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Public Demonstration of Method Without Testing Claim Elements or Evaluating Overall Suitability of the Method Is Not Experimental Use

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Under U.S. law, an applicant is barred from obtaining a patent if the invention was on-sale or in public use more than one year prior to the filing of a patent application.¹ An exception to this rule is available to an applicant that carries out experimental use of the invention. Such experimentation is intended to perfect the invention, but the applicant must maintain control over a public demonstration that tests patented features to ensure that the public use is considered an excused experimental use.

Basis for Experimental Use Exception: *City of Elizabeth*

The U.S. Supreme Court firmly established the law of experimental use in the *City of Elizabeth v. American Nicholson Pavement Co.*² Nicholson sued the City of Elizabeth, New Jersey, for infringement of his paving patent. As one defense, the city alleged that the invention was in public use for six years before the patent application was filed. Nicholson had paved about 75 feet of a heavily used road for the purpose of testing the product under heavy use. He daily inspected the pavement closely, examining the entirety to determine its condition.

The Supreme Court noted that an inventor was entitled to use an invention to experiment and to perfect the invention, even if the use was in public. The Court

reaffirmed that testing by the inventor to ensure that the invention meets its purpose is an acceptable experimental use. The inventor must keep control of the invention, must not sell the invention, and must not voluntarily allow others to use the invention.³ The public may benefit, but so long as the inventor limits use of the invention, an experimental use defense can be raised.

The Court of Appeals for the Federal Circuit Recently Addressed Experimental Use in *Clock Spring*

The Court of Appeals for the Federal Circuit held that public demonstration of a process for repairing a damaged high-pressure pipeline was a patent-invalidating public use under 35 U.S.C. § 102(b) and could not form the basis for an experimental use exception. In *Clock Spring, L.P. v. Wrapmaster, Inc.*,⁴ the court found that public demonstration of all elements of the claimed method was performed at a public demonstration.⁵ The court found that the demonstration was not under the inventor's control, but did not base the holding on only this finding.⁶ Rather, the court also found that, although all elements of the patented method were performed in the demonstration, the demonstration did not test or evaluate any of these elements or evaluate the suitability of the method as a whole. Therefore, the demonstration was not an experimental use of the claimed method; rather, the demonstration was claim-invalidating public use. The court thus affirmed the summary judgment of invalidity on this basis.

The court affirmed the grant of a summary judgment of invalidity on a ground supported in the trial record, even though the district court had rejected that ground.⁷ The court noted that affirmance of “a grant of summary judgment on a ground supported in the record but not adopted by the district court”⁸ is appropriate “if we conclude that ‘there

[wa]s no genuine issue as to any material fact and . . . the movant [wa]s entitled to a judgment as a matter of law.”⁹

The court also affirmed a summary judgment rejecting Clock Spring’s Lanham Act false advertising claims.

Clock Spring’s Lawsuit

Clock Spring alleged that Wrapmaster infringed the claims of U.S. Patent No. 5,632,307 (the ’307 patent). Clock Spring separately alleged that Wrapmaster had violated Lanham Act § 43(a). Clock Spring was the exclusive licensee of the ’307 patent; the Gas Technology Institute (formerly GRI) was entitled to receive royalties from Clock Spring.¹⁰

The claims of the ’307 patent are directed to methods for repairing damaged high-pressure gas pipes. Five claims are independent, and 38 are dependent claims. Claim 1 reads as follows:

1. A method for repairing a pipe adapted to carry an internal load directed radially outward therefrom, *said pipe having a defective region* defined by at least one cavity extending from an outer surface of said pipe toward the center of said pipe but not extending completely through the wall of said pipe, said method comprising the steps of:
 - providing a filler material *having a workable uncured state* and a rigid cured state,
 - filling said cavity to at least said outer surface of said pipe with said filler material in said workable state,*
 - providing at least one band having a plurality of elastic convolutions of high tensile strength material,
 - while said filler material is in said workable state,*
 - wrapping said plurality of convolutions of said high tensile strength material about said pipe to form a coil overlying said filler material,
 - tightening said coil about said pipe so that said filler material completely fills that portion of said cavity underlying coil,

securing at least one of said convolutions to an adjacent one of said convolutions, and
permitting said filler material to cure to said rigid state,
whereby a load carried by said pipe is transferred substantially instantaneously from said pipe to said coil.

The '307 patent, column 12, lines 9-34 [emphasis added by Court of Appeals for the Federal Circuit].¹¹

Dependent claims include additional limitations relating to the properties and characteristics of the materials used in the steps of the methods. The other independent claims were directed to different types of defects and repair methods.¹² Clock Spring also filed Lanham Act false advertising claims.

Wrapmaster's Motion for Summary Judgment

After discovery, Wrapmaster filed separate motions for summary judgment of invalidity of all claims of the '307 patent and on the Lanham Act claim.¹³ The invalidity motion asserted that all claims of the '307 patent were invalid for prior public use under 35 U.S.C. § 102(b) in view of a demonstration in October 1989, more than one year before the patent application was filed in 1992.¹⁴

In support of the motion, Wrapmaster submitted a report dated 1994 and published by GRI (the 1994 GRI report). The 1994 GRI report described the 1989 demonstration, which was made by Norman C. Fawley, an inventor.¹⁵ The motion also asserted invalidity on grounds of obviousness over seven other patents.

In their opposition, Clock Spring "did not dispute that the 1989 demonstration was public, or that it involved the limitations of the patent with one exception."¹⁶ Clock Spring argued that the 1989 demonstration did not involve application of the wrap with an uncured filler. Clock Spring also argued that the claims were not obvious and that the use had been an experimental use.¹⁷

The District Court's Decision

The magistrate judge to whom the motion was referred recommended that the district court grant summary judgment of invalidity for public use.¹⁸ The magistrate judge found that the 1994 GRI report precluded any genuine issue of material fact regarding whether the filler compound used in the demonstration was uncured when the wrap was applied to the pipe.¹⁹ “The magistrate judge also rejected Clock Spring’s argument that the use was experimental.”²⁰

Addressing the assertion of obviousness, the magistrate judge found that one reference disclosed a method that tracked the method of the ’307 patent closely except for the requirement that the pipe be wrapped while the filler was uncured. The magistrate judge found a suggestion that the filler be uncured in a patent directed to wrapping low-pressure piping.²¹ Thus, the magistrate judge recommended a finding of invalidity for obviousness.

Clock Spring objected to the magistrate judge’s recommendations. Clock Spring asserted that three limitations—the uncured limitation, the requirement that the pipe have a cavity, and the requirement that the filler be applied to the cavity—were not present in the 1989 demonstration.²² In support of the argument that the 1989 demonstration was an experimental use, Clock Spring submitted new evidence, including GRI reports from 1993 and 1998 and an NCF Industries, Inc., report that addressed the 1989 demonstration.²³

The district court found that these three reports raised a genuine issue of material fact regarding experimental use, but did not explain why.²⁴ Thus, the district court rejected the recommendation that summary judgment be entered that ’307 patent was

invalid in view of a public use, but accepted the recommendation that summary judgment of invalidity over prior art be granted.²⁵

The Lanham Act claims also were referred to the magistrate judge, who recommended that summary judgment be granted in favor of Wrapmaster. The district court agreed and found in favor of Wrapmaster on the Lanham Act claims.²⁶

The Court of Appeals for the Federal Circuit Affirms on the Basis of Public Use

On appeal, Wrapmaster argued that the court could affirm the grant of summary judgment of invalidity on the basis that the invention was in public use more than one year before the application was filed in 1992. Wrapmaster asserted that the 1989 demonstration was such a public use, not an experimental use.²⁷

Under 35 U.S.C. § 102,

A person shall be entitled to a patent unless . . .

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.

A public use may be carried out by an inventor or by another who is under to obligation of secrecy.²⁸ The public use must include all claim limitations.²⁹

There was no dispute that the 1989 demonstration was a public event, as it was accessible to the public and the attendees were under no obligation of secrecy.³⁰ Also, there was no dispute that, except for the three limitations identified by Clock Spring, all limitations of Claim 1 were involved in the public use.³¹ The court addressed Clock Spring's argument, even though the court was skeptical that the cavity and filling the cavity issues were properly preserved, and found the arguments to be unconvincing.³²

The court found that the 1994 GRI report and the NCF report described the demonstration. Specifically, the NCF report described the purpose of the demonstration

as “to closely document the *entire process* of bell-hole repair and rehabilitation on a working pipeline,” and the photographs illustrated pinholes through the pipe. The pinholes were found to be cavities within the meaning of the claim, and the report stated that the filler “was intended to be ‘used to fill in pitted areas of pipe corrosion.’”³³ Although the report did not specifically recite that the filler filled the pinholes, the court held that “the public use bar applies to obvious variants of the demonstrated public use.”³⁴

The court noted that the 1989 demonstration involved uncured filler in view of the description thereof in an Information Disclosure Statement filed during prosecution of the application.³⁵ The 1994 GRI report also described application of uncured filler, and the NCF report specifically described application of uncured filler before the clock spring was wrapped around the pipe.³⁶ Thus, the court found that there was no genuine issue of material fact regarding whether the three allegedly missing elements were present in these public uses.³⁷

The court rejected Clock Spring’s argument that these public uses were experimental uses. After describing the experimental use exception as having the potential for making “something that would otherwise be public use” not an invalidating event, the court identified factors³⁸ for distinguishing between experimental and commercial use, as set forth in *Allen Engineering Corp. v. Bartell Industries, Inc.*, as follows:

- (1) The necessity for public testing;
- (2) The amount of control over the experiment retained by the inventor;
- (3) The nature of the invention;
- (4) The length of the test period;
- (5) Whether payment was made;
- (6) Whether there was a secrecy obligation;

- (7) Whether records of the experiment were kept;
- (8) Who conducted the experiment;
- (9) The degree of commercial exploitation during testing;
- (10) Whether the invention reasonably requires evaluation under actual conditions of use;
- (11) Whether testing was systematically performed;
- (12) Whether the inventor continually monitored the invention during testing; and
- (13) The nature of contacts made with potential customers.³⁹

Even though *Allen Engineering* involved a prior commercial sale, the court described these factors as equally relevant when evaluating a use event to determine whether the event is an experimental use.⁴⁰

The court clearly expressed that these factors may, but need not be, dispositive. In some circumstances, control (or the lack thereof) over the invention during the event may be dispositive. For example, lack of control over alleged testing events was found dispositive in *Atlanta Attachment Co. v. Leggett & Pratt, Inc.*⁴¹ Clock Spring asserted that Fawley's detailed reports were proof that the inventor tightly controlled the 1989 demonstration. However, the court was not convinced for a number of reasons. For example, an independent observer, not Fawley, analyzed and recorded the 1989 demonstration. Some of the individual tests done as part of Clock Spring's installations were done by personnel controlled by the company that owned the pipeline, not by GRI or Clock Spring. None of these people were controlled by, or even watched by, Fawley.⁴²

However, the court did not rely on control as dispositive in this case. Rather, the court looked to whether the inventor sought to perfect the invention through testing because this is the only reason that experimental use exception to the public use bar exists.⁴³ Here, Clock Spring did not argue that the object of the 1989 demonstration was to refine claim limitations. Rather, Clock Spring argued that the 1989 demonstration was designed to test durability or suitability for intended use, as in *City of Elizabeth*.

However, the NCF report described the purpose of the 1989 demonstration as demonstrating the installation steps and illustrating that little training was required to practice the method. The 1994 GRI report similarly described the demonstration as a familiarization and training exercise. This demonstration was described to the US Patent and Trademark Office during prosecution as seeking user input on performance and practicality of installation.⁴⁴

The court further found that the 1994 GRI report suggested that the 1989 demonstration was for durability testing. However, the court found that this durability testing was not tied to the patent application.⁴⁵ The 1989 demonstration installation was not unearthed and inspected until after the patent application was filed. This inspection was reported in the 1994 report. Thus, the court found that the 1989 demonstration could not have been an experimental use for the purpose of perfecting the invention because the test⁴⁶ result was not evaluated until after the patent application was filed.

The court also rejected Clock Spring's argument that because it was not legal to practice the claimed method on an operating pipeline, the 1989 demonstration must have been an experimental use. The court noted that a question of legality for use does not affect whether a public demonstration is an experimental use.

Thus, the court held the '307 patent invalid for prior public use because the 1989 demonstration was a public use. The 1989 demonstration included all the elements of the method of Claim 1, and there was no evidence that any of these elements were being tested.⁴⁷

Clock Spring did not contend that the other four independent claims were separately valid. However, Clock Spring did argue, albeit for the first time, that the

dependent claims should have been considered individually. The court held that Clock Spring's failure to raise this issue in response to Wrapmaster's motion for summary judgment before the magistrate judge, and then before the district court, caused Clock Spring to waive that argument.⁴⁸

In view of the finding of invalidity of the '307 patent for prior public use, the court did not address the question of obviousness over the prior art.⁴⁹ The court also rejected Clock Spring's arguments relating to the Lanham Act claims.⁵⁰ Fifth Circuit law applied and required proof of five elements, including in particular literal falsehood. However, the court found that Clock Spring did not meet that burden of showing literal falsehood.⁵¹

Practical Application

The doctrine of experimental use provides a negation of a public use, or a sale or on-sale event, that would otherwise be a statutory bar event under 35 U.S.C. § 102(b). However, the event must be evaluated to ensure that the use can be characterized as experimental. The Court of Appeals for the Federal Circuit identified 13 instructive factors and pointed out that some may be dispositive. In every case, however, a use must test claimed features of the invention or evaluate the entirety of the invention to determine whether the invention will work for its intended purpose. The inventor should keep in mind that testing to determine whether the invention works or is suitable for its intended purpose must be distinguished from testing to determine whether a customer will buy it. The former is experimental use; the latter is a statutory bar. Further, the testing should be evaluated before the application is filed because it cannot be said that

the test was to improve the invention if the test is not evaluated before a patent application has been filed.

Thus, one who seeks to obtain a patent is wise to take appropriate steps to ensure that an offer for sale, a sale, or a public use can be characterized as experimental use rather than an event that precludes patentability. The potential patentee is wise to keep control of the experiment, ensure that only the inventor or an authorized tester has access to the invention and ensure that others are not permitted to view or use the invention unless they are under an obligation of secrecy to the inventor. Make observations about the invention and whether it is fit for its purpose, not whether the potential customer finds the invention suitable or whether it will be commercially successful. Keep in mind the claim limitations. If possible, do not make any sales or offers to sell or allow any public use within the claim limitations. Although it may be possible to explain a sale, the event is more likely to be considered experimental use if no sale is involved.

Notes

¹ 35 U.S.C. § 102(b).

² *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126 (1878).

³ *Id.* at 135.

⁴ *Clock Spring, L.P. v. Wrapmaster, Inc.*, No. 2008-1332 (Fed. Cir., Mar. 25, 2009).

⁵ *Id.* at 15.

⁶ *Id.* at 13.

⁷ *Id.*

⁸ *Id.* at 8.

⁹ *Id.*, citing Fed. R. Civ. P. 56(c); and *Aqua Tex Indus., Inc. v. Techniche Solutions*, 479 F.3d 1320, 1328 Fed. Cir. 2007).

¹⁰ *Id.* at 2, 4.

¹¹ *Id.* at 2-3.

¹² *Id.* at 3.

¹³ *Id.*

¹⁴ *Id.* at 4.

¹⁵ *Id.*

¹⁶ *Id.*
¹⁷ *Id.*
¹⁸ *Id.* at 4-5.
¹⁹ *Id.*
²⁰ *Id.* at 5.
²¹ *Id.*
²² *Id.* at 6.
²³ *Id.* Fawley was president of NCF Industries.
²⁴ *Id.*
²⁵ *Id.* at 6-7.
²⁶ *Id.* at 7.
²⁷ *Id.* at 8.
²⁸ *Id.* at 9, citing *Adenta GmbH v. OrthoArm, Inc.*, 501 F.3d 1364, 1371 (Fed. Cir. 2007).
²⁹ *Id.*, citing *Lough v. Brunswick Corp.*, 86 F.3d 1113, 1122 n. 5 (Fed. Cir. 1996).
³⁰ *Id.*
³¹ *Id.* at 9-10.
³² *Id.* at 10.
³³ *Id.*
³⁴ *Id.*, citing *Netscape Communications Corp. v. Konrad*, 295 F.3d 1315, 1321 (Fed. Cir. 2002).
³⁵ *Id.* at 10-11.
³⁶ *Id.* at 11.
³⁷ *Id.*
³⁸ *Id.* at 12.
³⁹ *Id.*, citing *Allen Engineering Corp. v. Bartell Industries, Inc.*, 299 F.3d 1336, 1353 (Fed. Cir. 2002).
⁴⁰ *Id.*
⁴¹ *Id.*, citing *Atlanta Attachment Co. v. Leggett & Pratt, Inc.*, 516 F.3d 1361, 1366 (Fed. Cir. 2008). *See also Intellectual Property & Technology Law Journal*, July 2008, Vol. 20, No. 7, pp.8-11.
⁴² *Id.* at 13.
⁴³ *Id.* at 14, citing *EZ Deck, Inc. v. Schafer Sys. Inc.*, 276 F.3d 134, 1352 (Fed. Cir. 2002).
⁴⁴ *Id.* at 14.
⁴⁵ *Id.* at 15.
⁴⁶ *Id.*
⁴⁷ *Id.* at 15-16.
⁴⁸ *Id.* at 16.
⁴⁹ *Id.*
⁵⁰ *Id.* at 20.
⁵¹ *Id.* at 16-17.