

JOHN BEAN TECHNOLOGIES CORPORATION v. MORRIS & ASSOCIATES, INC.,
Appeal No. 2017-1502 (Fed. Cir. April 19, 2018). Before Prost, Reyna, and Wallach. Appealed
from E.D. Ark. (Judge Wilson). (Affirmative Defenses; *Ex Parte* Reexamination)

Background:

Plaintiff owns a patent directed to a chiller for cooling poultry. Shortly after the patent issued, Defendant sent a letter to Plaintiff, notifying Plaintiff that (i) Defendant believed the patent to be invalid based on multiple prior art references identified in the letter, and (ii) any further statements to Defendant's customers that assert infringement of the patent by the Defendant are likely to be met with a suit for unfair competition. Plaintiff did not respond to the letter.

Over a decade later, Plaintiff filed a request for *ex parte* reexamination of the patent, and during the course of that proceeding Plaintiff amended the claims to overcome art-related rejections over various references (including those identified in Defendant's letter). The Patent Office issued a reexamination certificate allowing the amended claims and shortly thereafter Plaintiff sued Defendant for infringement of the patent based on activity occurring after the reexamination certificate issued. Defendant moved for summary judgment and asserted, *inter alia*, the affirmative defenses of laches and equitable estoppel.

The district court granted summary judgment in favor of Defendant—holding that Plaintiff's infringement action was barred by both laches and equitable estoppel. In reaching its determination, the district court found Plaintiff's silence in response to Defendant's letter constituted misleading conduct because Plaintiff was aware that Defendant would continue to invest, develop, and sell its chillers absent a response from Plaintiff. The district court also found that based on the parties' history of patent litigation, Plaintiff's choice to not pursue a patent-infringement claim for over twelve years was evidence of misleading conduct. The district court thus granted summary judgment in favor of Defendant, and entered final judgment. Plaintiff appealed.

Issue/Holding:

Did the district court err in granting summary judgment? Yes, reversed and remanded.

Discussion:

The Federal Circuit found that the district court abused its discretion in extending equitable estoppel to the reexamined claims without considering how the *ex parte* reexamination affected the patent claims. Specifically, because the amendments made during reexamination were both substantial and substantive, and the plaintiff only sought damages for infringement of the reexamined claims, the Federal Circuit held that the district court wrongly found equitable estoppel based on activity prior to the issuance of the reexamination certificate. In this regard, the Federal Circuit indicated that because the asserted claims did not exist at, or were substantively altered since, the time Defendant sent Plaintiff the letter, Plaintiff could not have engaged in misleading conduct or silence with respect to those claims. Accordingly, the Federal Circuit reversed the district court's grant of summary judgment based on equitable estoppel and laches, and remanded for further proceedings.