

# FINNEGAN

## LAST MONTH AT THE FEDERAL CIRCUIT

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## SPOTLIGHT INFO:

In *University of Pittsburgh v. Hedrick*, No. 08-1468 (Fed. Cir. July 23, 2009), the Federal Circuit affirmed the district court's ruling that University of Pittsburgh ("Pittsburgh") researchers completed conception of the claimed invention before defendant researchers contributed their efforts. Defendants argued that the Pittsburgh researchers' work was inconclusive and highly speculative until defendant researchers helped them confirm the claimed properties. The Court rejected defendants' argument that the Pittsburgh researchers must know with scientific certainty that the invention contained every limitation of the claim at the time of conception. The Court noted that proof that an invention works with scientific certainty is reduction to practice. In contrast, all that is required for conception is whether the idea expressed by the inventors was sufficiently developed to support conception of the subject matter. Accordingly, the Federal Circuit found the evidence showed that the Pittsburgh researchers had conceived the invention before defendants. See full summary below.

### Failure to Grant Trademarks Does Not Violate Applicant's Constitutional or Treaty-Based Rights

Jian Cui

**Judges: Mayer, Clevenger (author), Schall**

**[Appealed from TTAB]**

In *In re Shinnecock Smoke Shop*, No. 09-1100 (Fed. Cir. July 1, 2009), the Federal Circuit concluded that the TTAB did not err in affirming the rejection of the applicant's trademarks under section 2(a) of the Trademark Act because they falsely suggested a connection to a nonsponsoring Indian nation. The Court also held that the PTO's refusal to register the trademarks did not violate the applicant's due process and equal protection rights.

Jonathan K. Smith, a member of the Shinnecock Indian Nation, filed two trademark applications for the marks SHINNECOCK BRAND FULL FLAVOR and SHINNECOCK BRAND LIGHTS for cigarettes. Both marks included the wording "MADE UNDER SOVEREIGN AUTHORITY." The PTO refused to register the marks, citing 15 U.S.C. § 1052(a), which generally protects against registering marks that falsely suggest a connection to a nonsponsoring entity—in this case, the Shinnecock Indian Nation. Smith appealed to the TTAB, which affirmed. The TTAB also rejected the applicant's constitutional

and treaty-based claims related to his allegation of racial discrimination. Smith appealed.

On appeal, Smith did not contest that the marks falsely suggested a connection with the Shinnecock Indian Nation. Instead, he challenged the TTAB's determination that the Shinnecock Indian Nation is a "person[], living or dead, [or] institution[]" under § 1052(a). To construe the statute, the Court first looked to the plain meaning of the words. The Court concluded that the ordinary meaning of "institution" is broad enough to include a self-governing Indian nation. The Court also found this construction consistent with TTAB precedent that has specifically included Indian tribes under § 1052(a), and with the TTAB's general practice of construing the statute as broadly as applicable.

The Court rejected Smith's argument that the "institution" issue was not raised below. According to Smith, the examining attorney rejected the marks based on her conclusion that the Shinnecock Indian Nation falls under the statute's protection for "persons," and that the TTAB should not have affirmed the decision based on its "institution" determination. The Federal Circuit found that the "institution" issue was in play at the time of the initial rejection of Smith's marks, and that Smith understood that at the time.

The Federal Circuit next addressed Smith's contention that the PTO's refusal to register his marks, while granting supposedly similar marks

involving Indian tribe names to non-Indians, shows a pattern of racial discrimination that violated his constitutional and treaty-based rights. Specifically, Smith alleged that the PTO violated the Due Process and Equal Protection Clauses of the Fifth Amendment to the U.S. Constitution and the U.S. treaty obligations under the United Nations' International Convention on the Elimination of All Forms of Racial Discrimination ("CERD").

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"[I]t is entirely reasonable to assume that these registrations were issued not because the applicants therein were non-Indians, but because the elements of the Section 2(a) refusal were not or could not be proven by the Office." Slip op. at 6 (quoting *In re Shinnecock Smoke Shop*, 2008 WL 4354159, at \*6 (T.T.A.B. Sept. 10, 2008)).

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The Court found no due process violation because the applicant "was provided a full opportunity to prosecute [his] applications and to appeal the examining attorney's final rejections to the Board." Slip op. at 5 (alteration in original) (citing *In re Int'l Flavors & Fragrances Inc.*, 183 F.3d 1361, 1368 (Fed. Cir. 1999)). The Court considered Smith's allegations regarding similar marks irrelevant because each application must be considered on its own merits. Indeed, the Court explained that "[e]ven if all of the third-party registrations should have been refused registration under section 1052(a), such errors do not bind the [PTO] to improperly register Applicant's marks." *Id.* at 6.

The Court also rejected Smith's equal protection argument. The Court first found that "allegations of disparate treatment, even if accurate, do not diminish the Board's and Examining Attorney's legitimate, nondiscriminatory reasons for denying registration." *Id.* The Court concluded that the most Smith could establish is that the PTO should have rejected the other marks. The Court

also found that Smith's argument was founded on unsupported assumptions, such as that, unlike Smith, successful applicants were non-Indians and that is the reason their applications were not rejected. The Court further concluded that Smith made no showing that any of the other registered marks were registered without the consent of the named tribal entities and that Smith ignored substantive differences, either in the marks or in their associated goods and services, that might have made the other registrations less suggestive of a false connection.

In sum, the Court agreed with the TTAB that "[i]t is entirely reasonable to assume that these registrations were issued not because the applicants therein were non-Indians, but because the elements of the Section 2(a) refusal were not or could not be proven by the Office." *Id.* (alteration in original) (quoting *In re Shinnecock Smoke Shop*, 2008 WL 4354159, at \*6 (T.T.A.B. Sept. 10, 2008)).

The Court also found Smith's reliance on CERD unavailing because he failed to establish any racial discrimination and because he has no private right of action under CERD, which is not a self-executing treaty.

## Accused Device Infringes Where It Temporarily Meets the Claim Limitations

Tyler M. Akagi

**Judges: Michel, Schall, Linn (author)**

**[Appealed from W.D. Mich., Senior Judge Cohn]**

In *Gemtron Corp. v. Saint-Gobain Corp.*, No. 09-1001 (Fed. Cir. July 20, 2009), the Federal Circuit affirmed the district court's claim construction, grant of partial SJ of infringement by three accused products, denial of the defendant's motion for JMOL on infringement by another accused product, denial of the defendant's motion for JMOL on obviousness, denial of the defendant's motion for a new trial, and grant of a permanent injunction.

Gemtron Corporation (“Gemtron”) owns U.S. Patent No. 6,679,573 (“the ‘573 patent”), which is directed to a refrigerator shelf made up of two pieces, a one-piece open frame made of plastic and a glass panel. The claimed shelf secures the glass panel in the frame using “relatively resilient” fingers so that the glass panel is “snap-secured” into place. Gemtron accused Saint-Gobain Corporation (“Saint-Gobain”) of infringing claim 23 of the ‘573 patent. Under claim 23, the frame must include “a relatively resilient end edge portion which temporarily deflects and subsequently rebounds to snap-secure one of [the] glass piece front and rear edges.”

Saint-Gobain did not dispute that its accused refrigerator shelves met all of the limitations of claim 23 except for the “relatively resilient edge portion.” Slip op. at 5. The district court construed that limitation to mean “the end edge portion is sufficiently resilient that it can temporarily deflect and subsequently rebound when glass is being inserted into the frame.” *Id.*

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“Defining a structural component by its functional as well as its physical characteristics is different from defining a structure solely by the process by which it is made.” Slip op. at 11.

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Weighing the expert evidence submitted by both parties, the district court granted SJ that three of Saint-Gobain’s products infringed claims 23-30. Further accused products were added to the suit, after which the case proceeded to trial on one refrigerator shelf selected as representative of the added products. The jury entered a verdict that the accused shelf infringed claim 23 and that claim 23 was not invalid. Denying Saint-Gobain’s motions for a new trial and JMOL, the district court entered judgment in Gemtron’s favor and granted and then stayed a permanent injunction.

On appeal, the Federal Circuit affirmed on all counts. In the Court’s view, the district court properly construed “relatively resilient end edge portion which temporarily deflects and

subsequently rebounds to snap-secure.” Each party agreed that the term required the frame to be “relatively resilient” at some time, disputing only precisely *when* the frame must be flexible to satisfy the “relatively resilient” limitation. Looking to the claim language and specification, the Court noted that each consistently focuses on the characteristics of the frame during assembly. Moreover, the specification lacks any discussion of the value of the “relatively resilient” frame for anything other than assembly. Accordingly, the Court affirmed that the “relatively resilient” limitation means that “the end edge portion must be sufficiently resilient that it can temporarily deflect and subsequently rebound when glass is being inserted into the frame.” *Id.* at 10. Further, the Court specifically held that this construction did not transform the claim limitation into a “product-by-process” limitation. “Defining a structural component by its functional as well as its physical characteristics,” the Court held, “is different from defining a structure solely by the process by which it is made.” *Id.* at 11.

The Federal Circuit also upheld SJ of infringement and denial of Saint-Gobain’s post-trial motions regarding infringement. In the proceedings below, Saint-Gobain never disputed that the end portions of its accused frames can deflect to accommodate insertion of the glass during manufacture. Saint-Gobain’s only purported evidence to the contrary came in the form of unsworn attorney argument on appeal, which the Court disregarded. Moreover, the Court rejected Saint-Gobain’s argument that no infringing activities occurred in the United States simply because its refrigerator shelves, once imported, have cooled and are no longer flexible. Claim 23 requires only that “the frame of the claimed shelf has the structural characteristic of having been temporarily deflected and subsequently rebounded to snap-secure the glass at the time of manufacture.” *Id.* at 14. Because the shelves, when manufactured in Mexico, are heated, temporarily deflected, and subsequently rebounded when glass was being inserted into the frame, they satisfy the limitation. Saint-Gobain admitted to importation; therefore, even though it manufactured the shelves in Mexico, it infringed the ‘573 patent in the United States. Thus, the Court affirmed SJ of noninfringement of the three products

originally in suit, finding no genuine issue as to any material fact. In addition, substantial, uncontroverted evidence supported the jury's verdict that the representative Saint-Gobain shelf also infringed; therefore, the Court affirmed denial of Saint-Gobain's post-trial motions regarding infringement.

The Court further upheld denial of Saint-Gobain's post-trial motions for JMOL and for a new trial regarding invalidity. Saint-Gobain's sole argument—that Gemtron's expert testimony should have been excluded as directly contrary to the '573 patent—failed for two reasons. First, Saint-Gobain neglected to seek exclusion of the expert testimony at trial, thus waiving the argument. Second, Gemtron's expert testimony was not directly contrary to the '573 patent, as Saint-Gobain alleged.

Finally, the Court upheld without comment the district court's grant of a permanent injunction.

## Adding “.com” to a Descriptive Term Does Not Create Distinctiveness to Support Trademark Registration

Meenakshy Chakravorty

**Judges: Michel, Newman (author), Gajarsa**

### [Appeal from TTAB]

In *In re Hotels.com, L.P.*, No. 08-1429 (Fed. Cir. July 23, 2009), the Federal Circuit affirmed the TTAB's decision to refuse registration of the service mark HOTELS.COM for the services of “providing information for others about temporary lodging; travel agency services,” on the ground that the mark was a generic term for such services.

On application for registration, the examiner had denied registration on the ground that the mark was merely descriptive of hotel reservation services, and the applicant's evidence was insufficient to show acquired distinctiveness under section 2(f) of the Lanham Trademark

Act. The TTAB affirmed the rejection, holding that HOTELS.COM was a generic term for hotel information and reservations. The TTAB concluded that the dot-com suffix indicated only that it related to Internet commerce but did not convert the generic term “hotels” into a brand name.

On appeal, the Federal Circuit first noted that it is the PTO's burden to establish that a term is generic, and whether a particular term is generic is a question of fact. Slip op. at 3. Moreover, the Federal Circuit explained that the question of “[w]hether a term is entitled to trademark status turns on how the mark is understood by the purchasing public.” *Id.* at 5 (citing *In re Montrachet S.A.*, 878 F.2d 375, 376 (Fed. Cir. 1989)). The Federal Circuit also stated that it discerned “no error in the [TTAB's] consideration of the word ‘hotels’ for genericness separate from the ‘.com’ suffix.” *Id.* at 7.

In holding that the evidence relied on by the TTAB supported a prima facie case of genericness, the Federal Circuit found compelling the TTAB's demonstration that the components of the term “hotels.com” were used in various domain names, such as [www.all-hotels.com](http://www.all-hotels.com) and [www.web-hotels.com](http://www.web-hotels.com), as well as other websites that provided hotel information and reservation services. *Id.* at 8. The Federal Circuit also highlighted the TTAB's finding that the applicant's website and promotional materials, as well as the websites of third parties, clearly indicated that “consumers who [were] interested in finding information about hotels or making reservations at hotels, would immediately understand that HOTELS.COM identify[d] a website that provides such services.” *Id.*

Moreover, in commenting on the applicant's presentation of rebuttal evidence in the form of a consumer research survey, the Federal Circuit emphasized that the “[s]urvey evidence [was] subject to review for its probative value, based on factors including the design of the survey, the questions asked, and the experience of the surveyor.” *Id.* at 10. Additionally, the Federal Circuit favorably noted the TTAB's reasoning that “consumers may automatically equate a domain name with a brand name,” and its findings that (1) the survey questions “radically skew[ed] the

results of the survey in applicant's favor," (2) the survey did not establish that the public viewed HOTELS.COM as a brand name for services from a unique source, and (3) the survey did not adequately reflect the difference between a brand name and a domain name. *Id.* (alteration in original).

Finally, based on the entirety of the evidence before the TTAB, the Federal Circuit held that the TTAB could reasonably have given controlling weight to the large number of similar usages of "hotels" with a dot-com suffix, the common meaning and dictionary definition of "hotels," and the standard usage of ".com" being indicative of a commercial Internet domain in order to conclude that HOTELS.COM was a generic term for hotel information and reservations, and therefore deny registration of the mark HOTELS.COM. *Id.* at 10-11. Accordingly, the Court affirmed the refusal of the registration.

## Proof to a Scientific Certainty Not Always Required for Conception

*Bart A. Gerstenblith*

**Judges: Mayer (author), Rader, Bryson**

**[Appealed from C.D. Cal., Senior Judge Marshall]**

In *University of Pittsburgh v. Hedrick*, No. 08-1468 (Fed. Cir. July 23, 2009), the Federal Circuit affirmed the district court's ruling that University of Pittsburgh ("Pittsburgh") researchers Adam J. Katz and Ramon Llull completed conception of the claimed invention before Marc H. Hedrick, Prosper Benhaim, Hermann Peter Lorenz, and Min Zhu contributed their efforts.

Drs. Katz and Llull, researchers at Pittsburgh, began a project in 1996 involving cells from human liposuctioned adipose tissue. They observed that under certain conditions, mature fat cells called adipocytes would transform into a more primitive cell having a fibroblast-like appearance, and under other circumstances, these primitive cells could transform back

to mature adipocytes. They referred to these phenomena as de-differentiation and re-differentiation. By late 1996, they had developed a method to isolate these de-differentiated cells from liposuctioned tissue's stromal vascular fraction.

By 1997, Katz and Llull had explored the idea that these cells could "transdifferentiate" into lineages other than adipocyte cells, including bone, cartilage, and muscle. They recorded their observations, including that their cells appeared to change to the shape and form of nonadipose cells, contemporaneously in laboratory notebooks, a January 1997 invention disclosure for their cell isolator device, and a document titled "What's So Great About Fat?" in February 1997.

On January 20 and 24, and February 6, 1997, Katz wrote in his laboratory notebook that he had experimented with media to induce his cells to differentiate into muscle. In other entries, Katz described media and protocols that differentiated the cells into bone, muscle, fat, cartilage, and nerve cells. While not scientifically certain, he and Llull believed that they had observed cells changing into cells resembling muscle and fat cells. By April 1997, they had the firm and definite idea that the cells were human, could be genetically modified, secreted hormones, and contained cell-surface bound intracellular signaling moieties, all properties known at the time to scientists in the field.

In July 1997, Hedrick joined the Pittsburgh laboratory for a yearlong fellowship. During his time in the lab, Katz submitted a grant proposal summarizing his work with Llull. While some researchers other than Katz and Llull were listed in the proposal, Hedrick was not. Hedrick was also not mentioned in Katz's laboratory notebook in connection with any work on adipose-derived stem cells, though other researchers involved in the work were mentioned. Hedrick, however, wrote his own research proposal setting forth some experiments on Katz's cells. In April 1998, Katz, Llull, and Hedrick submitted an invention disclosure to Pittsburgh stating that the isolated cells could be induced to transform into fat, bone, cartilage, and muscle tissues, and listed the first date of conception as October 1996.

In March 1999, Pittsburgh filed a provisional patent application, claiming a method of differentiating adipose-derived stem cells into bone, fat, cartilage, and muscle. The application listed Katz, Llull, William Futrell, and Hedrick as inventors. In October 1999, they filed a second provisional patent application listing the same inventors, acknowledging ongoing experimentation to find the cells in human liposuctioned fat tissue and the similarities to bone marrow-derived mesenchymal stem cells. In March 2000, Pittsburgh filed an international patent application listing all seven named inventors: Katz, Llull, Futrell, Hedrick, Benhaim, Lorenz, and Zhu. This application issued as U.S. Patent No. 6,777,231 (“the ‘231 patent”).

On October 29, 2004, Pittsburgh filed suit seeking to remove named inventors Futrell, Hedrick, Benhaim, Lorenz, and Zhu. Futrell voluntarily dismissed himself from the suit, leaving the Regenerative Bioengineering and Research (“REBAR”) researchers as the only defendants.

Before the district court, the parties disputed the constructions of several terms, including the term “adipose-derived,” which is present in each claim of the ‘231 patent. The REBAR researchers argued that the construction should be limited to a “species of stem cell distinct from the mesenchymal stem cell that is obtainable from bone marrow tissue.” Slip op. at 6. Katz and Llull argued for a plain meaning: cells “derived from fat tissue.” *Id.* The district court adopted Katz and Llull’s proposed construction after determining that the specification supported the plain meaning and that there was no disavowal of any other meaning during prosecution.

The district court then found that Katz and Llull conceived the claimed invention as construed prior to Hedrick’s arrival at Pittsburgh. The district court also found that Katz’s laboratory notebooks would have enabled a scientist skilled in the field to isolate his adipose-derived cells and differentiate them into each of the lineages claimed in the ‘231 patent. The REBAR researchers appealed the construction of “adipose-derived” and the district court’s finding that they were not joint inventors of the claimed invention.

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“Knowledge in the context of a possessed, isolated biological construct does not mean proof to a scientific certainty that the construct is exactly what a scientist believes it is.” Slip op. at 13.

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The Federal Circuit affirmed the district court’s decision. First, the Court rejected the REBAR researchers’ arguments attempting to limit the meaning of the claim term “adipose-derived” based on the specification and prosecution history. The Court found that the specification did not say that the cells are a separate species from mesenchymal stem cells collected from bone marrow, as the REBAR researchers argue—just that those derived from bone marrow have different isolation requirements than those derived from adipose tissue. Additionally, the Federal Circuit could not impute a reason for the difference in isolation requirements of cells harvested from bone marrow versus those harvested from adipose tissue by requiring them to be of a separate species. The Court noted that the fact “[t]hat other similar prior art cells are described differently than the inventive cells [did] not rise to an intent to deviate from the meaning of the terms describing the inventive cells.” *Id.* at 9 (citing *Voda v. Cordis Corp.*, 536 F.3d 1311, 1320 (Fed. Cir. 2008)).

Further, the Court rejected the REBAR researchers’ argument that Katz and Llull clearly and unambiguously disclaimed any construction of “adipose-derived” that could read on prior art mesenchymal stem cells when they overcame an examiner’s rejection by introducing the term “adipose-derived.” Contrary to the REBAR researchers’ argument that the interview summary reflected a disclaimer of claim scope, the Federal Circuit found that the summary did not state why the adipose-derived stem cells in the invention were distinct from mesenchymal stem cells and thus did not explicitly characterize the invention at all, let alone in a specific manner to overcome prior art. Thus, the Court concluded that “[a] wide chasm exists between the weak inference from the summary that

adipose-derived stem cells in this invention must be a different species from mesenchymal stem cells and a clear and unmistakable disavowal as required to limit a claim term.” *Id.* at 10.

Second, the Federal Circuit reviewed de novo the ultimate question of inventorship and the underlying facts for clear error. The Court found that the district court correctly applied the law of inventorship in determining that Katz and Llull conceived of each element of each claim of the invention. Instead of challenging the district court’s specific factual findings on conception, the REBAR researchers argued that Katz and Llull’s research was inconclusive until Hedrick and the other researchers added their efforts. Specifically, they argued that Katz and Llull’s work remained “highly speculative” through the end of Hedrick’s fellowship and that Katz and Llull were required to “know” that the invention contained every limitation of each claim at the time of conception, but that the evidence did not establish that they had this knowledge until the REBAR researchers helped them confirm the claimed properties.

The Court rejected the REBAR researchers’ argument because it was premised upon a misapprehension of what it means to “know” the limitations of the claims. “Knowledge in the context of a possessed, isolated biological construct does not mean proof to a scientific certainty that the construct is exactly what a scientist believes it is.” *Id.* at 13. “Proof that the invention works to a scientific certainty is reduction to practice.” *Id.* Therefore, because the district court found evidence that Katz and Llull had formed a definite and permanent idea of the cells’ inventive qualities, and had in fact observed them, the Court found it was immaterial that their knowledge was not scientifically certain and that the REBAR researchers helped them gain such scientific certainty. As the Court stated, “The determinative inquiry is not whether [the inventor’s] disclosure was phrased certainly or tentatively, but whether the idea expressed therein was sufficiently developed to support conception of the subject matter.” *Id.* at 14 (alteration in original) (quoting *In re Jolley*, 308 F.3d 1317, 1324 (Fed. Cir. 2002)). Given the district court’s finding that Katz’s laboratory notebooks sufficiently described to those skilled in the art how to isolate the cells from adipose

tissue, they had disclosed a “completed thought expressed in such clear terms as to enable those skilled in the art to make the invention.” *Id.* (quoting *Coleman v. Dines*, 754 F.2d 353, 359 (Fed. Cir. 1985)).

Finally, the Federal Circuit rejected the REBAR researchers’ argument that the district court improperly supplemented Katz and Llull’s conception with knowledge that a skilled artisan would have had at the time when no corroborating evidence of their own knowledge was produced. The Court explained that evidence need not always expressly show possession of the invention to corroborate conception, and a court may properly weigh evidence that a claimed attribute is merely an obvious property of a greater discovery at issue. The Court then found that it was not improper for the district court to recognize that skilled artisans at the time of the alleged conception would have known the obvious properties.

## Means-Plus-Function Claim Indefinite Where Cited Structure Describes Outcome Rather Than Means for Achieving Outcome

*Charles Huang*

**Judges: Bryson (author), Moore, Cudahy (Senior Circuit Judge sitting by designation)**

**[Appealed from E.D. Tex., Judge Clark]**

In *Blackboard, Inc. v. Desire2Learn Inc.*, Nos. 08-1368, -1396, -1548 (Fed. Cir. July 27, 2009), the Federal Circuit affirmed the district court’s grant of SJ that certain claims of U.S. Patent No. 6,988,138 (“the ‘138 patent”) are indefinite but reversed the district court’s denial of JMOL on three other claims that the Federal Circuit concluded are anticipated as a matter of law.

Blackboard, Inc. (“Blackboard”) sued Desire2Learn Inc. (“Desire2Learn”) for infringing the ‘138 patent, which is directed to an Internet-based educational support system and related methods. After a *Markman* hearing, the



district court entered partial SJ for Desire2Learn, holding claims 1-35 of the '138 patent invalid for indefiniteness. A jury then found claims 36-38 valid and infringed. An important issue at trial was whether the asserted claims of the '138 patent require that a person be able to use a "single login" to access multiple courses and multiple roles in those courses. Blackboard asserted, for example, that the claimed method would allow a graduate student who was a student in one course and a teacher in another to use a single login to access both courses and the materials for each course according to the graduate student's role in each.

Desire2Learn filed motions for JMOL, contending that claims 36-38 were anticipated and obvious, which the district court denied. The district court agreed with Blackboard that the asserted claims require that the recited method permit access to multiple courses and roles through a single login. Desire2Learn appealed the JMOL decision and Blackboard cross-appealed the district court's SJ ruling of indefiniteness. Blackboard separately appealed the district court's denial of an award of costs related to certain discovery expenses.

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**"[W]hen a computer is referenced as support for a function in a means-plus-function claim, there must be some explanation of how the computer performs the claimed function." Slip op. at 23.**

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On appeal, Desire2Learn argued that two prior art references anticipate claims 36-38 as a matter of law. That argument turned on whether those claims contain the "single login" limitation. In concluding they do not, the Court applied the doctrine of claim differentiation to language recited in both independent claims 1 and 36. The Court concluded that construing the language in claim 1 to require access to all courses with a single login would make dependent claim 25 redundant because claim 25 adds the requirement that, after a single login, the user be provided with access to all courses and course files with which that user is associated.

The Court also rejected Blackboard's argument that the term "user" means an electronic account that allows access to multiple courses and roles through a single login. The Court found that "the specification makes clear that the word 'user' refers to a flesh-and-blood person and not an electronic representation of that person." Slip op. at 7. Similarly, the Court was not persuaded that the phrase "capable of having predefined characteristics indicative of multiple predetermined roles in the system" in claim 36 requires that the claimed method include the "single login" capacity. Finally, the Court disagreed with Blackboard that the language "according to the established roles for the users according to step (a)," which appears in claim 36, requires each user to gain access to all of the multiple roles with a single login.

Turning to the prosecution history of the '138 patent, the Court considered the examiner's "somewhat cryptic" remarks in two interview summaries concerning the "multiple roles" limitation. *Id.* at 10. The Court concluded that the statements referred to enabling users to have multiple roles rather than a single role and did not refer to the capability of accessing these multiple roles with a single login.

Finally, the Court rejected Blackboard's argument that Desire2Learn waived its validity challenge, finding that Desire2Learn presented its argument about the absence of the single login requirement "with sufficient timeliness and clarity" in the district court proceedings. The Court also concluded that Desire2Learn's Rule 50(a) motions on both anticipation and obviousness were sufficient under Fifth Circuit law to preserve Desire2Learn's right to make a JMOL after trial.

Based on the testimony of Blackboard's witnesses and the documentary evidence that was presented to the jury, the Federal Circuit concluded that claims 36-38, as properly construed, are anticipated as a matter of law by the two references cited by Desire2Learn. Accordingly, the Court reversed the district court's failure to grant JMOL.

In its cross-appeal, Blackboard challenged the district court's ruling that claims 1-35 of the '138 patent are invalid for indefiniteness.

The district court held that the specification contained insufficient structure to support one of the means-plus-function limitations found in claim 1 of the '138 patent and, by incorporation, in dependent claims 2-35. Blackboard argued that the structure that performs the "assigning" function is the server computer's software feature known as the "access control manager" or "ACM." The Court, however, found that the specification contains no description of the structure or process that the access control manager uses to perform the assigning function. Further, the Court found that, in district court, Blackboard's expert and counsel described the access control manager as "any computer-related device or program that performs the function of access control." *Id.* at 22. The Court reminded that, under its holdings in *Aristocrat Technologies Australia Pty Ltd. v. International Game Technology*, 521 F.3d 1328, 1331 (Fed. Cir. 2008), and *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359 (Fed. Cir. 2008), "when a computer is referenced as support for a function in a means-plus-function claim, there must be some explanation of how the computer performs the claimed function." Slip op. at 22-23.

Blackboard pointed to a sentence in the specification that states, "Education support system 100 provides multiple levels of access restrictions to enable different types of users to effectively interact with the system (e.g. access web pages, upload or download files, view grade information) while preserving confidentiality of information." *Id.* at 24. The Court concluded that this sentence "describes an outcome, not a means for achieving that outcome," and thus is impermissible under the Court's holding in *Aristocrat*. *Id.* (quoting *Aristocrat*, 521 F.3d at 1334). The Court also found that Blackboard's argument that the process of putting together control lists through software is well known to a person of ordinary skill in the art conflated the definiteness requirement of § 112, ¶¶ 2 and 6, and the enablement requirement of § 112, ¶ 1. The Court reminded that "[a] patentee cannot avoid providing specificity as to structure simply because someone of ordinary skill in the art would be able to devise a means to perform the claimed function," because doing so "would allow the patentee to claim all possible means of achieving a function." Slip op. 25-26. For these

reasons, the Court concluded that the '138 patent disclosed insufficient structure to perform the "assigning" function and affirmed the district court's decision that claims 1-35 are invalid as indefinite.

Because the Court found claims 36-38 anticipated, it declined to address Desire2Learn's assertion that the claims are obvious and the parties' contentions with respect to infringement of those claims. The Court also dismissed as moot Blackboard's appeal pertaining to the award of costs in the district court.

## Federal Circuit Construes Claims in First Instance to Determine Issue of Infringement

Jessica R. Underwood

**Judges: Newman, Schall, Patel (author, District Judge sitting by designation)**

**[Appealed from D. Utah, Senior Judge Jenkins]**

In *Wavetronix v. EIS Electronic Integrated Systems*, Nos. 08-1129, -1160 (Fed. Cir. July 29, 2009), the Federal Circuit affirmed the district court's finding of noninfringement. Wavetronix LLC ("Wavetronix") sued EIS Electronic Integrated Systems ("EIS") for infringing U.S. Patent No. 6,556,916 ("the '916 patent"). Claim 1 of the '916 patent, the only independent claim in dispute, is directed to a system for monitoring the flow of automobile traffic by "generating a probability density function estimation" from the positions of multiple vehicles and defining the traffic lanes from the "probability density function estimation." Wavetronix accused the automatic setup of EIS's Remote Traffic Microwave Sensor ("RTMS") device of infringing the '916 patent literally or under the DOE.

Wavetronix's '916 patent is directed to "teaching" a traffic monitoring device the location of the traffic lanes on a given thoroughfare using detection and observation of actual automobile traffic. Slip op. at 4. Multiple

histograms display a two-dimensional grid with peaks and valleys representing the relative heaviness of vehicle traffic across a set of “range bins” representing spatial distances from the sensor. The specification teaches that these histograms exemplify the “probability density function estimation” recited in claim 1.

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“Although claim construction is a question of law, we generally refuse to construe claims in the first instance.” Slip op. at 14.

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EIS’s RTMS device also counts vehicles in several lanes of thoroughfare. The initial determination of lane locations may occur manually or via the “Setup Wizard,” the feature of EIS’s device that Wavetronix accuses of infringement. The Setup Wizard informs the installer how many lanes to expect, and the RTMS monitors and detects the signals, while the Setup Wizard processes the data. As data are compiled, the Setup Wizard identifies “local maxima” for each increment of time. *Id.* at 8. A local maximum is identified when the value at a particular position in the increment of time is greater than the values at the positions to the immediate left or right. After identifying all the local maxima present during a particular interval, the Setup Wizard ignores everything except the “first” local maximum, which is the local maximum nearest to the sensor. The next step involves an array called the “NAMP array,” which Wavetronix contends generates a probability density function estimation. The NAMP array adds up the number of first local maxima per position over the course of the setup period. The system records first local maxima, not discrete automobiles.

The district court granted SJ of noninfringement to EIS. The district court also granted SJ to Wavetronix on EIS’s best mode and inequitable conduct defenses. The district court did not enter an order on claim construction.

On appeal, the Federal Circuit reminded that an infringement analysis involves a two-step process: the court first determines the meaning of disputed claim terms and then compares

the accused device to the claims as construed. The Court noted that the district court did not construe claim 1’s “probability density function estimation” limitation. The Court noted that it generally refused to construe claims in the first instance but indicated that it would construe the claim term here for three reasons. First, the district court’s opinion referenced the question of claim construction without construing the term, and the Court determined that it was apparent that the district court’s views on the matter had been exhausted. Second, both parties agreed that the Court should construe the claim limitation. Third, the record contained considerable evidence and expert testimony to allow the Court to construe the claim without prejudicing either party.

The parties agreed on the definition of probability density function (“PDF”) but disputed the definition of probability density function estimation (“PDFE”). EIS focused on “probability” and argued that a PDFE must represent a probabilistic analysis. On the other hand, Wavetronix argued that an “estimate” of a PDF does not need all the characteristics of an actual PDF, including estimating the actual probability that a vehicle has driven in a given lane. Wavetronix’s argument provided that any histogram that allowed for an estimation of lane boundaries was a PDFE because any graph that allowed for lane detection must have some correlation with the number or probability of cars in each lane.

The ‘916 patent does not explicitly define PDFE. The specification refers to a PDF “as estimated,” “PDF estimation,” a “PDF estimator,” and “estimated PDFs.” In certain places, the specification refers to PDF and PDFE interchangeably. The Court stated that the concept of “PDF” was defined with greater clarity in the specification than “PDFE.” The specification describes PDF in terms of a graph in which enough data are collected to observe peaks, which represent the centers of lanes, and valleys, which represent the lane boundaries or edges.

The Court held that the difference between the two concepts was that a PDF is a mathematical

function, whereas a PDFE is an approximation of such a function using actual finite data. A PDFE is an estimate of a PDF because the PDFE is based on actual data points rather than a perfectly smooth mathematical model. But a PDFE also compares values across a range of positions like a PDF. Because the Court found that a PDFE must estimate a PDF with sufficient precision to indicate both where vehicles are located and where they are not, the Court construed PDFE to be “a finite data set large enough to approximate a function of a continuous variable whose integral over a region gives the probability that a random variable falls within the region.” *Id.* at 20.

Having construed PDFE, the Court turned to the issue of infringement. Regarding literal infringement, Wavetronix contended that the Setup Wizard used the NAMP array to define traffic lanes, as recited in claim 1. Wavetronix further argued that the accused device used detections of first local maxima to conclude “it [was] probable” that vehicles travelled in certain range slices. *Id.* at 21. EIS responded that the accused device performed no probability analysis and, indeed, no such probability analysis could be performed using the NAMP array. Instead, EIS asserted that the NAMP array collected data for a number of bins corresponding to spatial positions, but those data could not fairly be said to represent probabilities.

The Court held that the PDFE claim term required a representation of vehicle frequencies across a range of positions with sufficient detail to provide meaningful information about where traffic lanes began and ended. The Court noted that the parties were in agreement regarding how the accused system operated, and the processing of the sensor data in the NAMP array, which was used to select lanes, did not involve comparisons among values for the range slices. The Court stated that there was only one value per lane, and, therefore, the peak and the valley represented whole lanes rather than lane centers or boundaries. Thus, the Court found that the NAMP array was too coarse to be a PDFE in the sense required by the '916 patent, and the RTMS device did not literally infringe the '916 patent.

Wavetronix next argued that the district court did not give adequate consideration to the possibility of DOE. EIS contended that Wavetronix waived the argument. The Court held that there was no infringement by equivalents, assuming, without deciding, that Wavetronix did not waive the argument. The Court held that the Setup Wizard did not define lanes in substantially the same way as the patented method because it simply confirmed whether the range slices of a uniform width were aligned with actual traffic lanes on a one-to-one basis. The Setup Wizard's determination of where lanes were located was made in relation to a specific threshold rather than as a comparison between different range slices. The Court reasoned that the peaks and valleys that are critical to the method of the '916 patent were irrelevant to the way the Setup Wizard used data to select lanes.

Accordingly, the Court affirmed the district court's finding of noninfringement. The Court also affirmed that EIS could not prevail on its inequitable conduct and best mode counterclaims.

## Date for Timely Appealing Board Decision Runs from the Date the Board Mails Its Decision

Marya K. Jones

**Judges: Michel (author), Rader, Dyk (dissenting)**

### [Appealed from Board]

In *In re McNeil-PPC, Inc.*, No. 08-1546 (Fed. Cir. July 31, 2009), the Federal Circuit held that the date from which the time is set to file an appeal from decisions by the Board is the date the decision was mailed. Concluding that McNeil-PPC, Inc. (“McNeil”) had timely appealed the Board's decision, the Court then reversed the Board's decision upholding the examiner's anticipation and obviousness rejections of claims 1, 3, and 4 of U.S. Patent No. 6,310,269 (“the '269 patent”) on reexamination.

The claims at issue are directed to a tampon for feminine hygiene having a solid fiber core with longitudinal ribs that extend radially outward. During reexamination of the '269 patent, the examiner rejected claims 1 and 3 as anticipated and claim 4 as obvious in view of unexamined Japanese Application No. 55-168330 by Tetsu Sasaki ("Sasaki"), which describes stitching together layers of material to make a tampon blank, which is then molded into a finished tampon.

McNeil appealed the examiner's rejections to the Board. The Board affirmed the examiner's rejection, stating that "Sasaki reasonably appears to depict a tampon having a generally cylindrical absorbent portion with a generally cylindrical compressed solid fiber core from which longitudinal ribs extend radially outward." Slip op. at 3 (citing *Ex parte McNeil-PPG, Inc.*, No. 07-3158, 2007 WL 3325022 (B.P.A.I. Nov. 8, 2007)). McNeil then filed a request for rehearing, but the Board denied the request.

The typed date on the face of the Board's denial is "May 30, 2008," and the online "Transaction History" lists the date for the entry "Mail BPAI Decision on Reconsideration – Denied" as "May 30, 2008." *Id.* The mailing sheet for the order, however, is dated "June 2, 2008," and the online "image file wrapper" lists the "Mail Room Date" of the decision as "June 2, 2008." *Id.* at 4. McNeil filed a notice of appeal on August 1, 2008. The Director objected to the appeal as untimely as it was filed more than sixty days after the Board's decision on May 30, 2008.

The Federal Circuit first addressed whether McNeil's appeal was timely because "[c]ompliance with the PTO rules regarding the time for an appeal is required by statute, and while the Director can grant extensions of time, [the Court] cannot." *Id.* (citing *In re Reese*, 359 F.2d 462, 463 (C.C.P.A. 1966) (per curiam)).

The relevant regulation governing the time for appealing a decision by the Board states in pertinent part: "The time for filing the notice of appeal to the U.S. Court of Appeals for the Federal Circuit (§ 1.302) or for commencing a civil action (§ 1.303) is two months from the date

of the decision of the Board of Patent Appeals and Interferences. If a request for rehearing or reconsideration of the decision is filed within the time period provided under § 41.52(a), § 41.79(a), or § 41.127(d) of this title, the time for filing an appeal or commencing a civil action shall expire two months after *action on the request.*" *Id.* at 5 (citing 37 C.F.R. § 1.304(a)(1) (emphases added)).

The Court noted that the first sentence of the regulation uses the phrase "date of the decision" to set the time to appeal, while the second sentence of the regulation employs "action on the request." The Court determined, however, that the intent of both phrases was the same. Specifically, the Court stated "that the same sixty-day rule (and not some shorter time period) applies." *Id.* Thus, the Court focused on the phrase "the date of the decision" and concluded that the meaning of that phrase was the crucial issue. Essentially, the Court had to decide whether May 30, 2008, or June 2, 2008, represented "the date of the decision."

In deciding this issue, the Court relied on a declaration presented by McNeil from a previous member of the Board, who opined that "perhaps one of the members of the Board panel decided to revise the opinion or reconsider it over the weekend of May 31 and June 1, 2008." *Id.* at 6. The Court concluded that, based on the evidence before it, "it appears that only when an opinion is released to the public (or at least the parties) is it truly decided—until then, it is possible for the Board to decide to revise it." *Id.*

The Court noted that the "Transaction History," which listed the "Mail BPAI Decision on Reconsideration – Denied" as "May 30, 2008," supported the PTO's position. However, because both parties seemed to agree that the decision was mailed on June 2, 2008, the Court determined that the "Transaction History" was inaccurate.

The Court then considered its prior decision in *Barbacid v. Brown*, 223 F. App'x 972 (Fed. Cir. 2007), an unpublished order cited by the PTO. In *Barbacid*, the Board mailed its decision to Brown but not to Barbacid. Barbacid appealed upon

learning of the Board's decision, but the Court deemed the appeal untimely, stating that "[t]he time is not measured from the date of receipt of the Board's decision but from the date of the decision itself." *Id.* at 7 (quoting *Barbacid*, 223 F. App'x at 973). The Court pointed out, however, that in *Barbacid*, they did not specify what "the date of the decision" was. Further, the Court noted that the timeliness of *Barbacid*'s appeal was not just a matter of a few days, unlike the instant case.

The Court found that because the "Transaction History" page appeared inaccurate and that McNeil's declaration, corroborated by the "image file wrapper," offered the most plausible explanation for the different dates, "the Board issued its decision on McNeil's request on June 2, 2008, and that the Board therefore decided this case on June 2, 2008, not May 30." *Id.* Thus, the Court concluded that McNeil's appeal was timely.

The Court next turned to the merits, determining whether there was substantial evidence that supported the Board's finding that a tampon with the characteristics claimed by McNeil was anticipated by Sasaki. *Id.* at 7-8 (citing *In re Graves*, 69 F.3d 1147, 1151 (Fed. Cir. 1995)). The Court established that there was not substantial evidence to support the Board's determination. Specifically, the Court concluded that Sasaki does not disclose a tampon with ribs that are compressed less than the fiber core as claimed in the '269 patent and observed that it was not clear that Sasaki's tampon even has a "core." The Court further noted that Figure 8 in Sasaki suggests that the tampon is composed solely of six ribs. Thus, the Court concluded that not only was there not substantial evidence but, "indeed, no evidence, that Sasaki discloses ribs 'compressed less than the fiber core' or 'a generally cylindrical compressed, solid fibre core.'" *Id.* at 10. In addition, because the Court determined that it was unclear whether Sasaki's tampon had a core and which portions of the tampon were the ribs, the Court also stated that there was not substantial evidence to support the Board's contention that Sasaki disclosed ribs separated from each other more at the proximal than the distal end, as claimed in the '269 patent. Thus, the Court reversed the Board's rejection

of claim 1, and because claims 1, 3, and 4 stood or fell together, the Court also reversed the rejections of claims 3 and 4.

In a dissenting opinion, Judge Dyk disagreed with the majority's conclusion that McNeil's appeal was timely filed. Judge Dyk argued "that the plain language of the statute and regulation state, the relevant date is the 'date of decision,' not the date of mailing." Dyk Dissent at 3. Judge Dyk noted that "[i]f Congress and the PTO had intended to refer to the mailing date, they could easily have done so." *Id.* In support of that contention, Judge Dyk pointed to 37 C.F.R. §§ 1.181(f), 1.97(c), and 2.105(a) as regulations that prescribe the mailing date as the date from which a deadline is set. Thus, Judge Dyk determined that May 30, 2008, the date listed on the face of the opinion as the date it was decided, should be deemed "the date of the decision."

Judge Dyk also argued that prior decisions had addressed this issue and had rejected the majority's approach. Specifically, *Burton v. Bentley*, 14 App. D.C. 471, 1899 WL 16315 (C.A.D.C. 1899), involved determining the deadline to appeal a PTO decision when the mailing date and the date on the decision were different. The Court of Appeals for the District of Columbia "held that the relevant date was the date the order was made and signed by the deciding official, and that a two-day clerical delay in mailing the order was irrelevant to the date of decision." Dyk Dissent at 4. In addition, Judge Dyk pointed to *In re Reese*, 359 F.2d 462, 463 (C.C.P.A. 1966), in which the Court of Customs and Patent Appeals "referred to the relevant 'date of the decision appealed from' . . . as the date the decision itself was dated." Dyk Dissent at 5 (citation omitted). Lastly, Judge Dyk noted the decision in *Barbacid*. In *Barbacid*, the Court stated that the time for filing an appeal to the Court "is not measured from the date of receipt of the Board's decision but from the date of the decision itself." *Id.* (quoting *Barbacid*, 223 F. App'x at 973).

Judge Dyk concluded that the appeal should be dismissed because May 30, 2008, was the date of the decision and the Court lacked jurisdiction pursuant to the untimely filed notice of appeal.

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## Abbreviations

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 and Drug Administration  
IDS ..... Information Disclosure Statement  
ITC ..... International Trade Commission  
JMOL ..... Judgment as a Matter of Law  
MPEP ..... Manual of Patent Examining Procedure  
NDA ..... New Drug Application  
PCT ..... Patent Cooperation Treaty  
PTO ..... United States Patent and Trademark Office  
SJ ..... Summary Judgment  
TTAB ..... Trademark Trial and Appeal Board

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## Looking Ahead

On August 21, 2009, the Federal Circuit granted a petition for rehearing en banc in *Ariad Pharmaceuticals, Inc. v. Eli Lilly & Co.*, No. 08-1248. The Court vacated its April 3, 2009, opinion, in which it had reversed the district court and granted Eli Lilly and Company's motion for JMOL that Ariad Pharmaceuticals, Inc.'s U.S. Patent No. 6,410,516 failed to meet the written description requirement of 35 U.S.C. § 112. The Court ordered the parties to file new briefs that address the following issues:

- 1) Whether 35 U.S.C. § 112, ¶ 1, contains a written description requirement separate from an enablement requirement?
- 2) If a separate written description requirement is set forth in the statute, what is the scope and purpose of the requirement?

The Court has not yet set a date for oral argument.