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## The Federal Circuit

FINNEGAN  
HENDERSON  
FARABOW  
GARRETT &  
DUNNER LLPWashington, DC  
202.408.4000Atlanta, GA  
404.653.6400Cambridge, MA  
617.452.1600Palo Alto, CA  
650.849.6600Reston, VA  
571.203.2700Brussels  
+ 32 2 646 0353Taipei  
+ 886 2 2712 7001Tokyo  
+ 03 3431 6943**COURT READS SPECIFICATION AS  
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EDITED BY | VINCE KOVALICK

## Court Reads Specification as Disavowing Certain Lipophilic Component

Sarah J. Chickos

[Judges: Prost (author), Gajarsa, and Bryson (dissenting)]

In *Novartis Pharmaceuticals Corp. AG v. Abbott Laboratories*, No. 03-1367 (Fed. Cir. July 8, 2004), the Federal Circuit reversed the district court's claim construction of the phrase "lipophilic component" but, nonetheless, affirmed the district court's JMOL for noninfringement.

Novartis Pharmaceuticals Corporation AG ("Novartis") is the assignee of two patents directed to pharmaceutical compositions of cyclosporin, U.S. Patent Nos. 5,342,625 ("the '625 patent") and 6,007,840 ("the '840 patent"). The two patents describe compositions that facilitate human absorption of the highly hydrophobic cyclosporin by use of a microemulsion. Cyclosporin helps to prevent organ rejection in transplant patients. Novartis sued Abbott Laboratories ("Abbott") for allegedly infringing these two patents with its product Gengraf, a cyclosporin formulation.

The district court construed the phrase "lipophilic phase component" to require at least one excipient that (1) is a pharmaceutically acceptable solvent in which cyclosporin is soluble, (2) is immiscible with both water and the hydrophilic-phase components (without a surfactant), and (3) is not a surfactant. Although they did not agree on the meaning of the phrases, both parties agreed that "lipophilic phase component" means the same thing as "lipophilic component."

The parties disputed whether Gengraf contains a "lipophilic phase component." Abbott asserted that Gengraf contains only hydrophilic excipients and surfactants. The jury returned a verdict that Abbott did not infringe claims of the '625 patent but did

infringe claims of the '840 patent. The district court granted Abbott's motion for a JMOL with respect to infringement of the '840 patent, noting that under its claim construction, the "lipophilic phase component" cannot be a surfactant.

In construing the phrase "lipophilic component," the Federal Circuit noted that neither party had been able to demonstrate convincingly that the term "lipophilic component" had a well-defined meaning to those of ordinary skill in the art. Novartis pointed to passages of the specification that indicate that a surfactant or a mixture of surfactants could form a part of the lipophilic phase that dissolves the cyclosporin, provided that this surfactant or mixture of surfactants was an effective solvent for the cyclosporin. The Federal Circuit agreed with Novartis that the district court had erred in concluding that a surfactant can form no part of the "lipophilic component."

Novartis further argued that surfactants could constitute the whole of the lipophilic phase. The Federal Circuit did not agree with Novartis on this point, however, and noted that the specification of the '840 patent discloses that if a surfactant forms a part of the lipophilic phase, it does so as a *co-solvent*. The Federal Circuit consulted a dictionary in defining "co-solvent" as a solvent that can dissolve a solute in conjunction with another solvent and defining "part" as something less than whole.

The Federal Circuit further noted the specification's teaching that in the lipophilic phase, if mixtures of surfactants were used as solvents to dissolve the cyclosporin, the other solvent could not be another surfactant. Rather, the other solvent had to be a pharmaceutically acceptable nonsurfactant lipophilic excipient capable of dissolving cyclosporin. The Federal Circuit concluded that the "lipophilic component" can contain a surfactant but cannot be composed entirely of surfactants. Furthermore, the "lipophilic component" must contain, at a minimum, a

nonsurfactant excipient that is a pharmaceutically acceptable lipophilic substance capable of dissolving cyclosporin.

Novartis also disagreed with the district court's requirement that the "lipophilic phase component" must be immiscible with the hydrophilic phase in the absence of surfactants. The Federal Circuit agreed with Novartis and concluded that the specification, contrary to the district court's reading, does not teach that the entire lipophilic phase must be immiscible with the hydrophilic phase, but rather only components, i.e., parts, of the phase should be immiscible.

Having determined that the district court had incorrectly construed the phrase "lipophilic component," the Federal Circuit turned to the issue of whether the district court had erred in granting the JMOL of noninfringement of the '840 patent. The district court, having construed "lipophilic component" to exclude surfactants, found that the specific exclusion principle precluded it, as a matter of law, from treating the surfactant as an element forming the lipophilic component. Therefore, no compound existed in Gengraf that corresponded to the lipophilic component, so the all-elements rule compelled the district court to find that no reasonable fact-finder could find infringement under the DOE.

On appeal, Novartis argued that Abbott equivalently infringed because one of the surfactants in Gengraf, Span 80, was equivalent to the nonsurfactant excipient required by the "lipophilic component." The Federal Circuit rejected Novartis's theory of infringement by equivalence as contrary to the proper construction of the term "lipophilic component" because the theory required that "lipophilic component" include a chemical composition composed entirely of surfactants.

The Federal Circuit found no basis to reverse the JMOL for noninfringement of the '840 patent because Novartis could not provide evidence that would allow a reasonable

juror to conclude that there is a "lipophilic component," as properly construed, in Gengraf. Accordingly, the Federal Circuit, finding no error in the district court's grant of the JMOL, reversed the district court's claim construction and affirmed the grant of the JMOL for noninfringement of the '840 patent.

## § 271(f)(1) Is Inapplicable to Products Manufactured and Distributed Outside the U.S.

Vince Kovalick

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

In *Pellegrini v. Analog Devices, Inc.*, No. 04-1054 (Fed. Cir. July 8, 2004), the Federal Circuit affirmed a SJ of noninfringement of certain products made and distributed outside the U.S.

Gerald Pellegrini owns U.S. Patent No. 4,651,069 ("the '069 patent") directed to a brushless motor drive circuit. Pellegrini sued Analog Devices, Inc. ("Analog"), alleging infringement by Analog's "ADMC" chips. The ADCM chips are manufactured exclusively outside of the U.S., and most of them are sold and shipped to customers outside the U.S. The district court granted Analog's motion for partial SJ with respect to products containing the ADCM chips. The district court had rejected Pellegrini's argument that because Analog's headquarters are located in the U.S. and instructions for the production and disposition of the ADCM chips emanate from the U.S., the chips should be regarded as having been caused to be supplied in or from the U.S. under 35 U.S.C. § 271(f)(1).

According to Pellegrini, Analog is incorporated in the U.S. and has exclusive marketing and product-line responsibility for ADCM products. Analog conceived and designed

the ADMC products in the U.S. and makes all development and production decisions in the U.S. Analog is also responsible for the fabrication, assembly, and testing of the ADMC products and subcontracts, and pays others for the proprietary fabrication, assembly, and testing of the ADMC products. Analog responded by stating that § 271(f)(1) is inapplicable to products manufactured outside of the U.S. and never shipped to or from the U.S.

The Federal Circuit agreed that § 271(f)(1) does not apply to the facts of this case. Rather, it applies only to where components of the patented invention are physically present in the U.S. and then either sold or exported in such a manner as to induce the combination of the components outside of the U.S. According to the Court, § 271(f)(1) clearly refers to the physical supply of components, not simply to the supply of instructions or corporate oversight. Although Analog may be giving instructions from the U.S. that cause the components of the patented invention to be supplied, it is undisputed that those components are not actually supplied in or from the U.S. Thus, there was no liability under § 271(f)(1).

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## No Best-Mode Violation

*P. Andrew Riley*

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

In *High Concrete Structures, Inc. v. New Enterprise Stone & Lime Co.*, No. 03-1477 (Fed. Cir. July 29, 2004), the Federal Circuit reversed and remanded the district court's grant of SJ that found U.S. Patent No. 5,947,655 ("the '655 patent") invalid for failure to comply with the best-mode requirement.

The '655 patent relates to a device for transporting large, heavy cargo, such as preformed concrete structures, by orienting the

cargo in a certain manner. When loaded on a truck, such cargo can cause the truck to be considered an "oversized load," subjecting the truck to special regulation and limiting travel times and routes. The '655 patent contains both apparatus and method claims that disclose loading large concrete structures onto an apparatus. The apparatus tilts or rotates, enabling the truck to carry the cargo at an angle and, thus, eliminating the oversized load restriction. Positioning the cargo in such a manner on the apparatus enables the use of gravity to assist in rotating the cargo. The specification of the '655 patent teaches that cargo can be rotated manually without heavy equipment, but in a deposition, the inventors explained that for heavy cargo, a crane is typically used.

At the district court, the Defendants moved for SJ of invalidity because High Concrete Structures, Inc. failed to disclose the best mode, the use of a crane, for practicing the invention. The district court agreed but the Federal Circuit did not. The Federal Circuit concluded that the inventors did not deliberately conceal the use of a crane to assist in loading cargo, observing that anyone with experience with heavy loads would know to use a crane to move the load. The Court ruled that known ways of performing a known operation cannot be deemed intentionally concealed absent evidence of intent to deliberately withhold that information. Accordingly, the Court reversed the SJ of invalidity and remanded.

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## Lilly Scientist Not an Inventor of Aradigm Patent

*Dwight M. Benner*

**[Judges: Clevenger (author), Gajarsa, and Lourie (concurring)]**

In *Eli Lilly & Co. v. Aradigm Corp.*, No. 03-1336 (Fed. Cir. July 20, 2004), the Federal

Circuit reversed a district court's holding—based on a jury verdict—that a scientist from Eli Lilly and Company (“Lilly”) was a coinventor on a patent owned by Aradigm Corporation (“Aradigm”).

Aradigm's U.S. Patent No. 5,888,477 (“the ‘477 patent”) is directed to a method of using Lilly's insulin analog, “lispro,” to increase the bioavailability of inhaled insulin. Lilly sued to have two of its scientists recognized as joint inventors. The district court ordered that one of the scientists, Dr. DiMarchi, be added as an inventor after a jury determined that Lilly demonstrated by clear and convincing evidence that Dr. DiMarchi collaborated with Aradigm's scientists.

On appeal, Aradigm argued that the jury instructions were in error because the district court did not construe the claims before sending the inventorship issue to the jury. Although the Federal Circuit recognized that the legal scope of a claim must be known before the contributions of an alleged co-inventor can be compared to that claim, the Court rejected Aradigm's argument because it failed to press the district court to engage in claim construction.

As to the burden of proof, Lilly argued that its nonjoinder inventorship claim should be an exception to the requirement for clear and convincing evidence, and that a preponderance of the evidence standard should apply. Specifically, Lilly pointed to a patent application that it filed prior to the issuance of Aradigm's '477 patent and proposed that a preponderance of the evidence standard should apply when there are two copending patent applications claiming the same subject matter, one of which issued as the patent allegedly omitting the inventor, and the other of which was filed by the allegedly omitted inventor.

As support for this proposition, Lilly cited the Federal Circuit's decision in *Environ Products, Inc. v. Furon Co.*, 215 F.3d 1261

(Fed. Cir. 2000). *Environ Products* involved a three-way priority contest between two issued patents and a patent application—all of which were pending before the PTO at the same time. Moreover, the parties agreed that the same subject matter was claimed.

The Federal Circuit distinguished *Environ Products* because it did not involve a § 256 claim for nonjoinder and was expressly limited to priority contests. Therefore, the Court held that a preponderance of the evidence burden of proof is inappropriate in § 256 joint-inventorship disputes when the person allegedly omitted from an issued patent had a copending patent application claiming the same subject matter as the issued patent.

In support of its decision, the Federal Circuit noted that a party seeking to correct nonjoinder is not required to risk any rights to its own invention as would be required in an interference. Therefore, such a party should not receive the benefit of a lower standard of proof without the accompanying risk. Moreover, the Court refused to treat Lilly's inventorship claim as the functional equivalent of the priority determination in an interference proceeding because (1) Lilly and Aradigm never agreed that Lilly's patent application claimed the same invention as the '477 patent, and (2) Lilly could have sought to provoke an interference proceeding in the PTO based on the '477 patent but chose not to.

In his concurring opinion, Judge Lourie agreed with the result reached by the majority, except for the analysis relating to the burden of proof for inventorship. Because Judge Lourie found no meaningful distinction between inventorship and priority in such a context, he saw no need for different burdens of proof. Moreover, Judge Lourie noted that because the Court found that Lilly had failed to provide substantial evidence to the jury, it was not necessary for the Court to decide this question.

## “Containing” Means Comprising

Benjamin D. Wiese

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

In *Mars, Inc. v. H.J. Heinz Co.*, No. 03-1617 (Fed. Cir. July 29, 2004), the Federal Circuit vacated the district court’s SJ of noninfringement based on a new claim construction and noninfringement under the DOE, and remanded for further proceedings.

Mars, Inc. (“Mars”) sued H.J. Heinz Company, L.P. (“Heinz”), alleging the infringement of U.S. Patent No. 6,312,746 (“the ‘746 patent”). The ‘746 patent is directed to a dual-texture, animal-food product with a soft inner component surrounded by a harder, more rigid shell. At issue in the case is the meaning of the claim language “containing a mixture of lipid and solid ingredients.” The district court construed the limitation as close-ended, requiring the exclusion of ingredients other than lipids and solids. It also found that “ingredients” referred only to the starting materials used to make the product, and not to the end components of the accused finished product. Because Mars did not dispute that certain nonlipid, nonsolid syrups were used to make the accused products, the district court held that there was no infringement.

On appeal, Mars first argued that the district court had erred in holding that the term “ingredients” refers only to starting materials. The Federal Circuit agreed that the claims are not so limited. Dictionary definitions indicate that the ordinary meaning of “ingredients” can refer to either starting materials or to the end components of a mixture. The specification does not provide a clear definition and refers only to “ingredients,” and not to “a mixture of . . . ingredients” as required by the claims. The Federal Circuit thus held that the term “ingredients” includes components of the inner component at any time after they have been mixed together.

The Court next construed the meaning of the terms “containing” and “mixture” in the phrase “containing a mixture of lipid and solid ingredients.” Neither the dictionary nor the MPEP provides a definition for “containing” that excludes additional, unnamed ingredients. In fact, the MPEP specifically provides that “containing” is synonymous with “comprising.” The Court also noted that nothing within the ordinary meaning of “mixture” bars additional, unnamed ingredients.

In limiting the claim, the district court had relied on a portion of the specification describing a preferred embodiment of the soft inner component as comprising “about 40-90 wt % solids and about 10-60% lipids . . . with the sum of the wt % of solids and lipids, in all cases, not exceed[ing] 100 wt %.” The Federal Circuit found that the mere fact that the sum of the minimum and maximum values of the stated ranges equals 100 percent does not suggest that the sum of the percentages must always equal 100 percent. Thus, the specification recites a range of values that may vary given the presence of additional, unnamed ingredients.

Heinz also argued that even if the claim language is open-ended, Mars had disclaimed the addition of water to the starting materials used to make the inner component. The Court disagreed, pointing out that the specification and claims clearly indicate that water is present in the inner component. The Court found no support in the intrinsic record for Heinz’s assertion that “moisture” and “water activity” in the inner component, as recited in the asserted claims, are distinguished from water intentionally added to the ingredients.

Having construed the claim terms at issue, the Court determined that genuine issues of fact remained as to whether the accused products infringe the ‘746 patent, either literally or under the DOE, and remanded the case for further consideration.

## Filing of an ANDA Is a “Highly Artificial” Act of Infringement

Maria T. Bautista

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

In *Glaxo Group Ltd. v. Apotex, Inc.*, No. 03-1575 (Fed. Cir. July 27, 2004), the Federal Circuit (1) affirmed the district court’s finding that Apotex, Inc.’s (“Apotex”) filing of an ANDA infringed U.S. Patent Nos. 4,562,181 (“the ‘181 patent”) and 4,820,833 (“the ‘833 patent”) under 35 U.S.C. § 271(e)(2); (2) affirmed that the patents are not invalid; and (3) reversed the finding that Apotex’s ANDA filing constituted willful infringement.

Glaxo Group Limited and SmithKline Beecham Corporation (collectively “Glaxo”) owns patents directed to the drug, cefuroxime axetil. The ‘181 patent is directed to a highly pure amorphous form of cefuroxime axetil having superior bioavailability and stability when compared to the crystalline forms. Claim 1 recites in part “cefuroxime axetil in amorphous form . . . having a purity of at least 95% aside from residual solvents.” The related ‘833 patent claims a method of preparing “a highly pure, substantially amorphous form of cefuroxime axetil.”

Apotex’s generic drug is an amorphous coprecipitate comprising 90% cefuroxime axetil.

Under the Hatch-Waxman Act, a pioneer drug manufacturer having an approved NDA must list all patents claiming the drug in the “Orange Book.” If a generic company, with an obligation to consult the Orange Book, discovers that relevant patents are listed that have not expired or will not expire before the generic company markets its product, then the company must certify that such patents are either invalid or not infringed (“a paragraph IV certification”). 21 U.S.C. § 355(j)(2)(A)(IV). However, under a now-repealed provision, a pioneer drug manufacturer having a drug approved under

21 U.S.C. § 357 was previously exempt from listing its patents in the Orange Book. As a result, any subsequent ANDA applicant could not file a certification under § 355(j)(2)(A). Because Glaxo did not list the ‘181 or ‘833 patents after obtaining § 357 approval, Apotex did not file the paragraph IV certification.

Glaxo filed a DJ action against Apotex, asserting anticipatory and “artificial” infringement under 35 U.S.C. § 271(e)(2)(A). The district court found infringement of the ‘181 patent claim to “cefuroxime axetil having a purity of at least 95%” based on Apotex’s ANDA, which stated that the products do not contain more than 1% impurities. The district court also determined that Apotex infringed the ‘833 patent method claims and held both the ‘181 and ‘833 patents as not invalid. Finally, the district court found Apotex’s infringement willful because it failed to obtain an opinion from competent patent counsel and, thus, did not exercise due care in its ANDA filing. As a result, Glaxo was awarded attorney’s fees.

On appeal, Apotex argued that “having a purity of at least 95%” covered only those formulations having at least 95% cefuroxime axetil. The Federal Circuit rejected this argument, reiterating the principle that a claim should rarely be construed to exclude a preferred embodiment. Glaxo’s preferred formulations included significant amounts of excipients that are routinely present in pharmaceuticals. Accordingly, the Federal Circuit affirmed the district court’s finding of noninfringement of the ‘181 and ‘833 patents. The Court also found that the ‘181 and ‘833 patents are not invalid.

The Federal Circuit, however, reversed the lower court’s finding that Apotex’s infringement was willful. Calling an ANDA filing a “highly artificial” act of infringement under 35 U.S.C. § 271(e)(2), the Federal Circuit noted a limited set of remedies available to Glaxo under § 271(e)(4), including monetary damages for actual commercial

activity. Moreover, this section allows attorney's fees only for exceptional cases. The Federal Circuit had previously limited the types of conduct that constituted an exceptional case, such as in *Yamanouchi Pharmaceutical Co. v. Danbury Pharmacal, Inc.*, where an ANDA filer provided a baseless and wholly unjustified paragraph IV certification and engaged in litigation misconduct. There, the Federal Circuit instructed the trial court to avoid elevating the ANDA certification into a finding of willful infringement. The Court further clarified that the award of attorney's fees in *Yamanouchi* was based on misconduct and not on willful infringement.

Accordingly, the Federal Circuit held here that merely filing an ANDA application or certification cannot form the basis of a willful infringement finding, resulting in an award for attorney's fees pursuant to § 271(e)(4). Because there was no evidence that Apotex engaged in any litigation misconduct, nor did Apotex file a baseless paragraph IV certification as in *Yamanouchi*, the Federal Circuit held that the district court committed clear legal error in finding willful infringement and awarding attorney's fees.

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## Paid Witnesses Lack Credibility for Summary Judgment of Invalidity

Vince Kovalick

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

In *TypeRight Keyboard Corp. v. Microsoft Corp.*, No. 03-1197 (Fed. Cir. July 6, 2004), the Federal Circuit reversed a SJ of invalidity on two patents owned by TypeRight Keyboard Corporation ("TypeRight").

TypeRight owns two patents that concern ergonomic keyboards featuring a particular key arrangement and wrist rest. Microsoft Corporation ("Microsoft") sought to invalidate the patents based on publicly accessible

keyboards under 35 U.S.C. § 102(b). However, because the keyboard in question could not be dated, Microsoft offered fact testimony of several paid consultants. Two of the consultants testified that a document showing the keyboard came from a 1986 trade show in Germany. The district court found that the document constituted prior art under 35 U.S.C. § 102(b) and ruled on SJ that the patents were invalid for obviousness.

The Federal Circuit ruled that SJ of invalidity was improper and that a trial is necessary to determine the credibility of the testimony offered by Microsoft to prove that the document in question was prior art. The Court agreed that if the document was in fact distributed at the German Trade Show in 1986, such a distribution could constitute publication under 35 U.S.C. § 102(b), but SJ was improper because general issues remain as to the credibility of the witnesses' testimony. First, the document itself is undated and was discovered in a file dated 1990 rather than 1986. Second, the date of the events in question occurred over eighteen years ago. Third, the testimony was somewhat tentative. Also, two of the fact witnesses received compensation from Microsoft for their time testifying. The Court also noted that the district court would need to address whether the testimony had been properly corroborated, stating that both physical evidence and oral testimony of a disinterested party can serve to satisfy the corroboration requirement.

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## Specification Clarifies Competing Dictionary Definitions of Claim Term

Dominic P. Ciminello

[Judges: Michel (author), Newman, and Schall]

In *Searfoss v. Pioneer Consolidated Corp.*, No. 03-1606 (Fed. Cir. July 6, 2004), the



Federal Circuit affirmed the district court's construction of the claim terms at issue and its SJ of noninfringement that Pioneer Consolidated Corporation ("Pioneer") did not infringe U.S. Patent No. 5,031,955 ("the '955 patent") under the DOE.

The '955 patent, owned by Marlane and Timothy Searfoss (collectively "Searfoss"), provides a flexible cover assembly for selectively covering and uncovering the bed of a truck. The claimed cover assembly includes an actuation means for connecting a tension bail to an extension assembly and for applying a downward force through a center section of the tension bail. The first issue on appeal was whether the meaning of "connecting," as used in the claims of the '955 patent, was limited to direct connections. The district court's claim interpretation required the meaning of the term "connecting" to exclude indirect connections because the patent referred to the term "connecting" as synonymous with "attaching."

The Federal Circuit began its claim-construction analysis by acknowledging that competing general dictionary definitions of the term "connect" include both direct and indirect connections. To resolve the dispute, the Court looked to the intrinsic record. It noted that the specification repeatedly refers to direct connections between the legs of the tension bail and the legs of the extension assembly. It further noted that every pertinent figure in the '955 patent depicts a direct connection between the legs of the tension bail and those of the tension assembly. Finally, the Court reasoned that, as found by the district court, to construe the word "connecting" to include indirect connections would be problematic since such an interpretation would lead one to understand the claims to require the cover (as the actuation means) to exert a downward force upon itself.

Having determined that the narrower interpretation of the term "connecting" applied, the Court moved on to the second

issue on appeal—whether the Pioneer system operated in the "same way" as the Searfoss assembly and was, thus, equivalent to the claimed assembly. Searfoss asserted that the Pioneer system combined two physical components to operate in the same way as the direct pivotal connection of the claimed invention.

While the Federal Circuit agreed that two physical components of an accused device may be viewed in combination to serve as an equivalent of one element of a claimed invention, the Court refused to accept the Appellants' argument. Instead, the Court opined that to find that the indirect connection of the Pioneer system constitutes an equivalent of the claimed direct connection function would vitiate the claimed connection function. Such a result would require the Court to ignore the proper construction of "connecting." Accordingly, the Court held that no reasonable jury could find that the accused system was insubstantially different than the claimed invention and affirmed the district court's SJ of noninfringement.

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## Evidence Supporting Walker Process Claim Has No "Meat"

Susanne T. Jones

[Judges: Gajarsa (author), Schall, and Linn]

In *Unitherm Food Systems, Inc. v. Swift-Eckrich, Inc.*, No. 03-1472 (Fed. Cir. July 12, 2004), the Federal Circuit affirmed judgments of invalidity and tortious interference, but reversed a finding of attempted monopolization based on enforcement of a fraudulently obtained patent.

Swift-Eckrich, Inc. d/b/a ConAgra Refrigerated Foods ("ConAgra") owns U.S. Patent No. 5,952,027 ("the '027 patent"), which is directed to a process for browning

precooked meat. Jennie-O Foods, Inc. ("Jennie-O"), a direct competitor of ConAgra in the precooked meat business, uses a process for browning precooked meat developed by Unitherm Food Systems, Inc. ("Unitherm"), which is the same process as that claimed in the '027 patent. After ConAgra sent a letter to Jennie-O, as well as several other companies, attaching its '027 patent and offering that patent for license, Jennie-O and Unitherm brought an action seeking a DJ of invalidity and unenforceability of the '027 patent, and asserted a claim of tortious interference with Unitherm's prospective economic relationships and a *Walker Process* antitrust claim. ConAgra counterclaimed that Jennie-O infringed. The district court granted partial SJ against ConAgra on the issues of invalidity and infringement, and a jury verdict was rendered against ConAgra on the tortious interference and antitrust claims. ConAgra appealed the decisions relating to invalidity, tortious interference, and antitrust violation.

ConAgra had disputed only one claim term, "golden-brown color," which the district court construed. The Federal Circuit found that it was proper for the district court to construe only this term in the claim and to give the remaining claim terms the meaning Unitherm proffered. The Federal Circuit rejected ConAgra's position that the term should be given a technical definition based on examples provided in the specification that used a particular meter's measurement of color. The Court found that to construe the term based on the specification examples would be to improperly read a limitation of an embodiment into the claim. Thus, the district court's reliance on dictionary meanings was appropriate.

The Federal Circuit upheld the district court's finding of invalidity of the '027 patent based on prior use and sale by Unitherm. On this issue, ConAgra did not dispute the evidence regarding prior use and sale, but instead argued the existence of material factual disputes regarding the identity of the

patented and Unitherm's processes. The Federal Circuit found that none of ConAgra's arguments created an issue of material fact and, thus, upheld the district court's partial SJ of invalidity based on prior use and sale.

The Federal Circuit remanded the jury verdict against ConAgra for violating antitrust laws based on a *Walker Process* claim. Applying common-law fraud elements, the Federal Circuit concluded that ConAgra's employee, and thus ConAgra, committed fraud on the PTO in obtaining a patent on an invention that the employee knew he did not first invent based on his knowledge of prior uses and sales of Unitherm's process. Although ConAgra presented competing evidence that the ConAgra employee did not know of the invention, the Federal Circuit nonetheless found that the jury could have reached its conclusion on the basis that it disbelieved all of ConAgra's competing evidence, while believing all of that presented by Unitherm.

Finding that ConAgra was properly stripped of its antitrust immunity, the Federal Circuit applied Tenth Circuit antitrust standing law and found that Unitherm sustained antitrust injury and, thus, had standing to bring the antitrust claim against ConAgra. However, the Federal Circuit found that Unitherm did not provide sufficient evidence regarding the relevant antitrust market definition. Specifically, the Federal Circuit found that Unitherm's expert's definition of the relevant market as one and the same as the patented subject matter was improper because it accounted only for technological, and not economic, substitutability. The Federal Circuit thus vacated the portion of the jury's verdict finding ConAgra liable for antitrust violations. The Federal Circuit vacated this portion of the verdict, as opposed to reversing, because ConAgra failed to move postverdict for a JMOL.

Applying Oklahoma state law to the tortious interference claim, the Federal Circuit found that the jury could have concluded that Unitherm possessed a valid business

expectancy and that ConAgra intentionally interfered with that expectation so as to cause damage to Unitherm. In particular, the Federal Circuit concluded that the proffered evidence regarding ConAgra's knowledge that Unitherm sold browning processes to precooked meat producers could have led a reasonable jury to conclude that Unitherm possessed a valid business expectancy. Further, the jury could have concluded that ConAgra's attempts to enforce its fraudulently obtained patent amounted to an intentional interference with Unitherm's business relationship with Jennie-O. The Federal Circuit thus affirmed the verdict against ConAgra for tortious interference and the consequent damages award.

## Case Remanded for Third Time

Robert C. Stanley

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

In *AFG Industries, Inc. v. Cardinal IG Co.*, No. 03-1078 (Fed. Cir. July 13, 2004), the Federal Circuit vacated a grant of SJ of noninfringement after construing a claim term and remanded the case for a third time.

U.S. Patent No. 4,858,532 ("the '532 patent") to AFG Industries, Inc. ("AFG") claims a transparent laminated product with a five-layer transparent coating composed of alternating zinc oxide and silver layers to assist in reducing heat transfer through the glass. Cardinal IG Company, Inc. ("Cardinal") markets a glass product produced by sputter deposition that permits materials, like silver, zinc, and titanium, to be deposited on the surface in either alternating or successive layers.

In the first appeal, the Court vacated a SJ of noninfringement and directed the trial court to precisely determine the meaning of the claim term "layer." In the second appeal,

the Court again vacated SJ of noninfringement, found the trial court's interpretation of the term "layer" erroneous, and specifically interpreted it to mean "a thickness of material of substantially uniform chemical composition, but excluding interlayers having a thickness not to substantially affect the optical properties of the coating."

Now, on the third appeal and after stressing that a product claim covers the inventive structure regardless of how it is made, the Court considered (1) whether successive depositions of zinc oxide constituted one or multiple layers, and (2) whether the layer of titanium oxide that Cardinal's process may also deposit constitutes a layer within the meaning of the '532 patent.

Cardinal argued that its successive deposition of zinc oxide constituted 3 to 4.5 layers, not just one layer, and, thus, was outside the scope of the '532 patent. Citing *3M Innovative Properties Co. v. Avery Dennison Corp.*, 350 F.3d 1365 (Fed. Cir. 2003), the Court found this construction would impermissibly adopt a process limitation in a product claim. By considering the method through which the zinc oxide was applied, the lower court erred because it did not determine if successive depositions create a unitary structure with the same optical properties. Thus, those depositions may or may not be multiple "layers," as the Court previously defined the term. In addition, evidence in the form of both internal Cardinal documents and analytical testing showed that successive depositions may in fact form a single layer. As such, a genuine issue of material fact existed that precluded the entry of SJ.

The Court also vacated SJ on the alternative basis that the titanium dioxide present in some of Cardinal's products may not constitute a "layer." Even though it noted that "composed of" excludes only "ingredients that would materially affect the basic and novel characteristics of the claimed composition," the Court found persuasive that not all of Cardinal's accused products actually contain titanium dioxide. Further, the Court

cited AFG's own expert testimony to support an argument that titanium deposition may affect the optical properties of the coating and thus be a "layer." Because the record did not show incontrovertible evidence that the titanium dioxide was not a "layer," the Court remanded for further analysis.

Judge Newman dissented, finding the meaning of "layer" to be "a relatively simple technical question" and the record sufficient-

ly developed to end the eight years of on-going litigation.

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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                            |