Keywords: Patent assignment; patent ownership; pending assignment; future assignment.

General: An assignment of a patent and all its progeny does not automatically and unambiguously include the assignment of an already-issued progeny.

The Euclid Chem. Co. v. Vector Corrosion Technologies, Inc.
No. 2008-1170 (Fed. Cir. April 1, 2009)

I. Facts

Inventor Jack Bennett assigned all his interests in U.S. Patent 6,033,553 ("the '553 patent") and several pending applications to Vector Corrosion Technologies, Inc. on December 20, 2001. The assignment in full is as follows:

> I, JACK BENNETT, whose full post office address is 10039 Hawthorne Drive, Chardon, Ohio 44024, in consideration for $25,000.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged do hereby sell and assign to VECTOR CORROSION TECHNOLOGIES LTD. whose full post office address is 474 Dovercourt Drive, Winnipeg, Manitoba Canada R3Y 1G4, all my interest in the United States, Canada and in all other countries in and to my US, Canadian, and European applications for patents and ***issued US patent***, namely:
>
> 1. Issued US Patent 6,033,553. This patent claims the specific use of LiNO3 and LiBr to enhance the performance of metallized zinc anodes;
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> 2. US Application No. 08/839,292 filed on April 17, 1997,
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> 3. US Application No. 08/731,248, filed on October 11, 1996 (now abandoned),
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> 4. EPO Application No. 99122342.1, filed November 9, 1999, and
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> 5. Canadian Application No. 2288630, filed November 8, 1999,
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> ***any and all divisional applications, continuations, and continuations in part*** together with the entire right, title and interest in and to said applications, any and to all divisional applications, continuations, and continuations in part thereof, the right to claim priority therefrom under the International Convention, and any and all Letters Patent which may issue or be reissued for said invention to the full end of the term for which each said Letters Patent may by granted; and hereby authorize the issuance to said assignee of any and all said Letters Patent not already issued as the assignee of entire right, title and interest in and to the same, for the sole use and benefit of said assignee, its successors, assigns or legal representatives; and hereby covenant and agree to do all such lawful acts and things and to execute without further consideration such further lawful assignments, documents, assurances, applications, and other instruments as may reasonably be required by said assignee, its successors, assigns or legal representatives, to obtain

> any and all Letters Patent for said invention and vest the same in said assignee, its successors, assignees or legal representatives.
>
> (Emphasis added).

The '553 patent had a continuation-in-part that previously issued on April 17, 2001, as U.S. Patent 6,217,742 ("the '742 patent"). Euclid brought a declaratory judgment action against Vector claiming that the '742 patent was not part of the assignment. Euclid also claimed that it was a bona fide purchaser for value of the '742 patent. Euclid attempted to submit evidence showing that Vector had recorded the '553 patent but had not recorded the '742 patent even though Vector had knowledge that the '742 patent had previously issued. Euclid also attempted to submit evidence showing subsequent licensing negotiations including the execution of a different assignment of the '742 patent by Bennett.

District Court Proceedings

The district court ruled that the assignment unambiguously gave Vector ownership of the '742 patent. The district court read the "any and all divisional applications, continuations, and continuations in part" assignment language to unambiguously encompass the '742 patent. Applying Ohio law, the district court ruled that no extrinsic evidence should be allowed when a contract is unambiguous on its terms. The district court also ruled that Euclid had abandoned its claim for status as bona fide purchaser because Euclid never moved for summary motion on the issue and because Euclid only briefly mentioned the claim. The claim was mentioned twice. The first mention was in part of an "educational footnote" in Euclid's brief in opposition to Vector's motion for summary judgment on the assignment of ownership issue. The second mention was in a list of extrinsic evidence that Euclid presented to the district court also in response to Vector's motion for summary judgment on the assignment of ownership issue.

II. Issues

A. Did the assignment language unambiguously transfer ownership of the previously issued '742 patent?

B. Did Euclid lose its right to claim bona fide purchaser status by not moving for summary motion or by not arguing the issue in more detail?

III. Discussion

A. No. The Federal Circuit stated that the language of the assignment was ambiguous. On the one hand, the assignment purports to convey "US Patent 6,033,553" and "any and all divisional applications, continuations, and continuations in part". This language would tend to support Vector's argument that the '742 patent was part of the assignment. On the other hand, the assignment applies to "US, Canadian, and European applications for patents and issued US patent". The mention of a singular issued U.S. patent was interpreted by the Federal Circuit to tend to show intent to assign only the '553 patent. The Federal Circuit believed that two reasonable interpretations were possible and therefore, under Ohio law, the assignment was ambiguous. The issue was remanded for further determination by the district court.

B. No. The district court abused its discretion in ruling that Euclid had abandoned its claim for status as bona fide purchaser. The Federal Circuit looked at Federal Rule of Civil Procedure 41(b) which states that "[i]f the plaintiff fails to prosecute . . . a defendant may move to dismiss the action or any claim against it" to determine the issue. The Federal Circuit relied on *Mitutoyo*

Corp. v. Cent. Purchasing, LLC, 499 F.3d 1284, 1290 (Fed. Cir. 2007) for the proposition that not moving for summary judgment on a claim is more than likely an indication of the plaintiff's belief that there are issues of material fact present rather than an intent to abandon the claim. Euclid's failure to flesh out in detail its bona fide purchaser argument is also not an indication of failure to prosecute. Euclid did not have to address the bona fide purchaser argument as long as Vector did not move for summary judgment on the claim. Furthermore, Euclid did assert the argument, albeit not in much detail, in response to Vector's separate motion on the issue of ownership under the assignment.

IV. Opinion Concurring in Part and Dissenting in Part

Judge Newman issued a separate opinion that concurred with the finding of error by the district court but dissented on the issue of remanding the assignment to resolve the ambiguity. Judge Newman believed that the assignment unambiguously showed that the '742 patent was not assigned to Vector. Judge Newman stated that "The practice requiring specificity of identification of transferred patents is so entrenched, that it would smack of misfeasance to have omitted the known '742 patent from the list of assigned properties, if the parties had intended that it be assigned." Judge Newman noted that the non-recordation of the '742 patent, the payment of maintenance fees for the '553 patent but not the '742 patent, and the prompt recordation of the patent issuing out of application 08/839,292 were "not factual issues that require remand; they are undisputed matters of public record." Judge Newman believed that it was much more reasonable to interpret the assignment as assigning only the '553 patent and therefore concluded that no ambiguity existed.

V. Conclusion

An assignment document that specifically conveys ownership in a patent and "any and all divisional applications, continuations, and continuations in part" may be ambiguous as to the ownership of any related patents that have issued previous to the recordation of the assignment document.