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ON REMAND FEDERAL CIRCUIT CLARIFIES ISSUES CONCERNING PROSECUTION HISTORY ESTOPPEL
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EDITED BY | VINCE KOVALICK

On Remand Federal Circuit Clarifies Issues Concerning Prosecution History Estoppel

Vince Kovalick

[Judges: Lourie (author), Rader (concurring), and Newman and Mayer (concurring-in-part and dissenting-in-part) (en banc)]

In *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, No. 95-1066 (Fed. Cir. Sept. 26, 2003), the Federal Circuit, on remand from the Supreme Court, provided significant guidance to patent practitioners on the application of prosecution history estoppel and the DOE, and remanded the case to the district court for further determination of whether Festo Corporation ("Festo") can rebut the presumption of surrender by establishing that the equivalence in question would have been unforeseeable to one of ordinary skill in the art at the time of the amendments in question.

The Federal Circuit explained that the presumptions set forth by the Supreme Court in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997), and *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 533 U.S. 1915 (2001), operate together to control the prosecution history estoppel inquiry. The Court explained that the first question in the inquiry is whether an amendment filed in the PTO has narrowed the literal scope of a claim. If the amendment was not narrowing, then prosecution history estoppel does not apply. But, if the amendment was a narrowing one, then the second question is whether the reason for that amendment was a substantial one relating to patentability.

When the prosecution history record reveals no reason for a narrowing amendment, then *Warner-Jenkinson* presumes that the patentee had a substantial reason relating to patentability; consequently, the patentee must show that the reason for the amendment was not one relating to patentability if it is to rebut that presumption. In this regard, the Federal Circuit reinstated its earlier holding that a patentee's rebuttal of the *Warner-Jenkinson* presumption is restricted to the evidence in the prosecution history record. If the patentee successfully establishes that the amendment was not for a reason of patentability, then prosecution history estoppel does not apply.

If it is determined that a narrowing amendment has been made for a substantial reason relating to patentability, then the next step in the analysis is to determine the scope of the subject matter surrendered by the narrowing amendment. Here, the patentee may rebut the presumption of total surrender imposed by the Supreme Court in *Festo* by demonstrating that the alleged equivalent would have been unforeseeable at the time of the narrowing amendment, that the rationale underlying the narrowing amendment bore no more than a tan-

gential relation to the equivalent in question, or that there was some other reason suggesting that the patentee could not reasonably be expected to have described the alleged equivalent.

The Federal Circuit also ruled that the question of whether the presumption of surrender has been rebutted is one of law to be determined by the Court, not a jury. However, in determining whether an alleged equivalent would have been unforeseeable, a district court may hear expert testimony and consider other extrinsic evidence relating to the relevant underlying factual inquiries. If the patentee is attempting to establish a merely tangential reason for a narrowing amendment, the Court must make this determination from the prosecution history record only, without the introduction of additional evidence, except for, when necessary, testimony as to the interpretation of that record. The Court left for another day the question of whether evidence outside the prosecution history record should be considered in determining if a patentee has met his burden under the third rebuttal criterion, indicating, however, that when at all possible, determination of the third rebuttal criterion should also be limited to the prosecution history record.

Finally, the Court clarified that the time when the narrowing amendment was made, and not the filing date of the application, is the relevant time for evaluating unforeseeability.

Applying this analysis to the facts of this case, the Federal Circuit determined that factual issues exist relating to the objective unforeseeability of the accused equivalents and remanded the case for further consideration of that issue. The Federal Circuit also ruled that Festo could not satisfy the third rebuttal criterion for certain amendments made and was estopped from arguing that certain other amendments were "tangential" or made for "some other reason."

Judge Newman, joined by Judge Mayer, dissented with that portion of the opinion that precludes Festo from attempting to overcome the presumption of surrender with regard to certain claim limitations and with that portion of the opinion regarding the factual criteria of "tangentialness" and "other reasons" as a question of law, and with the adjudication of these issues without the procedures of trial.

Court Affirms Determination of Unjust Enrichment and Damages

Deborah M. Sharfman

[Judges: Gajarsa (author), Rader, and Bryson]

In *University of Colorado Foundation, Inc. v. American Cyanamid Company*, No. 02-1587 (Fed. Cir. Sept. 3, 2003), the Federal Circuit affirmed the

district court's determination of inventorship, unjust enrichment, and damages calculation against American Cyanamid Company ("Cyanamid").

Cyanamid is the assignee of U.S. Patent No. 4,431,634 ("the '634 patent") entitled "Prenatal Iron Supplements," which issued February 14, 1984, listing Leon Ellenbogen as the sole inventor. In 1994, the University of Colorado Foundation, Inc., the University Board of Regents, and two of its doctors (collectively "the Doctors") filed suit in the U.S. District Court for the District of Colorado, alleging that the Doctors had disclosed the invention of the '634 patent to Dr. Ellenbogen, that they were the true inventors of the '634 patent, that they were intentionally omitted from the '634 patent, and that the '634 patent was subsequently hidden from them.

In 1997, the district court ruled that the Doctors were the true inventors of the '634 patent and found Cyanamid liable for fraud and unjust enrichment, with damages equaling approximately \$45 million. The Federal Circuit reviewed that decision and remanded the case for a determination of inventorship under federal patent-law principles.

On remand, the district court determined that the Doctors were the true inventors, in accordance with federal patent law, and granted Cyanamid a new trial on damages, separately addressing the Doctors' alternative claims for fraudulent nondisclosure, unjust enrichment, and equitable remedy under federal patent law. The district court then found fraudulent nondisclosure and unjust-enrichment damages against Cyanamid, but noted that the Doctors could not recover for both the fraud and unjust-enrichment claims, and, thus, awarded only the damages for unjust enrichment totaling about \$23 million. The district court also awarded \$500,000 in exemplary damages to each of the Doctors due to Cyanamid's conduct.

The Federal Circuit first addressed Cyanamid's argument that federal patent law preempts and, thus, precludes any state-law unjust-enrichment award. The Court determined that the underlying principles of the federal patent system would not be undermined by the district court's award of unjust-enrichment damages, reasoning that the unjust-enrichment claim does not prevent the public from using the Doctors' ideas. The Court further noted that this decision was consistent with its previous decisions, because the Doctors did not seek to prevent the use of information they placed in the public domain. Rather, the Doctors wanted to prevent Cyanamid from using the '634 patent and the subsequent incremental profits obtained, which came from copying the Doctors' confidential manuscript describing the invention. Thus, the Court ruled that the district court was correct in determining that an unjust-enrichment award under Colorado law is not precluded by federal patent law.

The Court also rejected Cyanamid's argument that the Doctors failed to prove an element of the unjust-enrichment claim required under Colorado law, specifically, that the '634 patent was obtained at the Doctors' expense. In the context of the confidential manuscript that the Doctors had sent to Cyanamid, and which Dr. Ellenbogen had allegedly copied portions from in drafting the application for the '634 patent, the Court reviewed the application of the general test for recovery under unjust enrichment. Under Colorado case law, a promise or privity between the parties is not needed for a claim for unjust enrichment in the context of a contract implied in law. Thus, according to the Court, there was no question that any benefit Cyanamid received came at the Doctors' expense.

Finally, the Federal Circuit upheld the district court's calculation and award of damages to the Doctors, concluding that the district court did not abuse its discretion under Colorado law in ordering the disgorgement of incremental profits from Cyanamid and finding ample evidence in the record to support the district court's determination. The Federal Circuit further found that the district court's award of exemplary damages was consistent with the Colorado Revised Statutes, which permits such awards not in excess of the amount of actual damages if the court determines that the defendant's conduct "is attended by circumstances of fraud, malice or willful and wanton conduct." The Federal Circuit concluded that since it had already determined the damages for unjust enrichment to be properly awarded, there was no need to review the alternative ground for damages based on fraudulent nondisclosure and equitable remedy under federal patent laws.

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When Is Something "Capable of Flexing"?

Stacy Lewis

[Judges: Linn (author), Archer, and Dyk (concurring-in-part and dissenting-in-part)]

In *Arlington Industries, Inc. v. Bridgeport Fittings, Inc.*, No. 02-1517 (Fed. Cir. Sept. 25, 2003), the Federal Circuit affirmed a judgment of infringement after finding no error in the district court's claim construction.

Arlington Industries, Inc. ("Arlington") owns U.S. Patent Nos. 5,042,673 and 5,117,966, both of which are directed to electrical box extenders. The claims recite wings or sides that are "capable of flexing" about the base. The district court had construed the claim limitation "capable of flexing" to mean "a generalized combination of cantilever bending and bowing about the general area of the

base or base end.” Bridgeport Fittings, Inc. (“Bridgeport”) argued that the district court had erred in construing the “capable of flexing” limitation to encompass anything more than “cantilever flexing” (bending of a rigid wing or side solely about its base end connection, without other bending or bowing).

The Federal Circuit determined that the ordinary and customary meaning (“to bend”) should apply because there was no indication in the written description that the inventor acted as his own lexicographer and intended the phrase to mean something different. Nor was there any express disclaimer of a particular meaning of “flexing” during prosecution of the original applications or a reexamination proceeding.

Although Bridgeport argued on appeal that the broad construction of the “capable of flexing” limitation must be erroneous because it renders the claims invalid in light of prior art box extenders, Bridgeport did not challenge the jury’s finding that Arlington’s patent is not invalid.

The “capable of flexing” limitation in one claim is followed by the following claim language: “corners connecting said side edges of said sides . . . with said sides furthermore capable of having their corners removed to increase the degree of flexing about said base toward said axis through said face member.” The district court understood that the corners are capable of being “removed to increase the degree of flexing.” This indicated to the district court that “the corners can be removed . . . [to] provide cantilever flexing where there was none before.”

Bridgeport argued that corners “removed to increase the degree of flexing” refer to a change in the amount of flexing, not in the type of flexing. Furthermore, the corners must be “specially constructed to flex or to be cut or removed to ‘increase the degree of flexing.’” The Federal Circuit found no reason to read the words “increase [in] the degree of flexing” in the manner argued by Bridgeport and declined to find error in the district court’s construction of “flexing” on this basis.

The district court had also construed the term “base” to refer to a general area, rather than a structurally distinguishable finite section. The Federal Circuit did not find the term “base” unclear and declined to resort to the specification to supplant the ordinary meaning. There was no error in the district court’s construction.

Judge Dyk concurred with the judgment; however, he dissented from the majority’s construction of “capable of flexing” limitation, concluding that the majority’s claim construction allowed the patentee to claim the very device disclaimed in the course of patent prosecution. Judge Dyk concluded, however, that Bridgeport did not preserve this error in its objection to the jury instruction.

Specification Must Clearly Link Structure to Function of Means-Plus-Function Limitations

Kenneth M. Lesch

[Judges: **Clevenger (author)**, **Schall**, and **Newman (dissenting)**]

In *Medical Instrumentation and Diagnostics Corp. v. Elekta AB*, No. 03-0132 (Fed. Cir. Sept. 22, 2003), the Federal Circuit concluded that there was no evidence to indicate that a person skilled in the art would not understand from the specification that a claimed “means for converting” structure corresponding to a “means for converting” claim limitation would include software. Accordingly, the Federal Circuit reversed the district court’s denial of JMOL of noninfringement of U.S. Patent No. 5,099,846 (“the ‘846 patent”) and its continuation, U.S. Patent No. 5,398,684 (“the ‘684 patent”), and reversed the district court’s grant of SJ of no invalidity.

Medical Instrumentation and Diagnostics Corporation (“MIDCO”) owns the ‘846 and ‘684 patents, which relate to a system for planning surgical treatment using a presentation of images from multiple scanning sources. In 1997, MIDCO filed a patent-infringement suit against Elekta AB and others (collectively “Elekta”). Elekta counterclaimed for noninfringement and invalidity. After a *Markman* hearing, the district court granted MIDCO’s motion for partial SJ that its patents were not invalid. After a jury trial that awarded MIDCO \$16 million in damages, the district court denied Elekta’s motions for JMOL of noninfringement.

MIDCO asserted claim 1 of the ‘684 patent and claim 9 of the ‘846 patent. The claim-construction issues for both claims concerned the limitation “means for converting said plurality of images into a selected format.” There was no dispute that this element fell under 35 U.S.C. § 112, ¶ 6. The Federal Circuit agreed with the district court that the function of the “means for converting” is the converting of the acquired images into a particular selected format. The Federal Circuit also agreed with the district court that the structure corresponding to the function of converting includes the framegrabber and the computer video processor (“CVP”) disclosed in the patents. The Federal Circuit disagreed, however, with the district court’s identification of software for digital-to-digital conversion as an additional corresponding structure for the function.

The Federal Circuit disagreed with the inquiry applied by the district court, namely, whether one of skill in the art would have simply been able to write a software program to perform the claimed function. Rather, the Federal Circuit reasoned,

§ 112, ¶ 6, requires that a particular structure be clearly linked in the specification with the claimed function in order to qualify as corresponding structure.

The Court first looked to the specification of the '846 and '684 patents. It determined that an "Image Format Conversion" box in Figure 1 of the patents does not depict structure because it illustrates the steps of the method of the invention, not the structure of the apparatus. Likewise, the Federal Circuit determined that the text in the written description describing Figure 1 of the patents does not describe structure but only describes steps of the method of the invention. The Federal Circuit rejected the argument that a reference to software for "image editing" corresponds to structure for the conversion function, concluding that there is no evidence that one of skill in the art would understand the phrase "image editing" as a reference to the function of converting images into a selected digital format. Further, although the patents state that "[o]ther programs used in practicing the invention, such as image manipulation programs, are either commercially available or within the skill of practitioners in the programming arts," '684 patent, column 12, lines 26-27, the Federal Circuit argued that this statement in no way links software to the function of converting images to a selected format. The Court reasoned that it is not enough simply to list a certain structure in the specification; that structure must also be clearly linked to a claimed function in order to be a corresponding structure.

The Federal Circuit also considered the prosecution history of the patents but determined that there is also nothing there to provide the required link. Because MIDCO had conceded noninfringement if the Court ruled against it on the claim-construction issue, the Court reversed the judgment of infringement and remanded for entry of judgment in favor of Eleka.

As to validity, the Federal Circuit determined that Eleka's expert testimony was sufficient to raise a genuine issue of invalidity. Eleka brought forth numerous references that allegedly either anticipated or rendered obvious the claimed invention. The Federal Circuit reasoned that Eleka's expert quoted the particular portions of the references that were relevant for each of the claim limitations and did not simply make conclusory statements of invalidity. Further, the Federal Circuit determined that there was sufficient evidence to show the presence or absence of a motivation to combine references in an obviousness determination. Therefore, the Federal Circuit reversed the district court's grant of SJ of no invalidity.

Judge Newman dissented, noting that the specification states that the computer-managed functions are conducted by software, thus provid-

ing sufficient structure for the function of counting and commenting. Judge Newman commented that the majority has created inappropriate conditions for computer-based inventions.

Court's Construction Leaves Claims Invalid

Bryan S. Latham

[Judges: Gajarsa (author), Newman, and Dyk]

In *Akamai Technologies, Inc. v. Cable and Wireless Internet Services, Inc.*, No. 03-1007 (Fed. Cir. Sept. 15, 2003), the Federal Circuit found certain claims of U.S. Patent No. 6,108,703 ("the '703 patent") invalid and, therefore, affirmed-in-part and reversed-in-part the district court's denial of JMOL on the issue and its grant of a permanent injunction, and remanded the case.

Akamai Technologies, Inc. ("Akamai") is the exclusive licensee of the '703 patent, which is assigned to the Massachusetts Institute of Technology. The '703 patent discloses and claims web-page content delivery systems and methods of using separate sets of origin servers and alternate servers to provide various aspects of a single web page. The origin servers provide standard aspects of a web page, which are often static, and the alternate servers provide embedded objects, which often change.

Cable and Wireless Internet Services, Inc. ("C & W") is the owner of U.S. Patent No. 6,185,598 ("the '598 patent"). The '598 patent discloses similar systems and methods for providing a web page to that of the '703 patent. The '598 patent was filed prior to the filing of the '703 patent and, thus, is prior art under 35 U.S.C. § 102(e). C & W marketed and sold product embodying the '598 patent under the name "Footprint" and "Footprint 2.0." The relevant difference between the '598 patent and the '703 patent is a preferred embodiment of the '703 patent that discloses load-balancing software installed at domain-name service ("DNS") servers.

On September 13, 2000, Akamai sued C & W, seeking an injunction and damages for infringement of the '703 patent. Akamai claimed that C & W's Footprint 2.0 infringed apparatus claims 1, 3, 5, and 9 and method claims 17, 18, and 22 of the '703 patent. Claim 1 of the '703 patent recites, among other things, "wherein in response to requests for [a] web page, generated by the client machines the web page including [a] modified embedded object URL is served from [a] content provider server and [an] embedded object identified by the modified embedded object URL is

served from a given one of . . . content servers as identified by . . . first level and second level name servers.” Claims 3, 5, and 9 depend from claim 1 with claims 5 and 9 reciting elements of the name servers.

A jury found that C & W infringed apparatus claims 1, 3, 5, and 9 and method claims 17, 18, and 22; upheld the validity of claims 1, 3, 5, and 9; and invalidated claims 17, 18, and 22 under sections 102 and 103(a) over the ‘598 patent and a related prior art product. The district court denied C & W’s motion for JMOL that claims 1, 3, 5, and 9 were invalid and not infringed, and entered a permanent injunction. C & W appealed the denial of JMOL and entry of the permanent injunction on the bases that claim 9 was not infringed and that claims 1, 3, 5, and 9 were invalid.

On appeal, the Federal Circuit disagreed with the district court’s claim construction, which affected the invalidity analysis. According to the Federal Circuit, the plain meaning of the claim limitations “identified by the modified embedded object URL” and “is served from a given one of the content servers as identified by the first and second level name servers” does not require a load-balancing mechanism at the DNS server. The Federal Circuit reasoned that the ordinary meaning of the term “identifying” covers standard DNS resolution without any sort of load balancing, and neither the written description nor the prosecution history demonstrated that the inventors imparted a novel meaning to “identifying” to include load balancing. Specifically, the Federal Circuit noted that the written description focuses on DNS servers performing special functions without references to “identifying.” Thus, the Federal Circuit concluded that “identifying” should be given its ordinary meaning, which does not encompass load balancing.

Having so construed these limitations, the Federal Circuit ruled that claims 1 and 3 are invalid as anticipated by the ‘598 patent because the claimed hierarchical DNS requirements are inherent in that patent.

With regard to claims 5 and 9, the Federal Circuit found that, based on the evidence presented to the jury, a reasonable jury could have found claims 5 and 9 nonobvious over the prior art. The Federal Circuit also found that the jury’s finding of infringement of claim 9 was supported by substantial evidence. Accordingly, the Federal Circuit affirmed the district court’s denial of JMOL with respect to claims 5 and 9, and affirmed the district court’s issuance of the permanent injunction with respect to those claims. The Federal Circuit remanded to the district court to review and redetermine the scope of the permanent injunction in light of its ruling of invalidity of claims 1 and 3.

Court Upholds Jury Award of \$50 Million in Punitive Damages

Nathan Evans

[Judges: Clevenger (author), Schall, and Dyk]

On remand from the Supreme Court, in *Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corporation*, No. 00-1218 (Fed. Cir. Sept. 29, 2003), the Federal Circuit once again affirmed the decision of the district court in which a jury awarded \$50 million in punitive damages.

In this case, Rhone-Poulenc Agro, S.A. (“RPA”) and DeKalb Genetics Corporation (“DeKalb”) contracted to collaborate on biotechnology projects from 1991 through 1994. However, in 1994, contrary to the agreement, DeKalb withheld knowledge of successful field tests of an RPA product. Based on this, DeKalb was able to negotiate an agreement with RPA that amounted to a complete surrender of RPA’s exclusive rights to the technologies.

In 1997, RPA filed a suit against DeKalb that was ultimately bifurcated. The first jury found that DeKalb fraudulently induced RPA to enter the 1994 contract and awarded RPA rescission of the contract and \$50 million in punitive damages. The second jury found in favor of RPA on the issues of trade-secret misappropriation and patent infringement.

On appeal, DeKalb challenged both jury verdicts, but the Federal Circuit affirmed. In its decision, the Court discussed and applied the three factors laid out in *BMW of North America, Inc. v. Gore*, 116 S. Ct. 1589 (1996): (1) the degree of reprehensibility of the defendant’s misconduct; (2) the disparity between the harm suffered by the plaintiff and the punitive-damages award; and (3) the difference between the punitive damages awarded by the jury and the civil penalties authorized or imposed in comparable cases. The Court held that all three *Gore* prongs had been satisfied. DeKalb petitioned the Supreme Court for review, which granted certiorari and remanded the case for reconsideration in light of *State Farm v. Campbell*, 123 S. Ct. 1513 (2003).

On remand, the Federal Circuit held that there was no constitutional infirmity in a jury award of \$50 million in punitive damages, and, furthermore, the case did not affect the ruling regarding liability and compensatory-damages issues. The Court concluded that, given its narrow focus on punitive-damages awards, *State Farm* does not affect other issues related to liability or compensatory damages. Consequently, the Court restored its holdings regarding fraudulent inducement, rescission of the 1994 agreement, inequitable conduct, obviousness, and trade-secret misappropriation.

Therefore, the Court’s only question was whether the holding in *State Farm* required that it

change its previous decision regarding the constitutionality of punitive damages awarded in the present case. Based on the three *Gore* prongs, the Appellant raised three main arguments for modifying the award of punitive damages: (1) the punitive-damages award is unconstitutional because the Court's previous decision recognized that the *Gore* factors for reprehensibility were not present; (2) the punitive-damages award was disproportionate to the harm; and (3) the award goes beyond the authorized civil penalty under state law.

First, based on the expanded criteria in determining reprehensibility set forth in *State Farm*, the Appellant's conduct constituted reprehensible misconduct and, therefore, satisfied the first prong of the *Gore* test. In *State Farm*, the Supreme Court expanded the list of criteria used to determine reprehensibility to include intentional malice, trickery, or deceit. According to the Court, the Appellant acted with the required intentional malice, trickery, or deceit when it fraudulently induced RPA to enter into the 1994 agreement.

The punitive-damages award was only slightly more than three times the compensatory award. Because the ratio is within the single-digit ratio specified by the Supreme Court and well within the four-fold amount that might push the bounds of constitutionality, the Federal Circuit ruled that the punitive-damages award lies well within the bounds of constitutional propriety.

Finally, with regard to the third *Gore* prong, the Federal Circuit ruled that *State Farm* does not explicitly prohibit a court from comparing the punitive-damages award to criminal sanctions, as it did in its original decision.

Accordingly, the Federal Circuit reaffirmed the judgment entered by the district court.

Claims to Sustained-Release Formulation of Bupropion Improperly Limited to Specific Examples in Specification

Kendra S. Mattison

[Judges: Newman (author), Mayer and Bryson]

In *Glaxo Wellcome, Inc. v. Andrx Pharmaceuticals, Inc.*, No. 02-1348 (Fed. Cir. Sept. 22, 2003), the Federal Circuit rejected the district court's claim construction and reversed a SJ of noninfringement.

Glaxo Wellcome, Inc. ("Glaxo") is the assignee of U.S. Patent No. 5,427,798 ("the '798 patent"), a patent covering a sustained-release formulation of bupropion, the active ingredient in the antidepressant medicine Wellbutrin® SR and the smoking-cessation medicine having the brand name Zyban®. Claim 1 of the '798 patent describes a controlled

sustained-release tablet comprising 25 to 500 mg of bupropion hydrochloride and hydroxypropyl methylcellulose ("HPMC") having a ratio from 0.19:1 to 1.1:1 of HPMC to bupropion hydrochloride, where the tablet has a specific release rate.

Andrx Pharmaceuticals, Inc. ("Andrx") filed an ANDA and sought FDA approval for sustained-release products with the same identity of active ingredient and properties of Wellbutrin® SR and Zyban®. Andrx certified to the FDA that the Andrx products do not infringe the Glaxo '798 patent or that the patent is invalid.

Glaxo then sued Andrx in the District Court for the Southern District of Florida, claiming that Andrx's proposed sustained-release tablets infringe the '798 patent. The district court granted SJ of noninfringement because Andrx uses a lower molecular weight and lower viscosity HPMC than the grade of HPMC used in the examples of the '798 patent. Andrx asserted that it controls the release of bupropion in ways other than through the use of HPMC.

The Federal Circuit disagreed, concluding that the district court's claim construction was unduly restrictive. The claims were originally drawn to all excipients retarding the release of bupropion, but the Examiner required that all the claims be limited to HPMC as the release agent because the particular cellulose was considered critical. The district court ruled that because the claims had been limited during prosecution, the HPMC used in the example should restrict the scope of the claims. However, the Federal Circuit held that the HPMC was not limited to the grade and molecular weight of the HPMC in the specific examples. Rather, the Court ruled, the claims, correctly construed, require only that HPMC be present in the stated amount, and that the product have the release rate, duration, plasma levels, and other properties set forth in the claims.

Having construed the claims, the Federal Circuit found that infringement cannot be resolved adversely to Glaxo on the SJ record because, while Andrx argues that its release rate and plasma profile are different from those in the Glaxo claims, Andrx has represented the bioequivalence of its product.

Damages Expert Testimony Is Not Necessary to Establish a Reasonable Royalty

Vince Kovalick

[Judges: Dyk (author), Clevenger, and Bryson]

In *Dow Chemical Company v. Mee Industries, Inc.*, No. 03-1117 (Fed. Cir. Sept. 5, 2003), the Federal Circuit affirmed a judgment of invalidity of

some claims, but reversed as to others, and affirmed the judgment of no infringement as to some claims, but, as to certain other claims, vacated and remanded for proceedings as to contributory and induced infringement by one of the Defendants. In addition, the Federal Circuit ruled that the district court had erred in concluding that Dow Chemical Company ("Dow") did not carry its burden to establish damages because it failed to provide expert testimony on the damages issue.

Dow owns U.S. Patent Nos. 5,867,977 ("the '977 patent") and 5,930,990 ("the '990 patent"), both of which are directed to achieving power augmentation in gas turbines via wet compression. Dow sued Mee Industries, Inc. ("Mee") and Florida Power Corporation ("Florida Power") for infringement of the '977 and '990 patents. During the trial, the district court excluded the testimony of Dow's expert on damages, then later issued an opinion finding that Dow was not entitled to damages as a matter of law because it had not carried its burden to establish damages. The district court also held certain claims to be invalid for obviousness and certain claims to be not infringed by Mee or Florida Power. The obviousness determination was based on the combination of an article by J.P. Nolan ("the Nolan Article") and a proposal by Mee to Fern Engineering ("the Mee proposal").

On appeal, the Federal Circuit first considered whether the Mee proposal was prior art. The Federal Circuit ruled that this proposal constituted an offer for sale under 35 U.S.C. § 102(b) for the systems and methods of use disclosed therein. As to the validity of certain claims, Dow conceded that if certain parameters were not required by the claims, then the claims would be obvious in view of the prior art. The Federal Circuit concluded that the claim language did not require the parameters argued by Dow and, therefore, claim 14 of the '997 patent and claim 30 of the '990 patent were invalid. The Federal Circuit also found that the prior art expressly taught the limitations of dependent claims 15, 16, 21, and 22 of the '977 patent. As to claims 23 and 24 of the '977 patent, the Federal Circuit ruled that the district court had improperly interpreted statements in the prior art as discussing certain claim limitations. Because these limitations were effectively missing from the prior art, the Court reversed the findings of invalidity for these claims.

The Court also affirmed the judgment of non-infringement for all assertions except Dow's contention that Mee indirectly infringed claims 23 and 24 of the '977 patent.

The Federal Circuit ruled that the district court had erred in finding no induced or contributory infringement because it improperly considered only

Mee's motives when performing the claimed method. Accordingly, the Court remanded for further consideration of indirect infringement by Mee.

The district court had excluded Dow's expert's testimony concerning damages, and Dow did not appeal this ruling. Rather, Dow argued that reasonable royalty damages can be awarded even without expert testimony, because there is a presumption of damages where infringement has been established and there is other evidence in the record that must be considered. The Federal Circuit ruled that 35 U.S.C. § 284 is unequivocal that the district court must award damages in an amount no less than a reasonable royalty when infringement has been proven.

Floor Panel Patents Don't "Play" at ITC

Michele L. Mayberry

[Judges: Rader (author), Michel, and Schall (dissenting)]

In *Alloc, Inc. v. International Trade Commission*, No. 02-1222 (Fed. Cir. Sept. 10, 2003), the Federal Circuit affirmed the ITC's Final Determination, finding no domestic injury by certain flooring products for lack of infringement.

Alloc, Inc. ("Alloc") filed a complaint with the ITC alleging that the importation and sale by several Respondents of certain flooring materials violated 19 U.S.C. § 1337 because it infringed U.S. Patent Nos. 5,860,267; 6,023,907; and 6,182,410, which claim systems and methods of joining floor panels. The ITC had construed the claims of the asserted patents to require "play" or a space between a locking groove on a first panel and the locking element of an adjacent panel. Because this "play" was missing in the accused products, the ITC found no infringement.

The Federal Circuit affirmed the ITC's construction, agreeing that the specification, which was common to all three of the asserted patents, taught that the invention as a whole provided for play in the positioning of the floor panels. The specification criticized prior art floor systems without play and even characterized disassembly of the floor panels as unfeasible with the prior art systems. All of the figures and embodiments described in the common specification either implied play or expressly disclosed play.

In balancing the task of interpreting the claims in light of the specification without impermissibly inserting limitations into the claims, the Federal Circuit determined that "where the specification

makes clear at various points that the claimed invention is narrower than the claim language might imply, it is entirely permissible and proper to limit the claims.” *Alloc*, slip op. at 11. The Federal Circuit also agreed that the prosecution history confirmed that play was a key feature of the claimed invention. In the prosecution history, the patentee invoked play to distinguish over the prior art and, thus, could not now contend that the claims covered a flooring system and method for installing that system without play.

For claims requiring “play” as an element, the Federal Circuit found substantial evidence to support the administrative judge’s determination that none of the accused products infringed the claims because the accused products did not have play.

The Court also upheld the ITC’s determination that there was no domestic industry for articles covered by the asserted claims. *Alloc* failed to establish that there existed a domestic industry for flooring systems with play. Because all of the accused products did not have play and because even the products manufactured by *Alloc* in the United States did not have play, *Alloc* could not establish a domestic industry based on the claim construction of the patents at issue.

Accordingly, the Federal Circuit affirmed the ruling that *Alloc* had failed to establish a violation of section 1337.

Test Facility Supports Reduction to Practice of Count Concerning Method of Using a Network

Vince Kovalick

[Judges: Michel (author), Dyk, and Prost]

In *Taskett v. Dentlinger*, No. 03-1150 (Fed. Cir. Sept. 26, 2003), the Federal Circuit affirmed a ruling by the Board awarding priority to junior party, Dale H. Dentlinger, who had proven reduction to practice of the invention claimed in the count before John M. Taskett’s filing date.

The Board declared an interference between applications filed by Taskett and Dentlinger six days apart in June 1995. The count covered a process for the automated purchases of prepaid telephone services. The Board concluded that Dentlinger was entitled to priority based on his earlier reduction to practice of the subject matter of the count. Taskett contests that the Board’s conclusion was wrong because it was based on tests that were not sufficiently complete. The Board had found that the use of a switch at EDS (Dentlinger’s employer) and a dummy account could satisfy the count, such that

the tests did not require actual financial authorization from a third-party institution, even though the count uses the word “financial authorization.” The Board also concluded that the testimony of two of Dentlinger’s employees and a test receipt dated October 11, 1994, showed the required reduction to practice by a preponderance of the evidence. Taskett, relying on his filing date, argued that the count could only be fulfilled if real money from a real bank account at a third-party financial institution was actually debited and actual telephone calls were made based on the printed receipt.

The Federal Circuit rejected this argument, concluding that the count in question did not require financial authorization from a third party. The test network in question included network elements, such as an initiating terminal and a central terminal that performed the requirements of the count and withdrew funds from a sample checking account. A printed receipt reflected this withdrawal and provided an appropriate call-in number. Though the funds may not have been real, the financial authorization, as required by the count, was. This test need not occur under conditions of actual commercial use.

Offensive Collateral-Estoppel Issues Turn on Plaintiffs’ Ease in Joining Prior Suit

Rasheed-Ali Cromwell

[Judges: Bryson (author), Rader, and Dyk (concurring)]

In *Dana v. E.S. Originals, Inc.*, No. 02-1531 (Fed. Cir. Sept. 8, 2003), the Federal Circuit vacated a district court’s ruling that collateral estoppel barred Defendants from asserting invalidity or non-infringement, and remanded the case for further proceedings.

Alfred Dana III owned U.S. Patent No. 4,158,922 (“the ‘922 patent”) prior to August 11, 1993, at which time he sold it to L.A. Gear, Inc. The ‘922 patent concerns technology that involves flashing footwear that features light displays. Dana filed suit on this patent in Florida district court alleging infringement (that took place before the August date) against nine Defendants. Dana asserted collateral estoppel, stating that the Defendants were prevented from denying infringement and validity based on a prior action in a California district court regarding the same Defendants and L.A. Gear, Inc.

In the previous California proceeding, the district court had found that the ‘922 patent was valid

and enforceable and that the Defendants infringed under the DOE. The case then settled. In the Florida district court action, Dana sought to use the earlier rulings as a basis to preclude the Defendants from asserting noninfringement and invalidity. The Florida district court held that the Defendants were barred from relitigating the validity and infringement issues.

The Federal Circuit evaluated the legal prerequisites for collateral estoppel and weighed equitable factors against the offensive use of collateral estoppel in reviewing the decision.

With regard to the legal prerequisites for collateral estoppel, the Defendants argued on appeal that the previous partial SJ orders in the California case did not afford them a full and fair opportunity to litigate the issues. Applying Eleventh Circuit law, the Federal Circuit held that the California district court's orders were final and that the issues in the Florida district court were identical to those resolved in the California district court. Furthermore, the Court noted that the inclusion of language in the settlement consent decree attempting to limit collateral estoppel was evidence that the parties were fully aware of the potential future application of collateral estoppel. Consequently, the Federal Circuit concluded that the legal prerequisites for applying collateral estoppel were indeed present.

Turning to the equitable factors, however, the Federal Circuit observed that offensive estoppel carries with it the danger that in cases involving multiple potential plaintiffs, the plaintiffs will not all join in a single lawsuit, but instead some plaintiffs will postpone filing their actions to await the outcome of the other plaintiffs' efforts. This danger requires courts to consider the plaintiffs' actions, in particular, whether the plaintiff could have easily joined the prior suit. If so, then the plaintiff may be denied the benefits of a favorable outcome in the prior case because he chose not to expose himself to the risk of an unfavorable one. Since the district court did not make this inquiry, the Federal Circuit vacated the decision of the Florida district court and remanded for further inquiry with respect to this specific equitable factor.

Broad Claims Not Enabled Given Restrictions in Specification

A. Denise Main

[Judges: Lourie (author), Clevenger, and Rader]

In *AK Steel Corp. v. Sollac and Ugine*, No. 03-1074 (Fed. Cir. Sept. 23, 2003), the Federal Circuit affirmed the district court's SJ rulings of nonin-

fringement of U.S. Patent No. 4,800,135 ("the '135 patent") and invalidity of certain claims in U.S. Patent No. 5,066,549 ("the '549 patent").

AK Steele Corporation ("AK Steele") owns the '135 and '549 patents, which share identical specifications and concern hot-dip aluminum-coated stainless steel, where a critical characteristic of the invention is "good wetting", i.e., aluminum adhering or wetting to steel. The accused infringers, Sollac and Ugine (collectively "Sollac"), manufacture stainless steel that is hot-dipped in a molten mixture including aluminum and 8.0%-8.5% silicon.

The district court had construed the claim term "consisting essentially of aluminum" to require that the aluminum contain not more than 0.5% silicon based on the express teachings of the specification. Particularly, the specification teaches that the inventors considered coatings that contain about 10% by weight silicon, but concluded that this type of aluminum coating metal does not wet well with ferritic chromium alloy steel. Accordingly, the inventors stated that silicon content in the coating metal should not exceed about 0.5% by weight.

According to AK Steele, the specification means that the term "consisting essentially of aluminum" should permit silicon in an amount up to but not including 10%.

The Federal Circuit found that the specification clearly teaches against using Type 1 aluminum as a source for aluminum because Type 1 contains about 10% silicon, which is too much to retain good wetting characteristics. Rather, the specification teaches the use of Type 2 aluminum or nearly pure aluminum. In addition, the specification expressly teaches that silicon contents in the coating material should not exceed about 0.5% by weight. As such, the Federal Circuit found that the claims of the '135 patent must be interpreted to not permit an excess of 0.5% silicon by weight in the aluminum coating. The Federal Circuit therefore affirmed the district court's construction of the claim and held that Sollac's manufacturing practices, which require aluminum containing 8.0% silicon, did not infringe the '135 patent.

These same issues of claim construction related to the interpretation of the phrase "the aluminum coating contains up to about 10% by weight silicon" in claims 3 and 7 of the '549 patent. This limitation had been added to these claims to address the Examiner's rejection of the claim as indefinite because it originally stated that "the coating metal is Type 1 aluminum."

AK Steele argued that the ordinary meaning of "up to" does not include the 10% endpoint (e.g., "painting the wall up to the door"), especially in view of the specification's clear disclaimer of Type 1 aluminum, which includes the 10% endpoint.

The Federal Circuit rejected AK Steele's definition for the ordinary meaning of "up to," noting that when "up to" precedes a numerical limit, it includes that numerical limit. Second, the Federal Circuit found that there was no indication that the amendment was made to narrow claim scope, but, rather, it responded to the examiner's request for a more precise meaning of Type 1 aluminum. As such, the dependent claims read "up to and including" 10% silicon as well as Type 1 aluminum. Thus, the Federal Circuit affirmed the district court's claim construction of the '549 patent.

The Federal Circuit also agreed that the '549 patent claims were not enabled by the specification. According to the Federal Circuit, the phrase "aluminum alloys" in the independent claim, which includes coating metals containing "up to and including 10% silicon," has no support in the specification, which, contrary to the claims, teaches aluminum containing not more than 0.5% silicon. Thus, the Federal Circuit held that the specification did not enable the claims of the '549 patent.

Ownership Issue Requires Deeper Inquiry into University Patent Policy on Assignments

Gary C. Ma

[Judges: Clevenger (author), Lourie, and Prost]

In *University of West Virginia, Board of Trustees v. VanVoorhies*, No. 02-1522 (Fed. Cir. Sept. 3, 2003), the Federal Circuit reversed the district court's denial of Kurt L. VanVoorhies's motion for relief from an order requiring assignment of certain patents to the University of West Virginia ("UWV"). Despite the fact that the subject matter of the patents at issue relate to other applications and patents determined by the district court to be the property of UWV, the Federal Circuit held that the district court had erred in ordering the assignment of these "second generation" patents to UWV.

During his graduate studies at UWV, VanVoorhies coinvented a contrawound toroidal helical antenna. This invention was embodied in an application that ultimately issued as U.S. Patent No. 5,442,369 ("the '369 patent"). VanVoorhies and his coinventors assigned their rights to this patent to UWV, as required under UWV's patent policy. Two years later, around the time VanVoorhies received his doctorate, he invented a half-wave bifilar contrawound toroidal helical antenna. However, VanVoorhies refused to assign his rights to this invention to UWV, even though he initially notified

UWV about the invention and suggested that they file a patent application for the invention.

Nevertheless, UWV filed and prosecuted an application for this second invention, which issued as U.S. Patent No. 6,028,558 ("the '558 patent"). At around the same time, VanVoorhies filed three applications directed to the same invention.

UWV filed suit against VanVoorhies alleging that he breached his duty to assign the second invention to UWV. On May 25, 2000, the district court ordered VanVoorhies to assign his rights to the application filed by UWV and his own applications and any patents issuing thereafter. VanVoorhies appealed this decision, but the Federal Circuit affirmed the district court's order.

In light of the May 25 Order, UWV presented a set of proposed assignments for VanVoorhies to execute. These assignments not only encompassed the applications adjudicated and the corresponding issued patents, but also covered any additional applications filed or intended to be filed by VanVoorhies. In fact, three additional applications existed (collectively referred to as the "second generation patents").

VanVoorhies refused to sign the proposed assignments, but instead proposed his own set of assignments that mirrored the language of the May 25 Order.

UWV then filed a motion under Fed. R. Civ. P. 70 to compel VanVoorhies to sign its proposed assignments, which the district court granted. The district court denied VanVoorhies's motion for relief, finding that all the patents in UWV's proposed assignments, including the second-generation patents, were within the scope of the original litigation and the May 25 Order. VanVoorhies appealed this decision.

On appeal, the Federal Circuit looked to three potential sources to determine whether VanVoorhies was required to assign the second-generation patents to UWV. First, it looked at the assignment for the '369 patent application. The Court found that the language of that assignment only covered the exact invention of the application, its reissues or extensions, and its immediate descendant applications. Since UWV conceded during oral arguments that the second-generation patents did not fall within any of these categories, the Federal Circuit found that the assignment did not provide a basis for UWV's ownership of those patents.

Second, the Court found that UWV's patent policy did not require VanVoorhies to assign his rights to the second-generation patents, because that policy only applied to inventions conceived or reduced to practice under the terms of contracts, grants, or other agreements involving UWV, or if

the invention was made with substantial use of UWV's resources. Because the issue of whether the second-generation patents fall within the scope of UWV's patent policy was not litigated in this case, however, the Court ruled that UWV's patent policy could not be the basis for assignment of the second-generation patents.

Finally, the Federal Circuit analyzed the language of the district court's May 25 Order to determine whether it gave UWV rights to the second-generation patents. In particular, the Federal Circuit found the language "any other patent issuing from the application," as used in the Order, to only contemplate immediate lineal descendants. The Court also noted that the phrase "the invention and technology embodied or disclosed [in the patent]" would have required the district court to construe the claims of the second-generation patents and then compare those construed claims with the patent, which the district court did not do. Accordingly, the Federal Circuit found that the May 25 Order did not require VanVoorhies to assign the second-generation patents to UWV.

The Federal Circuit held that VanVoorhies was not required to assign the second-generation patents to UWV and ordered the district court to restore the status quo to as it was before the grant of the Rule 70 Order. Accordingly, the Federal Circuit reversed the Rule 70 Order, remanded for further consideration of the record, and instructed the district court to restore the status quo on the ownership issue to as it was before the grant of the Rule 70 Order until the issue is fully considered.

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In Last month at The Federal Circuit, certain terms, titles, and names of federal agencies that are frequently referred to in text, appear in abbreviated forms or as acronyms. These abbreviated forms and acronyms are listed below.

ALJ	Administrative Law Judge
ANDA	Abbreviated New Drug Application
APA	Administrative Procedures Act
APJ	Administrative Patent Judge
Board	Board of Patent Appeals and Interferences
Commissioner	Commissioner of Patents and Trademarks
CIP	Continuation-in-Part
DJ	Declaratory Judgment
DOE	Doctrine of Equivalents
FDA	Food & Drug Administration
IDS	Information Disclosure Statement
IP	Intellectual Property
ITC	International Trade Commission
JMOL	Judgment as a Matter of Law
MPEP	Manual of Patent Examining Procedure
PCT	Patent Cooperation Treaty
PTO	United States Patent and Trademark Office
SEC	Securities and Exchange Commission
SJ	Summary Judgment
SM	Special Master