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After Hyatt v. Hirshfeld, it Might Be Time to Pay Attention to Prosecution Laches

by [Kate Gaudry](#)

Gilbert Hyatt was one of many applicants who filed many patent applications shortly before the June 8, 1995 transition point, where patent terms transitioned from being defined based on 17 years from issuance to 20 years from filing. However, he was quite unique in that he was an independent inventor who filed 400 patent applications before this transition point. The vast majority of these applications are still pending – decades after filing. Hyatt asserts that the long pendency is due to bad-faith behavior of the USPTO, while the USPTO asserts that the extended pendency is due to inaction by Hyatt and the complexity of the applications.

At this point, there are multiple ongoing litigations between Hyatt and the USPTO. The Federal Circuit issued a decision for one of these litigations on June 1, 2021: *Gil Hyatt v. Hirshfeld* (Fed. Cir. 2021). Hyatt had filed the underlying complaint under 35 U.S.C. 145, in response to decisions issued by the Patent and Trial Appeal Board (PTAB) against four particular patent applications. Summary judgment was denied.

The United States Patent and Trademark Office (USPTO) had then moved to dismiss the actions for prosecution laches. Specifically, the USPTO asserted that the patent applicants’ “conduct in ... [prosecuting his applications was] unreasonable, inexcusable, and warrants dismissal of his pending claims under the equitable doctrine of prosecution laches”. The USPTO contended that the priority chains (that claimed priority to many applications, some of which were filed decades earlier), shifting claim scopes, duplicity across claims, the length of the applications, and a lack of having a “master plan” for amending all of his patent applications (which had only 11 unique specifications) supported their position.

Meanwhile, Hyatt has pointed to his timely filing of responses and to USPTO delays as exemplifying why he believes that the USPTO is to blame for the extended prosecution of his patent applications. For example, the district court made note of 80 of Hyatt’s applications that were “held by PTO in a proverbial Never-Never Land” between 2003 and 2012, where Examiners’ Answers were never filed [after Appeal Briefs had been filed]. Thus, the appeals and examination were both completely stalled.

Prosecution Laches

Rarely do patent attorneys need to think about “prosecution laches”. Prosecution laches “ [applies only in egregious cases of unreasonable and unexplained delay in prosecution](#)”, though “ [there are no firm guidelines for determining when prosecution laches is triggered](#)”. Laches does not apply in response merely to passage of an extended period of time (e.g., [even 24 years between applicant filing and patent issuance](#)). In cases where patent laches is deemed to have applied, the patent is invalid.

The USPTO had never before asserted a prosecution laches defense in a district court case; that defense instead had been solely used to invalidate *issued* patents (not to preclude issuance of patent applications). Nonetheless, the Federal Circuit held that the USPTO has the right to assert the defense of prosecution laches in a civil action to obtain a patent under 35 U.S.C. 145. The court reasoned that this conclusion was consistent with the agency’s ability to use prosecution laches to reject a patent application and further is in the interest of the public by providing consistent standards across examination and validity processes.

Importantly, the USPTO and Hyatt took different positions as to what types of conduct were relevant to determining whether prosecution laches applies. Specifically, the [Federal Circuit has held](#) that the totality of circumstances (including conduct identified in the prosecution of related patents and overall delay) may trigger patent laches. The USPTO contended that this means that Hyatt’s actions, as they pertain to his entire portfolio, should be considered when determining whether prosecution laches applies. Hyatt asserted that his conduct during prosecution of the four applications at issue in the subject case is all that is pertinent and that prosecution actions across his portfolio are not legally relevant in terms of whether prosecution laches should apply to the cases at hand. For example, Hyatt notes that an alternative approach would lead to needing to consider prosecution actions that post-date even the initiation of the subject litigation.

Prosecution of the Four Applications at Issue

The Table below shows significant prosecution dates for the four patent applications pertaining to the Complaint underlying the *Gil Hyatt v. Hirshfeld* (Fed. Cir. 2021) decision. Hyatt contends that the only unreasonable delays were those of the USPTO.

	'211 Application	'398 Application	'062 Application	'639 Application
Application Filing	6/1/1995	6/1/1995	6/6/1995	5/1/1995
OA Date	9/11/1995	9/19/1995	9/18/1995	7/24/1996
Godici-Hyatt Mtg	10/24/1995	10/24/1995	10/24/1995	10/24/1995
OA Date	7/31/1996	8/9/1996	6/26/1996	5/19/1999
OA Date	8/3/1998	12/12/2000	10/16/1997	
PTO Suspension of Prosecution		7/31/2002-2/18/2004		
OA Date	8/27/1999	9/7/2004		
Appeal Brief	8/28/2000	8/26/2005	9/3/1998	4/18/2000
Appeal Decision	9/21/2005	7/8/2009	7/8/2009	7/8/2009
Suit Filed	11/18/2005	9/25/2009	9/25/2009	9/25/2009

In general, the prosecution dates may seem unremarkable before the 2002 USPTO suspension of prosecution. However, the October 24, 1995 meeting between the applicant USPTO Group Director (Nicholas Godici) is atypical. During the (informal) meeting, Hyatt agreed to “focus” the claims in his applications to better distinguish the applications, though he later admitted that he did not have a “master plan” for any such claim amendments. Neither party memorialized the meeting, and substantive examination of Hyatt’s patent applications proceeded despite the lack of Hyatt not having and not implementing any master plan.

District Court Decision

The district court held that the record did not show any unreasonable delay by Hyatt in prosecuting the four patent applications. Further, the district court concluded that any non?action of Hyatt responsive to this meeting was insufficient to qualify for prosecution laches. Rather, it was held that although Hyatt “could have” been more helpful ..., there is no abstract requirement for a citizen to tailor his conduct in pursuit of his constitutional

right to a patent, to conform to what is 'feasible' for the agency". Finally, the district court rejected arguments by the USPTO that Hyatt's conduct in prosecuting other applications in his portfolio be considered when determining whether patent laches apply to the civil action under 35 U.S.C. 145 that pertained to four specific applications.

Where to Look – the Specific Applications or the Portfolio?

The Federal Circuit held that the district court refused or discounted evidence that was relevant to assess the totality of circumstances that inform whether prosecution laches apply. Specifically, the Federal Circuit held that it was improper for the district court to have discounted or not considered:

- Hyatt's alleged "pattern of rewriting or shifting claims midway through prosecution *in applications other than the four at issue* ... because the claim shifting " *long postdated the close of prosecution of the four applications at issue here* ". (Emphasis added.)
- Hyatt's "pattern of prosecution conduct after 2012", explaining that these prosecution history *following the onset of litigation in these matters* and that the prosecution histories of the applications at issue ended in 2002.
- Hyatt's informal agreement with Director Godici.
- The fact that the USPTO has spent more than \$10 million administering Hyatt's applications, while Hyatt has spent only approximately \$7 million in fees.
- The fact that four claims of Hyatt's have lost in interference proceeding in view of the fact that Hyatt's portfolio included approximately 115,000 claims.

The Federal Circuit thus held that the district court failed to consider evidence that had the potential to show a "pattern of conduct across an enormous body of similar applications".

Who to Look At – Both Parties or Only the Patent Applicant?

[Delay caused by the USPTO does not excuse a patent applicant's delay](#), for the purposes of prosecution laches. The Federal Circuit held that the district court "gave lip service to this principle [but] effectively used the 'totality of the circumstances' standard as a vehicle for blaming the PTO for the prosecution delays". The Federal Circuit noted that the district court faulted the USPTO for the way that the agency examined Hyatt's applications and for its suspensions of action and that the district court also emphasized that applicant have broad latitude in prosecuting their applications.

Meanwhile, the Federal Circuit held that the patent statutes and regulations are not the only limit on how an applicant cannot prosecute patent applications. Rather, the Federal Circuit held that prosecution laches require that the applicant prosecute applications in "an equitable way that avoids unreasonable, unexplained delay that prejudices others".

While the Federal Circuit reemphasized its holding from *Bogese*, 303 F.3d at 1362 that any USPTO delay (while it can be considered in the totality of circumstances) cannot excuse an applicant's delay. Interestingly, the Federal Circuit reasoned: "Indeed, the patent statute already deals with delay by the PTO when it provides for patent term adjustment to account for that delay. See 35 U.S.C. § 154(b) The PTO's delay therefore provides a weak reason to negate prosecution laches." (*The author finds this analysis to be faulty, in that patent term adjustment does not apply to pre-GATT filings.*)

Thus, while the "totality of circumstances" approach for assessing prosecution laches can result in considering the actions of the USPTO, it held that the district court overemphasized the USPTO's actions and inactions and excused Hyatt's prosecution conduct.

Burden Shift to Hyatt to Explain "Delays"

The Federal Circuit turned to the specific facts of the record to assess whether the evidence and arguments were sufficient to shift the burden to Hyatt (to demonstrate that there was not unreasonable and inexplicable applicant delay). The Federal Circuit made note of the following circumstances:

- Hyatt filed hundreds of applications in 1995. Each application included one of eleven specifications from an earlier parent application. Each application include "a small set of claims, many of which were identical to each other". The Federal Circuit characterized these applications as "placeholders". Since filing, Hyatt has expanded the claim sets to include an average of 300 per application. Because many of the parent applications for these filing dates that were in the 1970s and 1980s, the Federal Circuit held that the "magnitude of Hyatt's delay in presenting his claims for prosecution suffices to invoke prosecution laches".
- Many of the applications claim priority to a large number of applications, which "frustrated the examiners' ability to take the preliminary step of identifying the relevant body of prior art".
- The patent applications were characterized as being long and complex.
- Hyatt amended claim sets to include hundreds of claims. (The author is unsure as to whether these hundreds of claims were filed before or after examination commenced.) Many claims were characterized as being "identical or patentably indistinct claims across industries".
- Hyatt engaged "in a pattern of rewriting claims entirely or in significant part midway through prosecution, thereby, again, restarting examination".

The Federal Circuit concluded that Hyatt's prosecution techniques were "unique" and "overwhelmed the PTO". Thus, the Federal Circuit held that the USPTO sufficiently fulfilled its burden of proof and that the burden now shifts to Hyatt to show that he had not engaged in unreasonable and unexplainable delay.

Prejudice – New Threshold for Section 145 Actions and Laches

The existing case law [required that prejudice be shown](#) for prosecution laches to apply. The Federal Circuit decision stated: "we now hold that, in the context of a § 145 action, the PTO must generally prove intervening rights to establish prejudice, but an unreasonable and unexplained prosecution delay of six years or more raises a presumption of prejudice". Thus, the court concluded that the USPTO sufficiently demonstrated prejudice and the burden shifts to Hyatt to prove lack of prejudice.

Remand

The Federal Circuit remanded the case to the district court for the presentation of evidence pertaining to prosecution laches. The Federal Circuit made a note that merely meeting statutory requirements – without more – is insufficient to demonstrate that Hyatt's delay was unreasonable and

unexplained. Rather, the Federal Circuit is requiring Hyatt to demonstrate a legitimate, affirmative reason that would "excuse [him] from responsibility for the sizable undue administrative burden that his applications have placed on the PTO". The Federal Circuit more specifically required that any justification for Hyatt to have "ignore[d] Director Godic's instruction to demarcate his applications in 1995; justify his decision to adopt the specific prosecution approach that he did—unique in its scope and nature—as detailed in the PTO's Requirements; and justify his failure to develop a plan for demarcating his applications over at least the 20 year period from 1995 to 2015".

Author's Final Thoughts

Hyatt's patent portfolio and prosecution experience are certainly unique (though the author has not reviewed any of Hyatt's prosecution records). However, prosecution laches has a very extreme consequence of patent invalidity. The author believes that it will be important for subsequent decisions in this family to be handled carefully so as to not inadvertently risk the potential for this defense to be applicable to common situations, such as those where:

- an applicant files a placeholder continuation;
- many of an applicant's applications are filed in a short time period;
- an application (or portfolio) is deemed to be long or complex;
- an applicant adds new independent claims during prosecution;
- an applicant does not abide with a request from a USPTO official that does not have a regulatory or statutory basis and is not memorialized; or
- a circumstance arises where the USPTO ends up spending more money examining an applicant's application (or portfolio) than was paid in USPTO fees by the applicant.