

Reformation of a Defective Patent Assignment Can Support Article III Standing, Even Where It Occurs After Litigation Has Commenced

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Jodi A. Schwendimann, et al. v. Arkwright Advanced Coating, Inc., No. 18-2416 (Fed. Cir. May 5, 2020)

A split panel held that the district court's post-suit reformation of a defective patent assignment supported standing. The Federal Circuit also affirmed the district court's prejudgment interest award, which used a 10 percent interest rate and ran from the day infringement began.

Swendimann's previous employer, ACT, assigned its '983, '845, and '910 patent applications to Schwendimann in 2002. Unbeknownst to either party, Schwendimann's legal counsel filed a defective assignment with respect to the '845 application.

In 2011, Schwendimann sued the alleged infringer for infringement of patents that issued from the '845 application. The alleged infringer moved to dismiss, arguing that Schwendimann lacked standing because of the flawed assignment. Schwendimann then also moved for summary judgment on the issue. The district court agreed with Schwendimann, finding no genuine issue of fact that the application was assigned to Schwendimann in 2002. The alleged infringer appealed after a jury found it had willfully infringed the patent.

On appeal, the Federal Circuit considered: (1) whether Schwendimann was a patentee at the time her action was filed; and (2) if that status was conferred upon her by assignment, whether that assignment was in a written instrument under 35 U.S.C. § 261.

For the first question, the Federal Circuit looked to Minnesota law governing reformation of a contract. Because there was a valid agreement between the parties, and the assignment was defective due only to mutual error, the Federal Circuit agreed with the lower court that the 2002 agreement granted legal title to Schwendimann.

With respect to the second question, the Federal Circuit stated that the assignment was in a written instrument, and this was not negated by the need for reformation. The court explained that the "agreement was effective when made, not as of the date of the reformation." This is because "[w]hen a court reforms a contract, it simply assures that the written instrument properly reflects the parties' agreement."

Judge Reyna dissented, arguing that the patent owner must have standing at the time the suit is filed, and post-suit activities—such as reformation of the contract—cannot confer Article III standing where it was otherwise lacking.

A copy of the opinion can be found [here](#).

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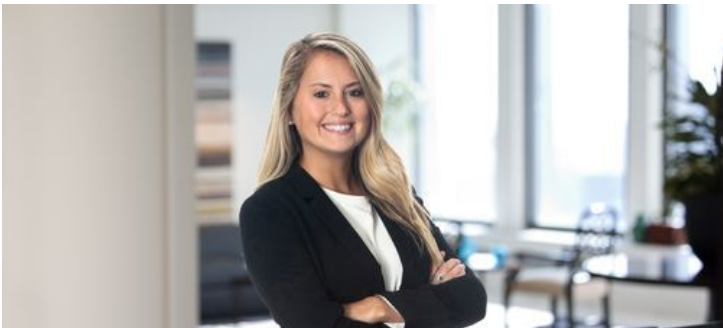
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