

PATENT—D.N.J.: MEDICAL DEVICE PATENTS NOT DEEMED UNENFORCEABLE DUE TO ERRONEOUS SMALL-ENTITY FEE PAYMENTS

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Medical technology company Curlin Medical, Inc. (along with its corporate parent and a subsidiary) adequately pleaded a claim that competitor ACTA Medical, LLC infringed two patents related to products used to intravenously administer medications to patients, the federal district court in Newark, New Jersey, has decided. It could not be determined in the context of a motion on the pleadings that the patents-in-suit were unenforceable as a result of Curlin's erroneous payment of maintenance fees as a small entity (*Curlin Medical, Inc. v. ACTA Medical, LLC*, October 27, 2016, Chesler, S.).

Curlin asserted ownership by assignment of U.S. Patent No. 6,164,921 ("the '921 patent") and No. 6,371,732 ("the '732 patent"), which described configurations for a curvilinear peristaltic pump having insertable tubing assembly and a curvilinear peristaltic pump, respectively. ACTA allegedly infringed by making and selling medical products that it advertised as compatible with Curlin's patented products. In a pre-answer motion, ACTA argued that both patents-in-suit expired 10 years ago because Curlin paid maintenance fees to the USPTO as a small entity when it did not qualify for small entity status. According to ACTA, Curlin lost its small entity status when it entered into two agreements with larger companies.

According to ACTA, on November 30, 2001, Curlin entered into an agreement with B. Braun Medical Inc., a company with more than 28,000 employees, to be the exclusive distributor of its devices. In February 2006, Moog Inc., a company with over 7,000 employees, purchased Curlin. ACTA asserted that neither B. Braun nor Moog qualified as a small entity, and that Curlin no longer qualified to pay small entity fees after it made agreements with those companies.

Curlin contended that the agreement with B. Braun was not a license to sell Curlin's patented products and that the agreement therefore did not deprive Curlin of its small entity status. Moreover, Curlin argued that, even if it had paid small entity fees erroneously, it had made deficiency payments in August 2016 in accordance with USPTO regulations.

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In the court's view, the complaint set forth a clear and plausible claim for relief. The complaint stated that Curlin and the other plaintiffs owned the '921 and '732 patents and that ACTA infringed them. The court decided that it could not consider ACTA's unenforceability arguments in the context of a motion on the pleadings.

Even if the court were to consider arguments that went beyond the allegations of the complaint, the court would not make a decision at this stage regarding the patents' validity. The provision governing expiration of a patent for failure to pay the full maintenance fee because of an erroneous claim to small entity status—37 C.F.R. §1.28(c)—provided that a patentee could cure the defect by separately submitting a deficiency payment. There was no deadline for making this payment. As long as the patentee complied with the procedural requirements of Section 1.28(c), the USPTO will excuse an erroneous small entity payment. In addition, the court noted that a district court does not have authority to determine if a patent has expired if the USPTO has accepted a deficiency fee payment pursuant to the rule. Accordingly, even if Curlin was not entitled to pay small entity fees, ACTA's argument was moot if Curlin corrected its errors with the later payments. Without a determination by the USPTO that Curlin failed to comply with the requirements of Section 1.28(c), it was inappropriate for the court to deem the patents unenforceable.

The case is No. 2:16-cv-02464-SRC-CLW.

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Companies: Curlin Medical Inc.; Zevex, Inc.; Moog Inc.; ACTA Medical, LLC

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