TYCO HEALTHCARE GROUP LP v. ETHICON ENDO-SURGERY, INC., Appeal No. 2013-1324 (Fed. Cir. December 4, 2014). Before Prost, Reyna, and Hughes. Appealed from D. Conn. (Judge Bond Arterton).

Background:

Tyco sued Ethicon for infringing its patents on surgical devices that use ultrasonic energy to cut and coagulate tissue in surgery. Ethicon argued that the asserted claims from the patents are invalid as being either anticipated or obvious over Ethicon's prototype. In 1993, Ultracision, Inc. commercialized an ultrasonic surgical device similar to Tyco's claimed invention, and obtained a patent covering that invention. Ultracision continued to modify the design of the patented device. Ethicon acquired Ultracision at the end of 1995 and continued to perfect the design of the surgical device for commercialization. Ethicon designed a successful prototype in December 1996, and filed applications covering the prototype in October 1997.

The district court held on summary judgment that Ethicon's accused devices infringed certain asserted claims, but did not enter a final judgment, reasoning that if Ethicon succeeded on its invalidity defense at trial, the court's infringement findings would be moot.

At trial, the court found that Ethicon's prototype anticipates twenty-six of the asserted claims under 35 U.S.C. § 102(g) because Ethicon conceived of the prototype before Tyco's January 1997 conception date and Ethicon worked diligently to constructively reduce it to practice when it filed patent applicants to cover the prototype. However, the court found that the prototype could not serve as prior art under 35 U.S.C. § 103 because Ethicon did not establish reduction to practice before Tyco reduced its invention to practice and because the prototype was not known in the art at the time of Tyco's invention. The court also found that Tyco's claims were not invalid and awarded damages to Tyco for Ethicon's infringement. Ethicon appealed.

Issue/Holding:

Did the district court err in determining that Ethicon's prototype could not be considered prior art under 35 U.S.C. § 103? Yes, reversed.

Discussion:

Relying on *Kimberly-Clark Corp. v. Johnson & Johnson*, the district court found that for purposes of obviousness, Ethicon's prototype cannot serve as prior art under § 102(g) because there was no reduction to practice before Tyco's priority date.

The Federal Circuit found that the district court erred in finding that Ethicon's prototype qualified as § 102(g) prior art for purposes of anticipation and not obviousness. The Federal Circuit clarified that the holding in *Kimberly-Clark* establishes that prior reduction to practice could constitute prior art under § 103, but does not preclude an invention having a prior conception date and later diligent reduction to practice as prior art under § 103. Further, the language of § 102(g) and § 103 contains no requirement that a prior invention under § 102(g) be "known to the art" or the patentee at the time of invention to constitute prior art under § 103. Therefore, the district court should have considered Ethicon's prototype as prior art for purposes of obviousness, having already determined that the prototype is prior art under § 102(g).