the boneyard of failures and abandoned experiments.

Those persons claiming patents are invalid because of old uses should be cautious, especially in situations of commercial success. The standards of the law are tilted strongly against proof of prior public use. Witnesses are always subject to testifying poorly at trial, and being effectively cross-examined on the matters made highly relevant by the criteria of corroboration. They are subject to contradicting each other, contradicting their depositions and declarations, and being contradicted by exhibits. Where they are testifying to a distant past, or events that had little significance to them at the time of the events, they are all the more liable to testify poorly and be effectively cross-examined. Finally, colorful words can be brought to bear in arguments against invalidating patents on old uses, both in jury arguments and filings with the courts.

In *Donovan*, the defense thought it had good proof of prior use: seven consistent witnesses, persuasive, expensive demonstrative models, and photographs contemporaneous with the alleged use. The proof failed. It failed even though the judge first thought opposition to the defense was “very unlikely” to succeed. This defense of prior public use ran afoul of the high standards for proof of such uses, and the kinds of things that frequently happen in courtrooms, if the attorneys for the patent owner know how to meet and overcome prior use defenses.

Proving an old use relying on old memories and old records is made difficult by the old memories and old records themselves, and by effective opposition. No one should rely on an old use to avoid negotiating a patent license or defend against a patent infringement lawsuit without a hard look at whether they can prove the old use, clearly, and convincingly. If the old use cannot be proved to these standards, the patent license should be negotiated or another defense to the lawsuit found. The *Donovan* experience proves the point.

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<sup>i</sup> By Charles Shifley. Charles Darwin once observed, “How odd it is that anyone should not see that all observation must be for or against some view if it is to be of service.” *Smithsonian Magazine*, April 1992 at 13. The observations of this paper are for a view, to be of service. June 28, 2001.

<sup>ii</sup> Civil Action No. 00C272 (W.D.Wis. May 5, 2000)