

ZOLTEK CORP. v. US, Appeal No. 2014-5082 (Fed. Cir. February 19, 2016). Before Newman, Clevenger and Moore. Appealed from Ct. Fed. Clms. (Judge Damich).

Background:

Zoltek (a materials company from St. Louis) is the owner of a reissue patent (issued in 1993; the original patent issued in 1988). Zoltek applied for the patent in 1984, four years before Northrop Grumman publicly unveiled the first B-2 bomber (Northrop Grumman produced 21 B-2 bombers between 1987 and 2000 for the U.S. government at a cost of \$44 billion). In 1996, Zoltek sued the U.S. government for infringing the patent, alleging that the B-2 bomber and F-22 fighter both used carbon fiber sheets that infringed Zoltek's patent rights. Zoltek alleged that the U.S. government never compensated Zoltek for the use of its patented carbon-fiber method of making carbon-fiber sheet products more resistant to electricity.

The present appeal is the third appeal in this action. The inventor of Zoltek's patented method has since died and the patent expired on March 1, 2005. In 2014, the Court of Federal Claims held that Zoltek's patent was invalid as obvious and/or lacking written description. The ruling was based on expert testimony that argued that part of Zoltek's method was already known to scientists in the field at the time of the invention.

Issue/Holding:

Did the Court of Federal Claims err in holding that Zoltek's patent was invalid? Yes, reversed and remanded.

Discussion:

The Federal Circuit reversed the decision of the Court of Federal Claims that Zoltek's patent was invalid, holding in part that the 2014 expert testimony was flawed based on evidence found in a 1987 letter from an engineer at Northrop Grumman (the manufacturer of the B-2 bomber). In the letter, the engineer contradicted the expert testimony, stating he had never seen a material such as the one owned by Zoltek.

Regarding the finding of obviousness by the Court of Federal Claims, the Federal Circuit found substantial errors in the U.S. government's expert testimony and noted the admitted novelty of the fiber sheets created by the inventor, stating that the government's argument appears to be that since its expert Dr. Sullivan is a renowned scientist in this field, and since Dr. Sullivan was able to reproduce the Figure 4 graph, it was obvious to do so. The Federal Circuit held that this finding was in error.

Regarding the finding of lack of written description, during reissue prosecution of the manufacturing process claims, Zoltek deleted the initial step of "oxidizing and stabilizing the carbonizable fiber starting material at an elevated temperature", which broadened the patent claim. The Court of Federal Claims found that the new breadth went beyond the original written description and thus rendered the claim invalid, holding that "the preparation of the known starting material must be included in the claim" even if known in the prior art. On appeal, the U.S. government argued that the holding of the Court of Federal Claims should be upheld since "the specification does not state that these steps need not be performed by the same entity." The Federal Circuit rejected this analysis and held that the question of who performs the steps of a fully described invention, including preparation of a known starting material, is not a matter of the written description requirement.