

Keywords: Infringement, Invalidity, Summary Judgment

General: Defendants did not waive their right to trial on issue of patent invalidity by failing to raise it in opposition to plaintiffs' motion for summary judgment on issue of infringement, since plaintiffs did not request summary judgment of liability, or summary judgment on affirmative defense and counterclaim of invalidity asserted in defendants' answers, and since infringement and validity must be treated as separate issues.

Pandrol USA LP v. Airboss Railway Products Inc.
65 U.S.P.Q.2d 1985 (Fed. Cir. 2003)
Decided February 21, 2003

I. Facts

The plaintiffs in this case are Pandrol Ltd. and Pandrol USA, LP. Pandrol Ltd. is the owner of the '046 patent and Pandrol USA, LP is the exclusive licensee under the patent. The '046 patent relates to a railroad track fastening system and is directed to a rail seat assembly designed to resist erosion of the concrete rail tie by interposing an abrasion-resistant plate and a layer of adhering material between the rail pad and the rail.

The defendants are Airboss Railway Products, Inc. ("Airboss Railway"), Airboss of America Corp., Robert M. Magnuson ("Magnuson"), and Jose R. Mediavilla ("Mediavilla"). Magnuson and Mediavilla are the President and Vice President of Airboss Railway. The plaintiffs allege that Airboss Railway directly infringed the '046 patent. The plaintiffs also alleged that Airboss of America Corp., Magnuson, and Mediavilla induced Airboss Railway's infringement of the patent. The accused infringing device is Airboss Railway's railroad track fastening system.

In their answer to the complaint, the defendants raised several affirmative defenses, including patent invalidity. The defendants also filed a counterclaim for a declaratory judgment that the '046 patent was invalid. Later, the defendants filed a motion for summary judgment of non-infringement, which the district court granted. Pursuant to a stipulation by both parties, the district court ordered "that the Defendants' Counterclaims be dismissed without prejudice to Defendants' right to assert all of the defenses recited in its Answer and Counterclaims to Plaintiff's First Amended Complaint, including the defenses of patent invalidity, in the event of an appeal which results in a remand for trial." The plaintiffs then appealed to the Federal Circuit. The Federal Circuit vacated the district court's determination of non-infringement of the '046 patent and remanded the case to the district court.

On remand, the individual and corporate defendants filed a motion for summary judgment of non-infringement. The defendants did not raise their affirmative defense or counterclaim of invalidity in this motion, nor did they contest the title to the patent. The plaintiffs filed a cross-motion for summary judgment of infringement as to claim 3. The district court granted the plaintiffs motion for summary judgment of infringement as to claim 3 and denied the defendants motion for summary judgment of non-infringement. During a telephone conference with the district court, the defendants argued that they were entitled to try the issues of patent invalidity, ownership, and "the liability of the individuals." However, the district court found that the defendants had waived their defenses by failing to raise them in opposition to the plaintiffs' motion for summary judgment of infringement.

II. Issues

- A. Did the defendants waive the right to a trial on the issue of invalidity by failing to raise it in opposition to the plaintiffs' motion for summary judgment of infringement?
- B. Did the defendants Airboss of America, Corp., Magnuson, and Mediavilla waive their rights to try the issue of liability by failing to raise it in opposition to the plaintiffs' motion for summary judgment of infringement?
- C. Did the defendants waive their right to contest the plaintiff's title to the patent by failing to raise it in opposition to the plaintiffs' motion for summary judgment of infringement?

III. Discussion

- A. No. The Federal Circuit then held that the district court had erred and that the case must be remanded to allow the defendants to try their invalidity defense and counterclaim. The Federal Circuit noted that the plaintiffs did not request summary judgment as to liability, only to infringement. In addition, the Federal Circuit noted that the plaintiffs did not seek summary judgment with respect to the defendants' affirmative defenses and counterclaims of invalidity asserted in the defendant's answer that had been filed before the previous appeal to the Federal Circuit. The Federal Circuit stated that both Supreme Court precedent and its own cases have made it clear that patent infringement and patent invalidity are to be treated as separate issues. The Federal Circuit cited a large number of cases that had held that an alleged infringer's failure to raise the issue of invalidity and opposition to a motion for summary judgment of infringement did not constitute a waiver on the issue of invalidity.
- B. Yes. The Federal Circuit agreed with the district court that the non-liability of the secondary defendants was waived when the issue was not raised in response to the plaintiffs' motion for summary judgment of infringement. The Federal Circuit noted that the district court had incorrectly classified the alleged non-liability of the secondary defendants as an affirmative defense. The motion for summary judgment had specifically sought a finding of infringement as to all defendants. Therefore, the individual defendants and Airboss of America, Corp. were obligated to oppose this motion with arguments as to the defense of non-liability for the infringement. Thus, the defendants' failure to raise the issue in response to the motion for summary judgment of infringement constituted a waiver of the defense.
- C. Yes. The Federal Circuit also agreed with the district court that the defendants had waived the right to contest the plaintiffs' title to the patent. The Federal Circuit stated that ownership of the patent is a necessary prerequisite to winning a judgment of infringement. Accordingly, the plaintiffs were implicitly asserting ownership of the patent when they moved for summary judgment as to infringement. Therefore, it was incumbent upon the defendants to raise the issue of lack of patent ownership at that time. Consequently, their failure to do so constituted a waiver of the defense.