

Keywords: Inventorship; Abandonment; Suppression; Concealment.

General: Under Section 102(g), in order to invalidate a patent claim on the ground of prior inventorship, an alleged infringer must prove *either* that it conceived of the invention first and was diligent in reducing it to practice or that it reduced its invention to practice before the critical date of the patent-at-issue.

The Fox Group, Inc. v. Cree, Inc.
No. 2011-1576 (Fed. Cir. November 28, 2012)

I. Facts

The Fox Group, Inc. (hereinafter “Fox”) Fox sued Cree, Inc. (hereinafter “Cree”) for infringement of U.S. Patent No. 6,562,130 (hereinafter “the ‘130 patent”), which was filed on May 4, 2001 and claims priority to an application filed in 1997. The asserted claims 1 and 19 of the ‘130 patent are directed to a low defect silicon carbide (SiC) crystal having a density of dislocations per square centimeter of less than 10^4 , a density of micropipes of less than 10 per square centimeter, and a density of secondary phase inclusions of less than 10 per cubic centimeter.

Cree responded by seeking to invalidate the ‘130 patent on the basis of prior inventorship under 35 U.S.C. § 102(g). Under 35 U.S.C. § 102(g)(2), a person is not entitled to a patent if:

before such person’s invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

In 1995, Cree grew a low defect SiC crystal and sent a sample to a university scientist for analysis, and the scientist advised Cree that there was an exceptionally low defect area in the sample. Also in 1995, a Cree researcher showed a cropped image of the sample and described its low defect nature, stating that it had an area with less than 1,000 dislocations per square centimeter and no micropipes. The researcher also described the high quality of the sample in an article published in 1996 that included an image of an X-ray topograph of the crystal. The article did not describe how the crystal was created and there was no evidence in the record that Cree took any steps towards commercialization prior to 2004.

The district court granted Cree’s motion for summary judgment on the question of the validity of the ‘130 patent. Fox appealed, alleging that Cree is not a prior inventor of the low defect wafer claimed by Fox, or, if it was, that Cree abandoned, suppressed, or concealed the invention. Fox also argued that the district court erred in entering an order invalidating the entire ‘130 patent when only claims 1 and 19 were asserted.

II. Issues

A) Is Cree a prior inventor of the low defect wafer and, if so, did Cree abandon, suppress, or conceal the invention?

B) Did the district court correctly grant Cree’s motion for summary judgment of invalidity of the entire ‘130 patent?

III. Discussion

A) Yes, Cree is a prior inventor, and no, Cree did not abandon, suppress, or conceal the invention. There are two core requirements for Section 102(g) prior art. First, the challenger must establish that the alleged prior inventor reduced its invention to practice first or, alternately, was the first party to conceive of the invention and then exercised reasonable diligence in reducing that invention to practice. Second, the prior inventor must not have abandoned, suppressed, or concealed the invention.

The Federal Circuit determined that in order to demonstrate inventorship, Cree need only prove *either* that Cree conceived of the invention first and was diligent in reducing it to practice *or* that Cree reduced its invention to practice before the critical date of the '130 patent. The Federal Circuit found that Cree satisfied the first element of prior inventorship by reducing the invention to practice in 1995 by (1) creating the crystal sample, which met all the limitations of the asserted claims of the '130 patent, and (2) recognizing that it was a low defect crystal. In reaching this conclusion, the Federal Circuit rejected Fox's argument that reduction to practice of a product invention requires that the prior inventor "must prove repeatability to prove that it had reduced the invention to practice." In order for Cree to prove that it reduced the invention to practice before the critical date of the '130 patent, it need not prove that its conception is repeatable by those skilled in the art without undue experimentation.

With respect to abandonment, suppression, or concealment, Fox argued that Cree suppressed or concealed its invention because it (1) did not file a patent application for its low defect wafer, (2) did not present proof of commercialization that would allow for reverse engineering, and (3) did not otherwise provide adequate disclosure because it failed to reveal the details of the growth conditions under which the low defect wafer was made. In rejecting Fox's argument, the Federal Circuit concluded that disclosure of an invention to the public requires only that the inventor make the invention known to the public, and if this condition is satisfied, it is irrelevant whether or not an invention is commercialized or a patent is filed. Here, it was sufficient that Cree sent samples of its low defect wafer for testing by an outside evaluator, the product itself was described in a published paper, and knowledge of the product was disseminated outside of the company in a presentation. The majority reasoned that the purpose of Section 102(g) is to bar an inventor from receiving a patent on an invention that has already been invented and was not abandoned, suppressed, or concealed. If the patent claimed a process, then a prior inventor would have to prove prior invention of the process which had not been abandoned, suppressed, or concealed, to invalidate the patent under Section 102(g). Here, Cree promptly made its invention, a SiC material with low defect densities, known to the public through a presentation and publication and therefore did not suppress or conceal its invention.

B) No. The Federal Circuit upheld the district court's finding of invalidity as to claims 1 and 19 of the '130 patent, but vacated the district court's decision that the entire patent was invalid. Summary judgment of invalidity with respect to claims 1 and 19 was correct because Cree produced clear and convincing evidence that it had produced the low density SiC crystal prior to Fox's date of invention, and Fox had not produced sufficient evidence to show or raise genuine issues that Cree abandoned, suppressed, or concealed the invention. The Federal Circuit vacated the district court's decision that the entire patent was invalid because the patentee had narrowed the scope of its asserted claims before summary judgment, and, therefore, the district court lacked jurisdiction over the unasserted claims.

IV. Conclusion

The Federal Circuit upheld the district court's finding of invalidity of claims 1 and 19 under Section 102(g), but vacated the district court's decision that the entire '130 patent is invalid.

V. Concurring-in-Part & Dissenting-in-Part

Judge O'Malley agreed that Cree reduced its invention to practice before Fox did so, but did not agree that the record supports the conclusion that Cree neither abandoned, suppressed, nor concealed its invention. The dissent argued that simply disclosing the existence of a product is insufficient to make an invention publicly known. Because Cree made the fact of its invention known to the public, the majority, like the district court before it, concluded that Fox can never establish abandonment, suppression, or concealment. Under the majority's approach, an inventor could publicly announce that it made a product, with no explanation as to how it did so, and then hide it away in a closet indefinitely. As long as the inventor describes a product in general terms, the inventor cannot, according to the majority, be accused of abandoning, suppressing, or concealing the invention.

Judge O'Malley disagreed because if a prior inventor could disclose the mere existence of a product and take no further action for nine years, the concept of abandonment, suppression, or concealment would be rendered meaningless. She indicated that where there is no enabling written disclosure, there must be evidence that the prior inventor timely made its invention available to the public in some other way (e.g., through public use, commercialization, or filing a patent application claiming the invention). Such a requirement is consistent with Section 102(g)'s general goal of giving the public the benefit of the invention.

Judge O'Malley further pointed out that this case was before the Federal Circuit on a grant of summary judgment of invalidity; therefore, it was especially inappropriate to hold that Cree had not suppressed or concealed the invention. In particular, Judge O'Malley pointed to evidence indicating that Cree had a broad policy of concealing its production methods, and in light of that policy, took specific steps to avoid enabling its competitors to make the invention.