

**Keywords:** assignment, consulting agreements, license agreements, work and contract time relation, inventorship

**General:** In general, work or consulting agreements will be construed based on the plain meaning of the words employed

*TriReme Medical, LLC v. AngioScore, Inc.*

U.S. Court of Appeals Federal Circuit

Case No. 2015-1504

Decided February 5, 2016

**I. Facts**

AngioScore owns three patents relating to angioplasty balloon catheters designed to open arterial blockages. The patented angioplasty balloon catheter is inflated within a blood vessel, such that a metal spiral disposed about an outer surface of the balloon scores plaque lining a wall of the blood vessel. Each of the three patents includes three named inventors: Dr. Eitan Konstantino, Tanhum Feld, and Nimrod Tzori.

Dr. Chaim Lotan performed consulting services for AngioScore, and executed a Consulting Agreement with AngioScore on May 1, 2003 (“Effective Date”). The Consulting Agreement included two pertinent sections reproduced in part below:

9(a). Inventions Retained and Licensed. Consultant has attached hereto ... a list describing all inventions ... which were made by Consultant prior to the [Effective Date] of this Agreement ... that belong solely to Consultant or belong to Consultant jointly with another and that relate to any of the Company’s current or proposed businesses[.] ... [I]f no such list is attached, Consultant represents that there are no such Prior Inventions. If ... Consultant incorporates into a Company product, process or machine ... a Prior Invention owned by Consultant ... the Company is hereby granted and shall have a non-exclusive license.

9(b). Assignment of Inventions. Consultant agrees to promptly disclose to the Company and hereby assigns to the Company ... all right, title and interest in and to all inventions ... that Consultant may solely or jointly conceive or develop or reduce to practice during the term of this Agreement.

Prior to the Effective Date of the Consulting Agreement, Dr. Lotan performed tests of AngioScore prototypes on pigs. During the tests, Dr. Lotan discovered a retention problem in which the metal spiral on the surface of the balloon dislodged from the device. Dr. Lotan then detailed the retention problem in a memorandum, and provided a solution to the retention problem that was eventually incorporated into the claims of the AngioScore patents at issue. During the course of the term of the Consulting Agreement (i.e., after the Effective Date), Dr. Lotan provided AngioScore with input regarding the retention problem and his proposed solution. Dr. Lotan did not list his solution as a Prior Invention attached to the Consulting Agreement. Dr. Lotan claimed he was not aware the AngioScore patents had incorporated his solution into the claims until 2013, and thus did not consider it inventive at the Effective Date of the Consulting Agreement.

In June 2014, Dr. Lotan granted an exclusive license to his employer at the time, TriReme, an AngioScore competitor, for “any and all legal and equitable rights” he held in the AngioScore patents. TriReme became concerned that AngioScore might charge TriReme with infringement of the three AngioScore patents. Accordingly, TriReme brought suit for correction of inventorship of the three AngioScore patents pursuant to 35 U.S.C. § 256, in an attempt to add Dr. Lotan as an inventor. By winning the suit, TriReme would have a defense to infringement of the patents at issue.

AngioScore moved to dismiss for lack of subject matter jurisdiction, on the grounds that Dr. Lotan had assigned to AngioScore his rights in the AngioScore patents under the Consulting Agreement. AngioScore’s theory under § 9(a) of the Consulting Agreement was that § 9(a) required Dr. Lotan to attach a list of any Prior Inventions made before May 1, 2003, and that because Dr. Lotan attached no such list, unlisted inventions were assigned to AngioScore. AngioScore also asserted under § 9(a) estoppel by contract, as codified by § 622 of the California Evidence Code. Specifically, AngioScore asserted that estoppel by contract binds TriReme, as Dr. Lotan’s successor in interest, to Dr. Lotan’s representation under § 9(a) of the Consultation Agreement that he had no “Prior Inventions” relevant to AngioScore products and therefore owned no rights in any purported development or improvement of AngioScore’s products. AngioScore’s theory under § 9(b) of the Consulting Agreement was that Dr. Lotan’s assigned to AngioScore his rights to his inventive contribution to the three AngioScore patents at issue because his work relating to that contribution continued after May 1, 2003.

The district court granted AngioScore’s motion and dismissed TriReme’s complaint, holding that the “question of when Dr. Lotan completed work is ultimately immaterial.” In other words, the district court interpreted the Consulting Agreement to mean that Dr. Lotan assigned to AngioScore his entire interest, regardless of the date of his work. TriReme appealed, and the Federal Circuit reviewed the district court’s interpretation of the Consulting Agreement de novo.

## **II. Issue**

1. Under § 9(a) of the Consulting Agreement, did Dr. Lotan assign to AngioScore his entire interest in his work done prior to the Effective Date?

2. Under § 9(b) of the Consulting Agreement, did Dr. Lotan assign to AngioScore his entire interest in his work done prior to the Effective Date by continuing such work after the Effective Date?

### **III. Discussion**

1. No. The Federal Circuit pointed to California law, which requires interpretation of the Consulting Agreement according to the plain meaning of the language employed. The Federal Circuit found that nothing in the terms of § 9(a) suggests anything not listed by Dr. Lotan as a “Prior Invention” would be retained by, or assigned to, AngioScore. Rather, the Federal Circuit found that § 9(a) grants AngioScore, at best, a non-exclusive license to such unlisted contributions in the event the contributions were incorporated into an AngioScore product during the term of the Consulting Agreement. The Federal Circuit asserted that such a non-exclusive license to AngioScore would not prevent Dr. Lotan from later assigning his rights in those contributions to TriReme. Regarding AngioScore’s estoppel by contract argument, the Federal Circuit found that because neither Dr. Lotan nor TriReme had sought to enforce any rights under contract, estoppel by contract under § 622 of the California Evidence Code is inapplicable.

2. Maybe. The Federal Circuit again interpreted the Consulting Agreement according to the plain meaning of the language employed. Specifically, the Federal Circuit pointed out that § 9(b) of the Consulting Agreement “assigns ... all right, title and interest in and to all inventions ... that Consultant may solely or jointly *conceive or develop or reduce to practice during the term of this Agreement.*” (Emphasis added.) The Federal Circuit noted that AngioScore and TriReme disputed the significance of Dr. Lotan’s role in the development of AngioScore products after the Effective Date of the Consulting Agreement. The Federal Circuit reasoned that whether Dr. Lotan assigned his rights under § 9(b) depends on whether Dr. Lotan’s continued work after the Effective Date amounted to “developing,” or “reducing to practice,” an “invention,” “development,” or “improvement” pursuant to § 9(b), which is an issue of fact. Regarding this issue of fact, because discovery before the district court was limited, because there was no trial, and because the district court made no findings, the Federal Circuit remanded for the district court to consider whether Dr. Lotan’s continued work after the Effective Date came within the language of § 9(b).

### **IV. Conclusion**

Work or consulting agreements will generally be construed according to the plain meaning of the language employed.