TRIREME MEDICAL, LLC v. ANGIOSCORE, INC., Appeal No. 2015-1504 (Fed. Cir. February 5, 2016). Before Prost, Dyk, and Chen. Appealed from N.D. Cal. (Judge Beeler).

Background:

AngioScore owns three patents directed to angioplasty balloon catheters. TriReme, a competitor, brought suit to have Dr. Lotan named as an inventor on the patents, claiming to have received an assignment of an interest in the AngioScore patents from Dr. Lotan. AngioScore moved to dismiss, arguing that TriReme lacked standing because Dr. Lotan had signed a Consulting Agreement that assigned to AngioScore any rights he may have had in his inventive contribution to the patents, and thus had nothing to later assign to TriReme. The district court agreed and granted the motion to dismiss. TriReme appealed.

Issue/Holding:

Did the district court err in finding that Dr. Lotan assigned his rights to AngioScore? Yes, reversed and remanded for further proceedings.

Discussion:

The Consulting Agreement contains two provisions relevant to the appeal: one provision regarding Dr. Lotan's work before the effective date of the agreement, and a second provision relating to Dr. Lotan's work after the effective date. The first provision required Dr. Lotan to grant a non-exclusive license to any "Prior Invention" of Dr. Lotan's that he incorporates into an AngioScore product. The provision further required Dr. Lotan to attach to the agreement a list of any such Prior Inventions, and that failure to attach such a list represented that there were no such Prior Inventions. The second provision provided that all inventions that Dr. Lotan conceived, developed, or reduced to practice after the effective date relating to work for AngioScore would be assigned to AngioScore.

Before the effective date, Dr. Lotan performed a single-day study testing prototypes for AngioScore, during which he discovered a problem in the prototype designs. He subsequently recommended structural changes to the prototypes in a memo and two follow-up meetings with AngioScore. Dr. Lotan did not list this work, or any other work or inventions, in the Agreement. After the effective date, Dr. Lotan no longer worked on the physical design of the catheters, but continued performing work relating to designing, implementing, and analyzing clinical trials of the catheters.

Because Dr. Lotan did not list his pre-effective date work related to the prototype designs, AngioScore contended that this work belonged to AngioScore. The Federal Circuit disagreed, holding that the first provision does not provide for assignment of Dr. Lotan's rights at all, but at most grants AngioScore a non-exclusive license if the consultant incorporates a Prior Invention into an AngioScore product during the term of the Agreement. Such a non-exclusive license would not prevent Dr. Lotan from subsequently assigning his rights in those contributions to TriReme.

The Federal Circuit found that whether Dr. Lotan's post-effective date work constituted developing or reducing to practice under the second provision of the Agreement remained a question of fact that could not be resolved on a motion to dismiss, and remanded to the district court for further proceedings in this regard.