

Unreasonable Delay In Prosecuting Patent Costs Patentee \$308 Million

Personalized Media Commc'ns, LLC v. Apple Inc.,
No. 2021-2275, 2023 WL 328500 (Fed. Cir. Jan. 20, 2023)

By: Robyn Bowland and Anthony Hao | January 27, 2023

The Court of Appeals for the Federal Circuit (“CAFC”) recently affirmed an Eastern District of Texas ruling that U.S. Patent No. 8,191,091 (“the ’091 patent”) is unenforceable due to prosecution laches. Personalized Media Communications, LLC (“PMC”) was found to have engaged in an unreasonable and unexplained delay in prosecuting its patent application and Apple Inc. (“Apple”) had suffered prejudice from the delay. PMC sued Apple in 2015 alleging Apple’s digital rights management technology, FairPlay, infringed claims of the ’091 patent. After a jury awarded PMC over \$308 million in damages for Apple’s patent infringement, the district court threw out the award based on finding the ’091 patent unenforceable.

Prosecution laches requires: (1) the patentee's delay in prosecution must be unreasonable and inexcusable under the totality of circumstances and (2) the accused infringer must have suffered prejudice attributable to the delay. PMC appealed the district court’s findings with respect to both elements.

As to the first element, the CAFC found no clear error in the district court’s finding an unreasonable and inexcusable delay by PMC. PMC had an agreement with the Patent Office to prioritize certain of its patent applications over others. After the Patent Office rejected a claim with the key encryption and decryption limitations, PMC amended one of its non-prioritized applications to include the claim. PMC waited until 2003, sixteen years after the priority date of the ’091 patent, to include the key encryption and decryption limitations in an amended claim in a prioritized application. The PTO ultimately rejected the amended claim. However, in April 2011, while PMC was in pre-suit negotiations with Apple, PMC reintroduced the rejected claim to a non-prioritized application which subsequently issued as the asserted ’091 patent. Notably, the CAFC pointed out that PMC’s “compliance” with the agreement supports, rather than refutes, a finding of unreasonable and inexcusable delay, emphasizing that it was the way PMC prosecuted its patents, not the PTO, who caused the delay.

As to the second element, the CAFC found no clear error in the district court’s determination that Apple was prejudiced by the delay. PMC engaged in conduct causing delays at least through 2011, when it re-filed the previously-rejected decryption claim while it was negotiating with Apple, causing Apple to suffer injury. Even if PMC’s delay ended by 2003, the CAFC reasoned, PMC still prejudiced Apple because Apple “invested in or worked on” the FairPlay technology before 2003.

The CAFC here shows that prosecution laches, a rarely successful equitable defense, is still alive and well. Although the factual circumstances that would lead to a successful plea of this defense might be rare and extreme, patent practitioners should take note of the potential significant and fatal impact in litigation of delays that occurred in prosecution.