

Federal Circuit Patent Bulletin: *TriReme Med., LLC v. AngioScore, Inc.*

February 8, 2016

“[E]stoppel by contract where the cause of action is not founded upon the written instrument itself . . . does not bind [a subsequent purchaser of putative patent rights] in its correction of inventorship action [under 35 U.S.C. § 256].”

On February 5, 2016, in *TriReme Med., LLC v. AngioScore, Inc.*, the U.S. Court of Appeals for the Federal Circuit (Prost, Dyk,* Chen) reversed and remanded the district court’s dismissal for lack of standing in AngioScore’s suit claiming that TriReme infringed U.S. Patents No. 8,080,026, No. 8,454,636, and No. 8,721,667, which related to angioplasty balloon catheters. TriReme had exclusively licensed the rights of a non-named inventor Dr. Chaim Lotan, a prior AngioScore consultant. The Federal Circuit stated:

When the owner of a patent assigns away all rights to the patent, neither he nor his later assignee has a “concrete financial interest in the patent” that would support standing in a correction of inventorship action. . . . We first consider AngioScore’s claim under § 9(a) of the Consulting Agreement. Before the May 1, 2003, effective date, Dr. Lotan performed a single-day study testing AngioSculpt prototypes in pig arteries. During the study, Dr. Lotan discovered a “clear retention problem” in which the metal spiral on the surface of the balloon dislodged from the device upon retraction from the pigs’ arteries. Dr. Lotan suspected that the problem arose because the spiral was only affixed to the balloon at one end—the other end was “free-floating” to enable the spiral to move in response to the balloon’s expansion and contraction. After observing this problem, Dr. Lotan contributed to a memorandum summarizing the study, which highlighted the retraction issue and recommended that the unattached end be better secured. According to Dr. Lotan, during two follow-up meetings with AngioScore he further recommended that the unattached end be affixed to the balloon with a polymer tube, which he believed would more securely bond the spiral to the balloon while still allowing the spiral to expand and contract synchronously with the balloon. The later issued AngioScore patents claim a balloon catheter with an attachment structure similar to that allegedly recommended by Dr. Lotan. According to Dr. Lotan, it was not until 2013 that he learned that the AngioScore patents had incorporated his alleged recommendation. Dr. Lotan testified that he did not list his work on the pig study under Exhibit C of the Consulting Agreement because he did not consider it an invention at the time.

AngioScore argued before the district court that it had acquired all of Dr. Lotan's interest in the pre-May 1, 2003, work under § 9(a) of the Consulting Agreement. AngioScore contended that Dr. Lotan's work on the pig study qualified under the terms of the Consulting Agreement as an "invention," "development," or "improvement" that related to AngioScore's business and was made by Dr. Lotan "prior to the date of [the] Agreement." Thus, AngioScore argued, Dr. Lotan was required to list the pig study under Exhibit C of the Consulting Agreement pursuant to § 9(a), and his failure to do so resulted in an assignment—not simply a license—of his rights to AngioScore. The district court agreed, reasoning based on the "purpose" of the Consulting Agreement that § 9(a) "together" with § 9(b) operated to assign Dr. Lotan's rights in his inventive contribution to AngioScore as a consequence of his failure to list the pig study.

Contrary to the district court's conclusion, § 9(a) does not provide for assignment of Dr. Lotan's rights. California law, which governs the interpretation of this contract, requires that we construe the Consulting Agreement according to the plain meaning of the language employed if possible. Section 9(a) is entitled "Inventions Retained and Licensed," but nothing in its terms suggests that anything not listed as a "Prior Invention" would not be "retained." And it certainly does not provide that inventions that are not listed are assigned, rather than licensed. Indeed, granting an assignment for any "Prior Invention" would make little sense, because listed inventions under § 9(a) could theoretically encompass independent inventions dating back many years before the start of the Consulting Agreement.

What § 9(a) does, at most, is grant AngioScore a non-exclusive license in the event that the consultant incorporates a Prior Invention into an AngioScore product during the term of the Consulting Agreement. But such license is not exclusive and would not prevent Dr. Lotan from subsequently assigning his rights in those contributions to TriReme. In short, the district court erred to the extent it relied on § 9(a) to find that Dr. Lotan assigned his rights to AngioScore.

AngioScore argues, however, that estoppel by contract—codified by § 622 of the California Evidence Code—binds TriReme, as Dr. Lotan's successor in interest, to Dr. Lotan's representation under § 9(a) that he had no "Prior Inventions" relevant to AngioSculpt and therefore "owned no rights in any purported 'development' or 'improvement' of AngioScore's prototype." This representation, AngioScore argues, precludes TriReme from now alleging that Dr. Lotan made an inventive contribution on which TriReme could base an inventorship claim. This new argument is unavailing. Estoppel by contract does not apply here, because neither Dr. Lotan nor his successor in interest (TriReme) seeks to enforce any rights under the contract. AngioScore has cited no case that applies estoppel by contract where the cause of action is not founded upon the written instrument itself. Accordingly, estoppel by contract does not bind TriReme in its correction of inventorship action here.

We next consider AngioScore's alternative argument that Dr. Lotan assigned it all rights in his inventive contribution pursuant to § 9(b). The parties dispute the significance of Dr. Lotan's role in the development of AngioSculpt after the May 1, 2003, effective date. It is not disputed, however, that all of Dr. Lotan's work during the term of the Consulting Agreement related to designing, implementing, and analyzing clinical trials, including collecting regulatory data. Section § 9(b) explicitly provides for assignment of all "inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets" that Dr. Lotan "conceive[d] or develop[ed] or reduce[d] to practice[d] during the term" of the Consulting Agreement that relate

to his work for AngioScore. AngioScore's theory under § 9(b) is that Dr. Lotan's work relating to his inventive contribution continued after May 1, 2003, and amounted to both "development" and "reduction to practice" within the meaning of § 9(b). Thus, AngioScore contends, all of Dr. Lotan's rights in his inventive contribution were assigned to AngioScore even if some of his work was performed before May 1, 2003. Whether Dr. Lotan assigned his rights under § 9(b) thus depends on whether Dr. Lotan's continued work on AngioSculpt after the effective date in fact amounted to "developing," or "reducing to practice" an "invention," "development," or "improvement" pursuant to § 9(b). Only if Dr. Lotan's continued work after May 1, 2003, constituted "developing," or "reducing to practice" would his inventive contribution have been assigned to AngioScore under § 9(b) of the Consulting Agreement. . . . Whether this work falls under § 9(b) remains a question of fact that cannot be resolved on a motion to dismiss. We remand for the district court to consider whether Dr. Lotan's continued work on AngioSculpt after the effective date came within the language of § 9(b).