

2008-1016

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**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

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ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED  
and ARISTOCRAT TECHNOLOGIES, INC.,

Plaintiffs-Appellants,

v.

INTERNATIONAL GAME TECHNOLOGY  
and IGT,

Defendants-Appellees.

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Appeal from the United States District Court for the Northern District of  
California in Case No. 06-CV-3717, Judge Martin J. Jenkins.

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**PETITION FOR REHEARING EN BANC OF DEFENDANTS-  
APPELLEES INTERNATIONAL GAME TECHNOLOGY AND IGT**

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October 2, 2008

## CERTIFICATE OF INTEREST

Counsel for Defendants-Appellees International Game Technology and IGT certifies the following:

1. The full names of every party or amicus represented by us are:

International Game Technology and IGT.

2. The names of the real parties in interest represented by us are:

N/A.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by us are:

International Game Technology has no parent corporation, and no publicly held company owns 10 percent or more of its stock. IGT is a wholly owned subsidiary of International Game Technology.

4. The names of all law firms and the partners or associates that appeared for the parties or amicus now represented by us in the trial court or that are expected to appear in this Court are:

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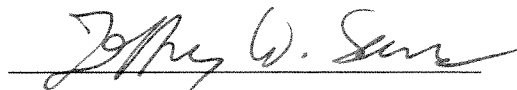
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Dated: October 2, 2008

A handwritten signature in black ink, appearing to read "Jeffrey W. Sarles", written over a horizontal line.

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# TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES.....	ii
STATEMENT OF COMPLIANCE WITH CIRCUIT RULE 35(b)(1).....	1
INTRODUCTION.....	1
FACTUAL BACKGROUND .....	2
WHY THE PETITION SHOULD BE GRANTED .....	5
A.    A Non-Abandoned Patent Application Is A Condition For Patentability .....	5
B.    Improper Revival Of An Abandoned Application Was “Made A Defense” By Congress .....	8
C.    Invalidity Defenses Are Not Limited To Those In Section 282.....	10
D.    The Panel Decision Effectively Amends The Patent Act.....	13
CONCLUSION .....	15

## TABLE OF AUTHORITIES

### Cases

<i>Animal Legal Defense Fund v. Quigg</i> , 932 F.2d 920 (Fed. Cir. 1991).....	14
<i>Field Hybrids, LLC v. Toyota Motor Corp.</i> , 2005 WL 189710 (D. Minn.), pet. dismissed, 153 F. App'x 714 (Fed. Cir. 2005) .....	13
<i>Figueroa v. United States</i> , 466 F.3d 1023, 1031 (Fed. Cir. 2006) .....	6
<i>Graham v. John Deere</i> , 383 U.S. 1 (1966) .....	5, 6
<i>Lamie v. U.S. Trustee</i> , 540 U.S. 526 (2004) .....	7
<i>Lawman Armor Corp. v. Simon</i> , 2005 WL 1176973 (E.D. Mich. 2005), appeal dismissed, 172 F. App'x 319 (Fed. Cir. 2006).....	13
<i>Magnivision, Inc. v. Bonneau Co.</i> , 115 F.3d 956 (Fed. Cir. 1997).....	10
<i>Morganroth v. Quigg</i> , 885 F.2d 843 (Fed. Cir. 1989) .....	12
<i>New York Univ. v. Autodesk, Inc.</i> , 466 F. Supp. 2d 563 (S.D.N.Y. 2006).....	9, 13
<i>Quantum Corp. v. Rodime, PLC</i> , 65 F.3d 1577 (Fed. Cir. 1995) .....	10, 11
<i>Symbol Techs., Inc. v. Opticon, Inc.</i> , 935 F.2d 1569 (Fed. Cir. 1991).....	15

### Statutes

5 U.S.C. § 706 .....	12
35 U.S.C. § 41(b).....	14
35 U.S.C. § 102 .....	8
35 U.S.C. § 102(b).....	3, 8
35 U.S.C. § 111(b)(5) .....	14
35 U.S.C. § 112 .....	7
35 U.S.C. § 120 .....	3
35 U.S.C. § 122 .....	14

35 U.S.C. § 131 .....	7
35 U.S.C. § 133 .....	2, 3, 6, 8, 9, 11, 13
35 U.S.C. § 151 .....	6
35 U.S.C. § 185 .....	9
35 U.S.C. § 282 .....	3, 4, 5, 8, 10, 11
35 U.S.C. § 282(2).....	3, 4, 5, 8
35 U.S.C. § 282(3).....	7
35 U.S.C. § 282(4).....	4, 8, 9
35 U.S.C. § 305 .....	11
35 U.S.C. § 371 .....	3
35 U.S.C. § 371(d).....	2, 6, 8, 9, 11, 12, 13

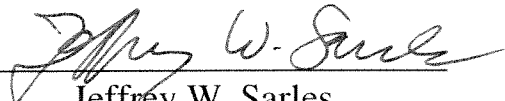
**Other Authorities**

COMPACT OXFORD ENGLISH DICTIONARY, available at <a href="http://www.askoxford.com/concise_oed/condition?view=uk">http://www.askoxford.com/concise_oed/condition?view=uk</a> .....	6
Manual of Patent Examining Procedures § 1124 (8th ed. July 2008).....	14
MERRIAM-WEBSTER’S ONLINE DICTIONARY, available at <a href="http://www.merriam-webster.com/dictionary/condition">http://www.merriam-webster.com/dictionary/condition</a> .....	6

## STATEMENT OF COMPLIANCE WITH CIRCUIT RULE 35(b)(1)

Based on my professional judgment, I believe this appeal requires an answer to a precedent-setting question of exceptional importance: Whether, as the panel held, failure to revive an abandoned patent application under the statutory standard may not be raised as a invalidity defense to an infringement claim.

Dated: October 2, 2008

  
Jeffrey W. Sarles  
Attorney of Record for Appellees

Appellees (collectively “IGT”) respectfully petition for rehearing en banc of the Court’s September 22, 2008 opinion.

### INTRODUCTION

The panel held that a failure to properly revive an abandoned patent application can *never* serve as an invalidity defense in patent infringement litigation. That is a remarkable conclusion. An abandoned patent application that was not revived as the Patent Act requires remains abandoned and cannot mature into a valid patent. Yet, according to the panel, the holder of such an invalid patent can enforce it against alleged infringers without fear of an invalidity defense based on the abandonment and improper revival.

This is a case of exceptional importance that addresses a pure legal issue of immense concern to all participants in the patent process. It therefore is an ideal vehicle for en banc determination.

## FACTUAL BACKGROUND

**The '215 Patent and Application.** U.S. Patent Number 7,056,215 (the “215 patent”) issued from the national stage application in the United States (the “215 application) from an international application filed in Australia. *Id.* Aristocrat failed to timely file the required fee for entering the national stage. The PTO therefore notified Aristocrat that the '215 application was abandoned.

The PTO’s notice also explained the procedure for filing a petition to revive. Aristocrat instead filed a petition “To Correct ‘Date-In,’” which the PTO denied. Aristocrat then waited over 13 months before filing a petition to revive the abandoned '215 application based on “unintentional” delay, which the PTO granted. JA745-46. The '215 patent eventually issued in June 2006. JA29. A continuation patent (“the '603 patent”) issued in September 2006. JA40.

Aristocrat filed suit against IGT in June 2006, claiming that IGT’s Fort Knox™ gaming machines infringed the '215 patent. Aristocrat later amended its complaint to allege that additional IGT gaming machines infringed the '603 patent. IGT filed a motion for summary judgment of patent invalidity. IGT contended that the '215 application was abandoned pursuant to 35 U.S.C. §§ 371(d) and 133, each of which requires a showing of “unavoidable” delay before an abandoned application can be revived, whereas the PTO had revived the '215 application based solely on Aristocrat’s assertion of “unintentional” delay. Therefore, IGT



argued, the '215 application remained abandoned and the '215 patent is invalid, the '603 patent application is not entitled to the priority date of the '215 application under 35 U.S.C. § 120, and the '603 patent is invalid under § 102(b) based on the publication more than one year before of the PCT version of the '215 application.

**District Court Decision.** The district court granted IGT's motion for summary judgment of invalidity. The court found the plain language of §§ 133 and 371 to be "clear and unambiguous" in establishing that an applicant must show "unavoidable" delay to revive an application abandoned under those provisions. JA12. The court therefore held that the '215 application was improperly revived since the PTO revived it based on an assertion of mere "unintentional" delay. JA13. The district court also rejected Aristocrat's contention that improper revival is not an available invalidity defense under § 282. The court explained that such a defense is appropriate under both § 282(4), which authorizes an invalidity defense based on "[a]ny other fact or act made a defense by this title," and § 282(2), which authorizes an invalidity defense based "on any ground specified in part II of this title as a condition for patentability." JA17-18. The court concluded that the abandonment of and failure to properly revive the '215 application made both the '215 parent and the '603 continuation patent invalid.

**Panel Decision.** The panel reversed, holding that failure to meet statutory requirements for revival of an abandoned patent application "may not be raised as

a defense in an action involving the validity or infringement of a patent.” Slip Op. 5.

The panel first rejected the applicability of § 282(2), opining that meeting statutory requirements for revival of an abandoned patent application is not a “condition for patentability.” Slip Op. 6-7. According to the panel, “utility and eligibility, novelty, and nonobviousness are the only so-called conditions for patentability.” The panel next rejected the applicability of § 282(4), on the ground that failure to meet statutory requirements for revival of an abandoned patent application is not “made a defense” by title 35. Instead, according to the panel, such a failure is a mere “procedural lapse.” *Id.* at 7-10.

The panel acknowledged that § 282 is not the only source of invalidity defenses in the Patent Act, in particular where “failure to impose invalidity for violation of the statute would encourage noncompliance.” Slip Op. 12. But it discerned “no legitimate incentive for a patent applicant to intentionally abandon its application” or “to attempt to persuade the PTO to improperly revive it.” *Id.* Finally, the panel rejected IGT’s alternative argument that improper revival of an abandoned application by the PTO is subject to review under the Administrative Procedure Act, stating only that it found that argument “unpersuasive.” *Id.*

## WHY THE PETITION SHOULD BE GRANTED

As explained below, the panel decision misinterprets important provisions of § 282 and thereby makes the violation of numerous Congressional mandates effectively unreviewable. The full Court should review the panel decision to ensure proper construction and application of the Patent Act and to prevent immense public harm.

### A. A Non-Abandoned Patent Application Is A Condition For Patentability

Section 282(2) authorizes a defense based on “[i]nvalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability.” As the district court ruled, this defense applies here because “Section 133’s six-month deadline for prosecuting an application is specified within part II of Title 35.” JA18.

The panel held that § 282(2) does not apply because proper revival of an abandoned patent is not a condition for patentability. Slip Op. 5-6. The panel relied on *Graham v. John Deere*, 383 U.S. 1, 12 (1966), which listed novelty, utility, and nonobviousness as conditions for patentability. But *Graham* does not say these are the *only* conditions for patentability, and the panel itself found that “eligibility,” which is not mentioned in *Graham*, is a condition for patentability. Moreover, this Court recently stated: “Fees have been an accepted condition of patentability since the first patent statute was enacted in 1790.” *Figueroa v. United*

*States*, 466 F.3d 1023, 1031 (Fed. Cir. 2006). Indeed, it is so clear that a non-abandoned patent application is a precondition to obtaining a valid patent that there was no reason for the Court to spell it out in *Graham*. The panel therefore erred in holding, based on *Graham*, that “utility and eligibility, novelty, and nonobviousness are the only so-called conditions for patentability.” Slip Op. 7.

The panel should have looked to the plain meaning of “condition,” which is “prerequisite” or “a state of affairs that must exist before something else is possible.”<sup>1</sup> A prerequisite to issuing a valid patent is a non-abandoned application. See, e.g., 35 U.S.C. § 151 (a patent “shall issue” unless application was “abandoned” for failure to pay issue fee). Thus, if the applicant has abandoned its application, it must be revived under the statutory standard before a valid patent can issue, making proper revival a prerequisite and thus a condition for patentability. In this case, for example, the ’215 application was abandoned pursuant to §§ 371(d) and 133, each of which provides that an abandoned application stays abandoned absent a showing that the delay leading to the abandonment was “unavoidable.” In other words, revival based on a showing of unavoidability is a prerequisite — and thus a condition to — a valid and enforceable patent. Aristocrat’s failure to satisfy that condition (a fact undisputed

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<sup>1</sup> MERRIAM-WEBSTER’S ONLINE DICTIONARY, available at <http://www.merriam-webster.com/dictionary/condition>; COMPACT OXFORD ENGLISH DICTIONARY, available at [http://www.askoxford.com/concise\\_oed/condition?view=uk](http://www.askoxford.com/concise_oed/condition?view=uk).

in this case) renders the '215 patent invalid, and thus Aristocrat should not be able to enforce it against IGT or anyone else.

Section 131 supports that common sense reading of the statute. It states that the PTO “shall issue a patent” only if “the applicant is entitled to a patent under the law.” 35 U.S.C. § 131. The plain meaning of that provision is that lawful entitlement to a patent is a condition to patentability. An applicant who abandoned its application without reviving it under the statutorily mandated standard is not lawfully entitled to a patent and should have no right to enforce it. The panel’s decision overthrows these common-sense principles as set forth in the Patent Act.

The panel supported its view by reasoning that § 282(3), which provides an invalidity defense based on “failure to comply with any requirement of sections 112 or 251,” “would be redundant” if the § 112 requirements were also conditions for patentability. Slip Op. 7. But as the Supreme Court has cautioned, the judicial “preference for avoiding surplusage constructions is not absolute” because applying the “plain meaning” of a statute, even if redundant, “respects the words of Congress.” *Lamie v. U.S. Trustee*, 540 U.S. 526, 536 (2004). Moreover, the purported redundancy here is only partial. Some of the § 112 requirements apply only in special cases (such as means-plus-function claims) and thus are not general conditions for patentability. In contrast, a non-abandoned patent application is a condition for patentability in the case of *every* patent.

It is the panel's construction of § 282 that produces anomalies, which IGT raised in its brief but the panel failed to address. See Red Br. 22-23. If IGT had been sued only on the '603 continuation patent, it would have had a § 102 anticipation defense because the published PCT application anticipated the claims of the '603 patent and thus is a statutory bar under § 102(b). Section 102 is entitled "Conditions for patentability" and thus unquestionably provides a defense under § 282(2). The panel's construction allows a plaintiff to remove that statutorily authorized defense simply by claiming infringement based on the parent patent as well, regardless of whether the parent was abandoned and never revived as the statute mandates. Moreover, where (as here) a party sues on both patents, the panel's ruling prevents the district court from evaluating the anticipation defense to the purported continuation by barring its inquiry into the abandonment and improper revival of the first application. In short, the panel's ruling produces absurdities by unduly limiting defenses under § 282(2).

**B. Improper Revival Of An Abandoned Application Was "Made A Defense" By Congress.**

Section 282(4) provides a defense to validity or infringement based on "[a]ny other fact or act made a defense by this title." 35 U.S.C. § 282(4). This catch-all provision applies here. Sections 371(d) and 133 of Title 35 provide that an abandoned patent application cannot be revived unless the applicant shows that the delays at issue were unavoidable. As the district court ruled, Aristocrat's

failure to make that showing, as well as the PTO's revival of the abandoned application without requiring such a showing, are "facts or acts" that provide IGT with a viable defense under § 282(4). And another district court has agreed, holding that "improper revival" is "covered by th[e] catch-all language" in Section 282(4) and thus is an available invalidity defense. *New York Univ. v. Autodesk, Inc.*, 466 F. Supp. 2d 563, 565 (S.D.N.Y. 2006).

The panel held otherwise, reasoning that improper revival of an abandoned application has not been "made a defense" by Congress. Slip Op. 8. In fact, Congress did make such improper revival a defense. It did so by inscribing the "unavoidable" standard for revival in §§ 371(d) and 133 of the Patent Act and using the mandatory term "shall" to ensure that an applicant not satisfying that standard could not obtain a valid and enforceable patent. The panel acknowledged that Congress "made a defense" in § 185 by using the words "shall be invalid." The words "shall be regarded as abandoned" in § 133 and "shall be regarded as abandonment" in § 371(d) are substantively equivalent to the words "shall be invalid" in § 185 and thus likewise manifest Congress's intent to "make a defense" to validity.

The fact that Congress established a mandatory revival standard for abandoned applications in the statute itself — rather than delegate that task to the PTO — is critical. Congress thereby declared that a failure to comply with that

standard precludes the issuance of a valid and enforceable patent. The panel's ruling disregards that mandate by authorizing the enforcement of invalid patents.

Failures to comply with substantive statutory standards are not "procedural lapses," "prosecution irregularities," or "the procedural minutiae of prosecution," as the panel erroneously opined. Slip Op. 9-10. In *Magnivision, Inc. v. Bonneau Co.*, 115 F.3d 956, 960 (Fed. Cir. 1997), on which the panel relied, the rejected defense was based on a failure to comply with "*the internal rules of patent examination*," specifically, the examiner's failure to record a telephone call. (Emphasis added.) Issuing a patent that failed to satisfy a *statutory standard* for revival after the application was abandoned is hardly comparable. Courts and the PTO must comply with the mandates of Congress, whereas the PTO has discretion when it comes to its internal rules. The panel should not have disregarded that distinction.

### **C. Invalidity Defenses Are Not Limited To Those In Section 282.**

The Court need not rely on § 282 to hold that improper revival of an abandoned patent application is an invalidity defense. As the Court has noted: "Section 282 does not state that the list of invalidity defenses contained therein are the only ones available," and "[t]he express words of section 282 therefore allow for the existence of other invalidity defenses." *Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577, 1584 (Fed. Cir. 1995). In *Quantum*, the Court held that a violation of



35 U.S.C. § 305 is an invalidity defense despite the fact that “section 282 does not specifically mention section 305 as an invalidity defense.” *Id.* at 1583.

Although the panel acknowledged that “section 282 is not the only source of defenses in the Patent Act” (Slip Op. 11), it suggested that another provision can provide such a defense only if failure to do so “would encourage noncompliance.” *Id.* at 12. The panel opined that there is no need to discourage noncompliance with the deadlines in §§ 371(d) and 133 because abandoning the application would only serve to shorten the term of an issued patent. *Id.* That is not so. An applicant might run into financial problems and decide to ignore the applicable deadlines and thereby abandon the application until the situation improves. Or an applicant might abandon an application in the belief that a patent is unnecessary, only to discover a year or two later that a competitor has a competing product. Or an applicant might file and abandon several applications with the expectation of reviving only those reading onto new competitive products. The panel’s refusal to deem a failure to revive an abandoned application under the statutory standard to be a defense to validity can only encourage such noncompliance.

Moreover, the panel failed to consider the burdens imposed on the public if there is no meaningful consequence for noncompliance with statutory deadlines. Delays, lack of applicant diligence, and looser revival standards than those set by Congress reduce the efficiency of the PTO’s operations by increasing the workload

of already overworked PTO examiners. And competitors who try to monitor published applications are inevitably prejudiced by a failure to enforce the statutory standard. Given the “unavoidable” delay standard in § 371(d), for example, competitors may reasonably assume that a failure to timely pay the required fee has resulted in an abandoned application that is unlikely to be revived, allowing them to treat the subject matter as fair game for use in a product under development. If subsequently sued for infringement, they would be severely prejudiced if barred from invoking improper revival as a defense.

IGT also invoked the Administrative Procedure Act (“APA”) as a basis for its invalidity defense. The panel simply dismissed that basis as “unpersuasive.” Slip Op. 12. But the APA expressly empowers district courts to “set aside agency action” that is “in excess of statutory jurisdiction, authority, or limitations, or short of statutory right” or that is “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” 5 U.S.C. § 706. Those standards apply precisely to the question whether the PTO exceeded its statutory authority and abused its discretion by failing to revive an abandoned patent application under the proper statutory standard.

Indeed, this Court held in *Morganroth v. Quigg*, 885 F.2d 843, 845-46 (Fed. Cir. 1989), that the PTO’s *denial* of a petition to revive a patent application is “subject to review in the district court” under the APA’s “contrary to law”

standard. And the district courts consistently have held that the PTO's *grants* of such petitions are subject to review under the APA. *E.g.*, *Autodesk*, 466 F. Supp. 2d at 564-65; *Lawman Armor Corp. v. Simon*, 2005 WL 1176973, at \*3 (E.D. Mich. 2005), appeal dismissed, 172 F. App'x 319 (Fed. Cir. 2006); *Field Hybrids, LLC v. Toyota Motor Corp.*, 2005 WL 189710, at \*6-8 (D. Minn.), pet. dismissed, 153 F. App'x 714 (Fed. Cir. 2005). To be sure, in most APA suits, the government agency is named as a defendant. But it would unduly burden the PTO if it had to be named a party to every patent infringement suit raising validity issues. In the infringement context, a challenge to the revival of an abandoned application is appropriately raised in conjunction with an invalidity defense to an actual infringement claim.

#### **D. The Panel Decision Effectively Amends The Patent Act**

The panel decision effectively expunges critical provisions from the Patent Act. For example:

- Congress mandated a showing of unavailability before applications abandoned under §§ 371(d) or 133 can be revived. Yet, under the panel decision, the PTO can revive abandoned applications under any standard it wants, without risk of being challenged. In many cases, no one other than the applicant would even know about the abandonment and revival. And even if a competitor learns of such an abandonment and revival, it

would be unlikely to face the imminent injury necessary for standing to challenge it. See *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920, 936 (Fed. Cir. 1991). So the panel decision makes contrary-to-statute revival rulings by the PTO effectively unreviewable.

- Section 41(b) provides that a patent “will expire” if the specified maintenance fee is not timely paid. Under the panel’s analysis, paying a maintenance fee is neither a “condition for patentability” nor “made a defense” by Congress. Hence, expiration of the patent will not be an available defense in an infringement suit.
- Section 111 states that, absent a timely request to treat a provisional application as an application, it “shall be regarded as abandoned” and “shall not be subject to revival.” 35 U.S.C. § 111(b)(5). Yet, under the panel’s analysis, a patent that mistakenly issues from such an abandoned provisional application may be enforced against an alleged infringer.
- Under Section 122, failure to notify the PTO of a foreign filing results in abandonment even if the PTO does not learn of the foreign filing. “As a result, if applicant failed to file a notice of foreign filing when it was required, prosecution of the application will continue and the application may issue as a patent, even though the application has become abandoned by operation of the statute.” *Manual of Patent Examining*

Procedures § 1124 (last paragraph) (8th ed. July 2008). Yet, under the panel's analysis, such a mistakenly issued patent will be enforceable against an alleged infringer.

- The viability of other recognized invalidity defenses will be undermined. For example, the judicially created non-statutory defense of double patenting would not be a proper invalidity defense under the panel's analysis. See *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1580 (Fed. Cir. 1991).

In sum, the panel decision, unless reversed, will depart from Congressional mandates and discourage innovation by authorizing the enforcement of invalid patents. The full Court should rehear this appeal to ensure proper construction and application of the Patent Act and prevent severe public harm.

### CONCLUSION

The petition for rehearing en banc should be granted.

Dated: October 2, 2008

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# United States Court of Appeals for the Federal Circuit

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ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED  
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Plaintiffs-Appellants,

v.

INTERNATIONAL GAME TECHNOLOGY and IGT,

Defendants-Appellees.

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Appealed from: United States District Court for the Northern District of California

Judge Martin J. Jenkins

# United States Court of Appeals for the Federal Circuit

2008-1016

ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED and ARISTOCRAT  
TECHNOLOGIES, INC.,

Plaintiffs-Appellants,

v.

INTERNATIONAL GAME TECHNOLOGY and IGT,

Defendants-Appellees,

Appeal from the United States District Court for the Northern District of California in  
case no. 06-CV-3717, Judge Martin Jenkins.

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DECIDED: September 22, 2008

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Before NEWMAN, BRYSON, and LINN, Circuit Judges.

LINN, Circuit Judge.

The district court concluded that the U.S. Patent and Trademark Office “improperly revived” U.S. Patent No. 7,056,215 after it was abandoned during prosecution, and therefore held it (and the continuation patent that followed it) invalid on summary judgment. We conclude that “improper revival” is not a cognizable defense in an action involving the validity or infringement of a patent. Thus, we reverse the district court’s grant of summary judgment and remand for proceedings consistent with this opinion.



## I. BACKGROUND

Aristocrat Technologies Australia Pty, Ltd. and Aristocrat Technologies, Inc. (collectively, "Aristocrat") compete with International Game Technology and IGT (collectively, "IGT") in the market for electronic gaming machines. Aristocrat is the assignee of U.S. Patent Nos. 7,056,215 ("the '215 patent") and 7,108,603 ("the '603 patent"), both of which relate to a "slot machine game and system with improved jackpot feature." Prosecution of these patents began in Australia, when, starting on July 8, 1997, Aristocrat filed two provisional patent applications directed to the inventions embodied in the patents-in-suit. One year later, Aristocrat filed a Patent Cooperation Treaty application ("the PCT application") in Australia, claiming priority to the previously filed provisional applications. The PCT application was subsequently published. Pursuant to 35 U.S.C. § 371 and 37 C.F.R. § 1.495, Aristocrat was required to pay the fee for the U.S. national stage of the PCT application by January 10, 2000—thirty months after the filing date of the first Australian provisional application.

The U.S. Patent and Trademark Office ("PTO") did not receive Aristocrat's national filing fee until January 11, 2000—one day late. The PTO consequently mailed a notice of abandonment to Aristocrat, which stated, among other things, that Aristocrat "may wish to consider filing a petition to the Commissioner under 37 CFR 1.137(a) or (b) requesting that the application be revived." J.A. at 642. In lieu of filing a petition to revive the abandoned application, Aristocrat responded by filing a Petition to Correct the Date-In—that is, to correct the date on which the PTO received its national filing fee. The PTO denied the petition without prejudice, after Aristocrat failed to provide sufficient evidence to corroborate the date the filing fee was mailed. It is unclear when Aristocrat

received the PTO's denial,<sup>1</sup> but it later filed a petition to revive the '215 patent application under 37 C.F.R. § 1.137(b), claiming that the delay in paying the national stage filing fee was "unintentional." Id. at 660-61. The PTO granted the petition to revive on September 3, 2002, after concluding that "[a]ll of the requirements of 37 CFR 1.137(b) ha[d] been met." Id. at 687. Following the PTO's revival, Aristocrat resumed prosecution of the '215 patent application, and later filed the '603 patent application as a continuation of the '215 patent application. The '215 patent issued on June 6, 2006, and the '603 patent issued on September 19, 2006.

In June 2006, Aristocrat filed suit against IGT for infringement of the '215 patent in the United States District Court for the Northern District of California. Aristocrat amended its complaint to assert infringement of the '603 patent when that patent issued. IGT answered and subsequently moved for summary judgment of invalidity. It argued that the '215 patent was invalid because, after it was abandoned, Aristocrat was required to show that its delay was "unavoidable" in order to revive the application, not merely that its delay was "unintentional." Thus, according to IGT, the PTO "improperly revived" the '215 patent application by requiring Aristocrat only to show "unintentional delay." IGT also argued that the '603 patent was invalid, contending that since the '215 patent application was not lawfully revived, it constituted prior art to, and thus anticipated, the '603 patent under 35 U.S.C. § 102(b).

The district court granted IGT's motion. It first concluded that the Patent Act permitted revival of an abandoned patent application only upon a showing of

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<sup>1</sup> The parties dispute when Aristocrat received notice of the denial. Because this dispute is unimportant to our analysis, we do not discuss it further here.

“unavoidable delay.” Aristocrat Techs. Austl. Pty, Ltd. v. Int’l Game Tech., 491 F. Supp. 2d 916, 924-29 (N.D. Cal. 2008). Next, the district court found that IGT was permitted, pursuant to 35 U.S.C. § 282, to raise the PTO’s alleged improper revival as a defense to infringement. Id. at 929-31. The district court also concluded, alternatively, that it possessed authority to review the PTO’s revival of the ’215 patent application under the Administrative Procedure Act, 5 U.S.C. § 701 et seq. (“APA”). Id. at 931-32. After concluding that Aristocrat abandoned the ’215 patent application and failed to meet the more exacting “unavoidable delay” standard when attempting to revive it, the district court deemed the ’215 patent invalid. Id. at 932-35. Finally, the district court also deemed the ’603 patent invalid, under the rationale that if the ’215 patent application was not properly revived, then it constituted invalidating prior art under 35 U.S.C. § 102(b). Id. at 935-36. Following its grant of summary judgment, the district court entered final judgment in favor of IGT. Aristocrat Techs. Austl. Pty, Ltd. v. Int’l Game Tech., No. 06-CV-3717 (N.D. Cal. Sept. 4, 2007).

Aristocrat timely appealed. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

## II. DISCUSSION

### A. Standard of Review

Statutory interpretation is a question of law, which we review de novo. Imazio Nursery, Inc. v. Dania Greenhouses, 69 F.3d 1560, 1564 (Fed. Cir. 1995). We also review a grant of summary judgment de novo, reapplying the standard that the district court employed. Rodime PLC v. Seagate Tech., Inc., 174 F.3d 1294, 1301 (Fed. Cir. 1999). Drawing all reasonable inferences in favor of the nonmovant, “[s]ummary

judgment is appropriate only when ‘there is no genuine issue as to any material fact and . . . the moving party is entitled to a judgment as a matter of law.’” Id. (quoting Fed. R. Civ. P. 56(c)).

## B. Analysis

### 1. The '215 Patent

The threshold issue in this appeal is whether “improper revival” may be raised as an invalidity defense in an action involving the infringement or validity of a patent. The district court, relying on 35 U.S.C. §§ 282(2) and (4), decided that question affirmatively. The district court also found that the APA provided a separate basis upon which to review the PTO’s revival of the '215 patent. We conclude that “improper revival” may not be raised as a defense in an action involving the validity or infringement of a patent.<sup>2</sup>

Section 282 of title 35 provides a catalog of defenses available in an action involving the validity or infringement of a patent:

- (1) Noninfringement, absence of liability for infringement or unenforceability,
- (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
- (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,
- (4) Any other fact or act made a defense by this title.

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<sup>2</sup> Because it is on this basis that we decide the appeal, we do not reach the parties’ alternative arguments, including those relating to whether the Patent Act permits revival for “unintentional”—as opposed to “unavoidable”—delay.

The first and third enumerated categories are not asserted by IGT as bases for its invalidity defense. At issue are the second and fourth. We discuss each in turn.

Section 282(2) authorizes an invalidity defense based “on any ground specified in part II of this title as a condition for patentability.” A defense falling under this section thus has two prerequisites: it must fall within part II of title 35 and it must be a “condition for patentability.” The district court determined that “[b]ecause Section 133’s six-month deadline for prosecuting an application is specified within part II of Title 35, it necessarily provides an available defense where a patentee has abandoned, and failed to lawfully revive, a patent application.” Aristocrat, 491 F. Supp. 2d at 930. What the district court failed to address, however, is whether the proper revival of an abandoned application is a “condition for patentability.”

It has long been understood that the Patent Act sets out the conditions for patentability in three sections: sections 101, 102, and 103. See Graham v. John Deere, 383 U.S. 1, 12 (1966) (“The [1952 Patent] Act sets out the conditions of patentability in three sections. An analysis of the structure of these three sections indicates that patentability is dependent upon three explicit conditions: novelty and utility as articulated and defined in § 101 and § 102, and nonobviousness, the new statutory formulation, as set out in § 103.”). These conditions are included in Chapter 10 of the Patent Act, entitled “Patentability of Inventions,” and the titles of the sections themselves make clear that they relate to fundamental preconditions for obtaining a patent. Section 101, relating to utility and patent eligibility,<sup>3</sup> is entitled “Inventions Patentable.” Likewise,

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<sup>3</sup> Although the Supreme Court in Graham referred only to the utility requirement aspect of section 101, as we often do, it is beyond question that section

sections 102 and 103, relating to novelty and nonobviousness, respectively, are explicitly entitled “[c]onditions for patentability.”

While there are most certainly other factors that bear on the validity or the enforceability of a patent, utility and eligibility, novelty, and nonobviousness are the only so-called conditions for patentability. For example, section 112 unquestionably provides certain additional requirements for a patent to be valid, one of which, for instance, is that the patented invention be enabled by the specification. 35 U.S.C. § 112, ¶ 1. But the requirements in section 112 are not conditions for patentability; they are merely requirements for obtaining a valid patent. Indeed, section 282 itself draws a distinction between invalidity based “on any ground specified in part II of this title as a condition for patentability,” 35 U.S.C. § 282(2), and invalidity “for failure to comply with any requirement of sections 112 or 251,” 35 U.S.C. § 282(3). See Sextant Avionique, S.A. v. Analog Devices, Inc., 172 F.3d 817, 829 (Fed. Cir. 1999). Section 282(3), relating to invalidity under section 112, would be redundant if the requirements in section 112 were conditions for patentability because, if so, that defense would fall within the boundaries of section 282(2). Section 282(2), by virtue of its applicability to “condition[s] for patentability,” relates only to defenses of invalidity for lack of utility and eligibility, novelty, and nonobviousness, and does not encompass a defense based upon the alleged improper revival of a patent application.

The district court also found that improper revival was an available defense under section 282(4), the catch-all provision of section 282, which provides a defense for

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101’s other requirement, that the invention be directed to patentable subject matter, is also a condition for patentability.

“[a]ny other fact or act made a defense by” title 35. After reciting this statutory language, the district court concluded, “A fortiori, Section 282(4) must therefore incorporate Section 133 and 371(d).” Aristocrat, 491 F. Supp. 2d at 929-30. The error in the district court’s analysis, however, is that it pretermits the fundamental requirement of the subsection—namely, that the act or fact is “made” a defense by the title. This is not a trivial detail—if omitted, any provision in title 35 would provide a defense under section 282(4), and there would thus be no reason for the inclusion of sections 282(1) through (3). If, as IGT suggests, Congress truly intended to permit any provision of title 35 to constitute a defense in an action involving the validity or infringement of a patent, it could have simply said, in one paragraph rather than four, that a defense lies in “any section of this title.” Consistent with our obligation to give meaning to all of the words in the statute, see Duncan v. Walker, 533 U.S. 167, 174 (2001) (“It is our duty to give effect, if possible, to every clause and word of a statute. We are thus reluctant to treat statutory terms as surplusage in any setting.” (internal quotation marks and citations omitted)), we decline to read the statute in this manner and therefore require that the asserted defense actually be “made a defense.”

The salient question, then, is whether improper revival is “made a defense” by title 35. We think that it is not. Congress made it clear in various provisions of the statute when it intended to create a defense of invalidity or noninfringement, but indicated no such intention in the statutes pertaining to revival of abandoned applications. For example, 35 U.S.C. § 273 is entitled “Defense to infringement based on earliest inventor” and expressly provides that the provision “shall be a defense to an action for infringement.” Similarly, 35 U.S.C. § 185 states that a patent issued to a

person who has violated the secrecy provisions of section 184 “shall be invalid,” except under certain circumstances. Section 272 of title 35 provides that the temporary presence of a patented invention in the United States, if used exclusively for the needs of a vessel, aircraft, or vehicle, “shall not constitute infringement.” The list goes on. What is important to note is simply that sections 133 and 371, relied upon by IGT, provide none of the signals that Congress has given in other circumstances to indicate that these sections provide a defense to an accused infringer. Rather, these provisions merely spell out under what circumstances a patent application is deemed abandoned during prosecution and under what circumstances it may be revived. See 35 U.S.C. § 133 (“Upon failure of the applicant to prosecute the application within six months . . . , the application shall be regarded as abandoned . . . .”); id. § 371 (“Failure to comply with these requirements shall be regarded as abandonment of the application . . . .”). Because the proper revival of an abandoned application is neither a fact or act made a defense by title 35 nor a ground specified in part II of title 35 as a condition for patentability, we hold that improper revival may not be asserted as a defense in an action involving the validity or infringement of a patent.

Our conclusion that improper revival is not a defense comports with the approach we took in Magnivision, Inc. v. Bonneau Co., 115 F.3d 956 (Fed. Cir. 1997), which we continue to believe is a sound one. In that case, we concluded that “[p]rocedural lapses during examination, should they occur, do not provide grounds of invalidity. Absent proof of inequitable conduct, the examiner’s or the applicant’s absolute compliance with the internal rules of patent examination becomes irrelevant after the patent has issued.” Id. at 960; see also id. (“Imperfection in patent examination, whether by the examiner or



the applicant, does not create a new defense called ‘prosecution irregularities’ and does not displace the experience-based criteria of Kingsdown[ Medical Consultants, Ltd. v. Hollister, Inc., 863 F.2d 867 (Fed. Cir. 1988)].”). There is good reason not to permit procedural irregularities<sup>4</sup> during prosecution, such as the one at issue here, to provide a basis for invalidity. Once a patent has issued, the procedural minutiae of prosecution have little relevance to the metes and bounds of the patentee’s right to exclude. If any prosecution irregularity or procedural lapse, however minor, became grist for a later assertion of invalidity, accused infringers would inundate the courts with arguments relating to every minor transgression they could comb from the file wrapper. This deluge would only detract focus from the important legal issues to be resolved—primarily, infringement and invalidity. We wish to stress, however, as we did in Magnivision, that where the procedural irregularity involves an “affirmative misrepresentation of a material fact, failure to disclose material information, or submission of false material information, coupled with an intent to deceive,” it may rise to the level of inequitable conduct, and is redressible under that framework. See Innogenetics, N.V. v. Abbott Labs., 512 F.3d 1363, 1378 (Fed. Cir. 2008) (citations omitted); cf. Ferguson Beauregard/Logic Controls v. Mega Sys., LLC, 350 F.3d 1327, 1343-44 (Fed. Cir. 2003) (holding that accused infringer did not state valid claim for

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<sup>4</sup> We take this opportunity to point out that “prosecution irregularities” is distinct from “prosecution laches.” Prosecution laches stems not from any procedural lapse or irregularity during prosecution, but rather from an abuse of statutory provisions that results, as a matter of equity, in “an unreasonable and unexplained delay in prosecution.” Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found., 422 F.3d 1378, 1385 (Fed. Cir. 2005). Moreover, the legislative history of 35 U.S.C. § 282 suggests that it was intended to incorporate preexisting equitable defenses, including prosecution laches. Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found., 277 F.3d 1361, 1366 (Fed. Cir. 2002).

relief for “improper revival” following non-payment of maintenance fee where it failed to plead inequitable conduct).

We acknowledge that section 282 is not the only source of defenses in the Patent Act. See Quantum Corp. v. Rodime, PLC, 65 F.3d 1577, 1584 (Fed. Cir. 1995) (“Section 282 does not state that the list of invalidity defenses contained therein are the only ones available; the statute merely says ‘[t]he following shall be defenses.’ The express words of section 282 therefore allow for the existence of other invalidity defenses.”). To be sure, we have held, on occasion, that a provision of the Patent Act not falling within the literal scope of section 282 may nevertheless provide a defense of noninfringement or invalidity. In Quantum, for example, we held that a patentee who improperly enlarged the scope of its claims during reexamination, in violation of 35 U.S.C. § 305, subjected itself to a defense of invalidity, because any other result would “render[] the prohibition [against broadening claims] in section 305 meaningless.” Id.

We explained:

If the only penalty for violating section 305 is a remand to the PTO to have the reexamined claims narrowed to be commensurate in scope with what the applicant was only entitled to in the first place, then applicants will have an incentive to attempt to broaden their claims during reexamination, and, if successful, be able to enforce these broadened claims against their competitors. . . . The likelihood that improperly broadened claims will be held invalid will discourage applicants from attempting to broaden their claims during reexamination.

Id. (internal citations omitted).<sup>5</sup>

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<sup>5</sup> We also point out that since section 282(3) provides an invalidity defense for failure to comply with section 251, which in turn prohibits the broadening of claims in reissue applications after two years, 35 U.S.C. § 251 ¶ 4, the result in Quantum mirrors the statutory framework set out for the analogous reissue context. Cf. Quantum, 65 F.3d at 1583.

The analysis and result in Quantum are inapposite to this appeal. Even if we assume that the Patent Act permits revival of an application only upon a showing of unavoidable delay, a question that we expressly decline to reach in this appeal, none of the considerations that led us to the rule enunciated in Quantum compels a similar result here. A primary concern in Quantum was that failure to impose invalidity for violation of the statute would encourage noncompliance. That concern is simply not present here, as we discern no legitimate incentive for a patent applicant to intentionally abandon its application, much less to attempt to persuade the PTO to improperly revive it. Because patents filed after enactment of the Uruguay Round Agreements Act, like the patents at issue here, generally have a term that runs twenty years from the filing date (instead of seventeen years from issue), cf. Merck & Co. v. Hi-Tech Pharmacal Co., 482 F.3d 1317, 1319 (Fed. Cir. 2007), abandoning the application would only serve to shorten the applicant's right to exclude.

We have considered IGT's arguments attempting to bolster the district court's decision under the APA, but find them unpersuasive. Under the circumstances of this case, the APA provides no relief to IGT.

## 2. The '603 Patent

The district court's conclusion with respect to the '215 patent ordained the fate of the '603 patent. Once it was determined that the '215 patent application was improperly revived, the '603 patent application, which was filed as a continuation application of the '215 patent application, was no longer able to claim priority to that application's effective filing date. As a result, the '215 patent application became prior art to the '603 patent. On this basis, the district court granted summary judgment that "the '603 Patent is

necessarily invalid [under 35 U.S.C. § 102(b)] because it was described in the published '215 PCT Application more than one year prior to its date of application.” Aristocrat, 491 F. Supp. 2d at 936. Aristocrat argues that if the '215 patent application was properly revived, then the '603 patent retains priority to the '215 patent application’s effective filing date, and therefore the '215 patent application is not prior art to the '603 patent. Thus, Aristocrat contends that if we reverse the district court’s grant of summary judgment on the '215 patent, the district court’s grant of summary judgment with respect to the '603 patent must also be reversed. IGT concedes the point, Appellees’ Br. at 60 (“[I]t is undisputed that the validity of the '603 patent rests on the validity of the '215 patent . . . .”), and we agree. Because we have concluded that “improper revival” is not a cognizable defense and have reversed the district court’s summary judgment in that regard, we also reverse the district court’s grant of summary judgment of anticipation with regard to the '603 patent.

### III. CONCLUSION

For the reasons discussed above, we reverse the district court’s grant of summary judgment and remand for proceedings consistent with this opinion.

## CERTIFICATE OF SERVICE

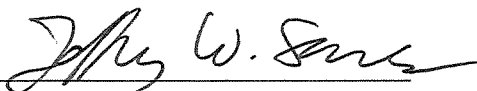
The undersigned, an attorney, hereby certifies that on October 2, 2008 he caused two copies of the Petition for Rehearing En Banc of Defendants-Appellees International Game Technology and IGT to be served upon the following by United Parcel Service overnight express:

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