

Diversey Lever Inc. v. Ecolab Inc. (CA FC) 52 USPQ2d 1062

**Diversey Lever Inc. v. Ecolab Inc.**

**U.S. Court of Appeals Federal Circuit  
52 USPQ2d 1062**

**Decided September 10, 1999  
Nos. 98-1380, -1447, -1472, -1534**

**Headnotes**

**PATENTS**

**1. Patentability/Validity -- In general (§ 115.01)**

**JUDICIAL PRACTICE AND PROCEDURE**

**Procedure -- Settlement agreements; consent decrees (§ 410.43)**

Defendant, through provisions of settlement agreement between parties, surrendered its right to challenge validity of plaintiff's patents, since agreement declares that patents in suit "are valid and enforceable," and states that defendant will not "directly

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aid, assist or participate in any action contesting the validity" of patents.

**PATENTS**

**2. Infringement -- Defenses -- Estoppel; laches (§ 120.1103)**

**JUDICIAL PRACTICE AND PROCEDURE**

**Procedure -- Settlement agreements; consent decrees (§ 410.43)**

"Defined products" clause in settlement agreement does not tacitly grant patent infringement defendant permission to infringe patents in suit by manufacturing products outside scope of clause; defendant abandoned defense of equitable estoppel by failing to raise it in response to plaintiff's motion for summary judgment on issue of infringement, since estoppel is affirmative defense that is waived if it is not raised in response to summary judgment motion, regardless of whether it is considered "unenforceability" defense, rather than "absence of liability" defense, under 35 U.S.C. Section 282.

**Particular patents -- Chemical -- Lubricants**

5,009,801, Wider, Rossio, and Remus, compositions for preventing stress cracks in poly(alkylene terephthalate) articles and methods of use therefor, summary judgment of infringement affirmed.

5,073,280, Rossio and Anderson, composition for inhibiting stress cracks in plastic articles and methods of use therefor, summary judgment of infringement affirmed.

**Case History and Disposition:**

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Appeal from the U.S. District Court for the Eastern District of Michigan, Woods, S.J.

Action by Diversey Lever Inc. against Ecolab Inc. for patent infringement. Defendant appeals from grant of summary judgment of infringement. Affirmed.

**Attorneys:**

Stephen B. Judlowe, Ira B. Winkler, and Adam T. Bernstein, of Hopgood, Calimafde, Kalil & Judlowe, New York, N.Y.; Robert A. Dunn, of Dinnin & Dunn, Troy, Mich., for plaintiff-appellee.

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Schuman, J. Derek Vandenburg, and Daniel M. Pauly, of Merchant, Gould, Smith, Edell, Welter & Schmidt, Minneapolis, Minn.; Thomas N. Young and Thomas E. Bejin, of Young & Basile, Troy, for defendant-appellant.

**Judge:**

Before Mayer, chief judge, and Newman and Schall, circuit judges.

**Opinion Text**

**Opinion By:**

Mayer, C.J.

Ecolab, Inc. ("Ecolab") appeals the judgment of the United States District Court for the Eastern District of Michigan, No. 96-CV-73112, which granted Diversey Lever, Inc. ("Diversey Lever") summary judgment that Ecolab infringed U.S. Patent Nos. 5,009,801 ("the '801 patent") and 5,073,280 ("the '280 patent"). Because the district court properly interpreted the parties' settlement agreement, we affirm.

**Background**

In 1991, Diversey Lever's predecessors, Diversey Corporation and Diversey Corp. (collectively "Diversey"), brought a patent infringement suit against Ecolab alleging that Ecolab's PET GUARD lubricant for bottling conveyors infringed Diversey's '801 and '280 patents. Both patents are directed to methods of inhibiting stress cracking in the plastic (polyethylene terephthalate, or "PET") bottles used by beverage bottlers through the use of particular chemical additives in conveyor lubricants. The parties agreed on a settlement, and the resulting settlement agreement and an accompanying consent judgment were executed in July 1993.

The agreement states that "the '801 and '280 patents are valid and enforceable" and that Ecolab "will not directly or indirectly aid, assist or participate in any action contesting the validity of either the '801 or '280 patents, except as required by Court Order or subpoena." Additionally, the agreement prohibits Ecolab from making or selling products within the scope of a Defined Products clause, which defines two specific chemical compositions for "fatty acid" lubricants. The agreement states that "[n]either party is entitled to any further relief than granted herein."

Interpreting the agreement to mean that it was free to develop products outside the scope of the Defined Products clause without fear of further action by Diversey, Ecolab developed and introduced two new conveyor lubricants, PET GUARD IIB and PET\*STAR. The chemical composition of these two products places them outside the scope of the Defined Products clause, but Ecolab does not dispute that they infringe the '801 and '280 patents.

In mid-1996, Diversey was purchased by UniLever, and the resulting corporation, Diversey Lever, brought the present suit, alleging that Ecolab's PET GUARD IIB and PET\*STAR products infringe the patents.

The district court granted Diversey Lever's partial summary judgment motion, holding that the consent judgment precludes Ecolab from contesting the validity of the patent, that Diversey Lever can enforce the '801 and '280 patents against Ecolab products outside the scope of the Defined Products clause, and that Ecolab literally infringed the patents. Subsequently, Ecolab attempted to assert an estoppel defense to the infringement claim. The district court held that Ecolab waived the estoppel defense by failing to argue it in response to Diversey Lever's motion for partial summary judgment.

### **Discussion**

Consent judgments "are interpreted according to general principles of contract law." *Scosche Indus. Inc. v. Visor Gear Inc.*, 121 F.3d 675, 678, 43 USPQ2d 1659, 1662 (Fed. Cir. 1997). "[T]he scope of a consent decree is limited to its terms and . . . its meaning should not be strained." *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 481, 20 USPQ2d 1241, 1250 (Fed. Cir. 1991) (citing *United States v. Armour & Co.*, 402 U.S. 673, 681 (1971)).

We have recognized that a consent judgment of patent validity may preclude a party from asserting invalidity in subsequent litigation involving new accused products, as long as the agreement manifests an intent to be bound. See *Foster*, 947 F.2d at 481, 20 USPQ2d at 1250. However, any surrender of the right to challenge validity of a patent is construed narrowly. See *id.*

[1] In *Foster*, we refused to hold that a consent judgment had surrendered the invalidity defense as to future accused products, even though the agreement stated that the patents were "valid and enforceable in all respects." See *id.* The settlement agreement between Diversey and Ecolab similarly declares "that the '801 and '280 patents are valid and enforceable," but *Foster* requires more for a waiver of the invalidity defense as to future accused products.

To show that Ecolab's right to contest validity of the patents has been unequivocally foreclosed, Diversey Lever points to the settlement agreement provision that Ecolab will not "directly or indirectly aid, assist or participate in any action contesting the validity" of the patents. Ecolab argues that this clause merely precludes it from voluntarily assisting third parties accused of infringement by Diversey Lever. We cannot agree. As the district court held, "only one interpretation flows from" the clause, which uses the broadest possible language in describing the prohibited activity--that Ecolab surrendered its right to challenge the validity of the patents in any context.

[2] We see no merit to Ecolab's argument that the Defined Products clause tacitly grants it permission to infringe the '801 and '280 patents by manufacturing products outside of the scope of the clause. And we believe the trial court correctly held that Ecolab's failure to raise its affirmative defense of estoppel in opposition to Diversey Lever's summary judgment motion constituted an abandonment of the defense. Ecolab argues that Diversey Lever's motion for partial summary judgment on the issue of "liability" did not require it to raise its estoppel defense, which is in a separate category of defenses to a claim of infringement under 35 U.S.C. Section 282 (1994). Section 282 sets out three separate categories of defenses: noninfringement, absence of liability for infringement, and unenforceability. Ecolab argues that equitable estoppel is an "unenforceability" defense rather than an "absence of liability" defense, and as such it could be reserved. However, regardless of its classification under section 282, an affirmative defense must be raised in response to a summary judgment motion, or it is waived.

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*See , e.g. , United Coal Miners Workers of America 1974 Pension v. Pittston Co. , 984 F.2d 469, 478 (D.C. Cir. 1993); cf. Nossen v. United States , 416 F.2d 1362, 1371 [ 163 USPQ 421 ] (Ct. Cl. 1969).*

**Conclusion**

Accordingly, the judgment of the United States District Court for the Eastern District of Michigan is affirmed.

**AFFIRMED .**

**- End of Case -**