

Fish & Neave News & Events

January 23, 2004

Landmark Court Decision Invalidating 14 Lemelson Patents January 23, 2004

F&N Contact(s): Jesse Jenner, Kenneth Herman, William McCabe, Steven Cherny, Pablo Hendler, Charles Quinn

**FROM: FISH & NEAVE
1251 Avenue of the Americas
New York, NY 10020**

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FISH & NEAVE LEADS SYMBOL TECHNOLOGIES, COGNEX AND OTHERS TO COURTROOM VICTORY IN SYMBOL TECHNOLOGIES, ET. AL. v. LEMELSON, A LANDMARK DECISION INVALIDATING 14 LEMELSON PATENTS

Verdict is likely the largest patent portfolio ever struck down by a court, in terms of licensing revenues; Bar code patents represented virtually all of Lemelson's revenues over the past 15 years; Decision affects every U.S. corporation using bar code technology

NEW YORK, NY (January 30, 2004) - In a courtroom victory with widespread implications for American business, Fish & Neave has successfully defended Cognex Corporation, the leading manufacturing of machine vision systems, along with Symbol Technologies and other manufacturers of bar code technology, in a lawsuit against the foundation formed by Jerome Lemelson.

The two Nevada cases were brought by Cognex, of Natick, Massachusetts (NASDAQ: CGNX), the machine vision manufacturer, and by Symbol Technologies of Holtsville, NY (NYSE: SBL), and other technology companies manufacturing the bar code technology. It is the first courtroom defeat for the Lemelson Foundation and invalidates virtually all of his active patents said to relate to machine vision and bar code technology.

In the decision, released Friday, January 23, 2004, the federal district court in Las Vegas found 14 Lemelson patents, purportedly covering bar code and machine vision technology, to be invalid, not infringed and unenforceable. These patents represent virtually all of Lemelson's licensing revenues over the past 15 years—estimated at more than \$1.5 billion. It is likely the largest patent portfolio ever struck down by a court, in terms of licensing revenues. Virtually every major corporation in the world uses some form of bar code and machine vision technology.

"This decision marks the end of the Lemelson Foundation's licensing program for bar codes and machine vision technology," lead trial attorney

Jesse J. Jenner said. "The court ruled against all 14 patents on three different bases. It is as complete a victory as you can ask for in a patent case."

Jenner, the lead trial lawyer in the case, is managing partner of Fish & Neave, one of the oldest and largest full-service intellectual property firms in the nation. He and his Fish & Neave team have been fighting the validity of Lemelson patents for more than a decade. Before becoming involved in the Symbol Technology and Cognex cases, Jenner was lead counsel for Ford Motor Co. in another lawsuit by Lemelson.

"This victory is a tribute to the depth and resources of the Fish & Neave trial team," said Jenner. "From our attorneys and paralegals, to our cutting edge researchers, technical experts and graphics specialists, we put together a team that mastered both the facts and the law in a case many outside observers gave small chance of success."

The plaintiffs did not ask for damages as a result of the verdict, but their customers—including companies in the Fortune 500, as well as many other small enterprises and government entities—are now freed from the threat of patent infringements suits by Lemelson's foundation. In the past 15 years, about 1,000 companies worldwide agreed to licenses with the Lemelson Foundation over the bar code and machine vision patents. These existing license agreements might now be called into question on various grounds.

Among the more significant cases affected are seven Arizona lawsuits Lemelson filed against more than 400 plaintiffs, including Wal-Mart, CVS, Sears and others, with approximately \$500 million in potential royalties claimed by Lemelson at stake.

The patents at issue in the trial were said by Lemelson to relate to automatic identification bar code technology and "machine vision," which involves using a camera to control operations on an object such as a computer circuit board. Customers of Symbol and Cognex had received letters from the Lemelson Foundation that alleged that use of Symbol and Cognex's products supposedly infringed various Lemelson patents.

Some of Lemelson's original applications were filed in 1954 and 1956, a fact that the trial court found contributed to a violation of the doctrine of prosecution laches.

The Court stated, "At a minimum, Lemelson's delay in securing the asserted claims amounts to culpable neglect as he ignored the duty to claim his invention properly.... If the defense of prosecution laches does not apply under the totality of circumstances presented here, the Court can envision very few circumstances under which it could.... In sum, Lemelson's delay in securing the asserted patent claims is unexplained and unreasonable."

In addition, the Court adopted the claim construction advanced by Symbol and Cognex in the case and found that Symbol's accused bar code readers as well as Cognex's accused products do not infringe the patents asserted by Lemelson. The Court also ruled that a person of ordinary skill in the art

could not practice the inventions claimed by Lemelson, and, as result, the claims were invalid for lack of enablement.

Originally filed in 1998, the cases are Symbol Technologies, Inc., et al., v. Lemelson Medical, Educational and Research Foundation, Ltd. (U.S. District Court, District of Nevada, 01-701), and Cognex Corporation v. Lemelson Medical, Educational and Research Foundation, Ltd. (U.S. District Court, District of Nevada, 01-702).

About Fish & Neave

Fish & Neave has a history of victory in some of the most important intellectual property cases of the past century. The firm, which has been involved in almost 500 patent cases in federal district court over the past decade, holds the record for the largest patent verdict in history, a \$925 million verdict in Polaroid v. Kodak. The firm also represented Digital in the landmark Digital v. Intel litigation, which media accounts have indicated to be among the largest patent settlements in history. Over the course of its 125-year history, Fish & Neave has also successfully represented Alexander Graham Bell, Thomas Edison, the Wright Brothers and Henry Ford, and continues to represent today's innovators in every aspect of patent, trademark and copyright law. The firm has more than 200 attorneys, patent agents and technical advisors in offices in New York, Palo Alto and Washington, DC.

George J. Laurer

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Revised: March 2004