



UNIVERSITY OF
MARYLAND
SCHOOL OF LAW

**PATENT LAW
UPDATE**

***Loral Fairchild
Corp.***
v.
***Matsushita
Elec. Indus. Co.***

No. 00-1487
Federal Circuit
Sept. 21, 2001

“Under the ‘rule of reason,’ the inventor’s testimony must be sufficiently corroborated by independent evidence, but not necessarily documentary evidence. Rather, [t]he rule requires an evaluation of all pertinent evidence when determining the credibility of an inventor’s testimony.”

On September 21, 2001, the Federal Circuit reversed and remanded the district court’s summary judgment that U.S. Patent No. 5,931,674 was invalid as obvious in view of the Erb reference, which was a journal article published on December 3, 1973, prior to the February 8, 1974 filing date of the application that issued as the ‘674 patent. The patented technology related to a process for manufacturing a charge-coupled device. In considering whether the Erb reference was prior art, the Federal Circuit noted:

Because Loral does not argue for conception plus diligence to establish a date of invention prior to the publication date of the Erb article, but only an actual reduction to practice, we address only Loral’s actual reduction to practice of the invention. . . .

Loral submitted evidence that the inventor named in the ‘674 patent, Dr. Gilbert Amelio, conceived of the invention and actually reduced it to practice prior to the publication of the Erb reference. Dr. Amelio’s conception of the invention prior to the publication of the Erb reference is not disputed. Thus, the critical question in this appeal is whether the evidence submitted by Loral was sufficient to raise a genuine issue as to whether Dr. Amelio’s actual reduction to practice occurred prior to the publication of the Erb reference. . . .

Once the invention has been shown to work for its intended purpose, reduction to practice is complete. Further efforts to commercialize the invention are simply not relevant to determining whether a reference qualifies as prior art against the patented invention. [B]ecause the Amelio affidavit asserts reduction to practice prior to publication of the Erb reference, the issue then becomes whether Loral submitted independent evidence sufficient to corroborate this assertion.

“In order to establish an actual reduction to practice, an inventor’s testimony must be corroborated by independent evidence.” The sufficiency of such corroborating evidence is evaluated under a “rule of reason,” considering all of the pertinent evidence. . . .

Here, Dr. Amelio’s alleged reduction to practice, to be sure, is not corroborated by documentary evidence of test results confirming process performance. It is, however, corroborated by the testimony of Dr. Wen, the delivery date of the masks necessary to practice the invention, and the Air Force Proposal. As in both Cooper and Lacotte, Loral has presented corroborating testimony by a co-worker of the inventor, and has demonstrated that material necessary to practice the invention was obtained prior to the alleged reduction to practice. And more, the district court’s insistence upon “documentary evidence” to corroborate test results of Dr. Amelio’s claimed reduction to practice was erroneous as a matter of law. Under the “rule of reason,” the inventor’s testimony must be sufficiently corroborated by independent evidence, but not necessarily documentary evidence. Rather, “[t]he rule requires an evaluation of all pertinent evidence when determining the credibility of an inventor’s testimony.” Furthermore, it is not surprising that Loral has been unable to submit documents showing production test results, considering that the events at issue occurred almost 30 years ago.