

# FINNEGAN

## LAST MONTH AT THE FEDERAL CIRCUIT

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# SPOTLIGHT INFO:

In *Cooper Technologies Co. v. Dudas*, No. 08-1130 (Fed. Cir. Aug. 19, 2008), the Federal Circuit affirmed the district court's grant of SJ to the PTO, rejecting a challenge to an inter partes reexamination. Specifically, the Court agreed with the PTO's interpretation that inter partes reexamination is available for all patents in a chain of priority filed after November 29, 1999, not only when the first application in the chain is filed after that date. The PTO applied its interpretation of "original application" as including "first filed applications, continuations, divisionals, continuations-in-part, continued prosecution applications and the national stage phase of international applications," and denied Cooper's petition. Slip op. at 2. Cooper responded by filing suit in the district court, challenging the PTO's interpretation under the APA. On appeal, the Federal Circuit affirmed the PTO's interpretation of "original application." The Court found that such interpretation was a procedural determination entitled to *Chevron* deference. See full summary below.

## Ignoring Materiality Prong and Misapplying Intent Prong of Inequitable Conduct Test Requires Reversal

Ariana G. Woods

**Judges: Newman, Friedman, Rader (author)**

**[Appealed from D. Ariz., Judge Real]**

In *Research Corp. Technologies, Inc. v. Microsoft Corp.*, No. 06-1275 (Fed. Cir. Aug. 1, 2008), the Federal Circuit reversed a district court's finding of inequitable conduct and grant of SJ of invalidity and noninfringement. The Court also vacated the award of attorneys' fees based on the district court's exceptional case finding.

Research Corporation Technologies, Inc. ("RCT") sued Microsoft Corporation ("Microsoft") for infringement of six patents that relate to image halftoning technology used in computers and printers. While RCT was originally awarded partial SJ of infringement, the case was transferred to a new trial judge who, without opinion, reversed the prior judge's grant of SJ to RCT and instead granted Microsoft's motions for SJ of noninfringement and invalidity. At Microsoft's request, the new judge also held a one-hour trial on inequitable conduct. At this trial, RCT was barred from presenting expert testimony on materiality and was allowed to present only inventor testimony about candor and good faith. After the trial, the judge ruled from the bench that RCT's patents were unenforceable due to inequitable conduct based on the inventors' failure to disclose postfiling tests to the PTO.

On appeal, the Federal Circuit began by examining inequitable conduct, noting that a finding of inequitable conduct requires clear and convincing evidence that the patent applicant (1) made an affirmative misrepresentation of material fact, failed to disclose material information, or submitted false material information; and (2) intended to deceive the PTO. Here, the Court held that the district court committed clear error because it neglected to consider both prongs of the two-pronged test by focusing solely on intent to deceive and completely ignoring materiality. The Court noted that even in its sparse articulation of reasons for the decision, the district court itself had stated, "I am not trying a patent case I am trying a particular matter that has been presented to me having to do with candor and good faith [sic]." Slip op. at 8-9.

The Court explained that, had the district court properly considered both prongs of the analysis, the only reasonable conclusion would be that the withheld information was not material to the patented invention. Specifically, while the trial judge found inequitable conduct because the inventors did not disclose postfiling tests to the PTO, the Court held that these postfiling tests were not material because they occurred after the inventors had filed the patent application. The Court also noted that, while these postfiling tests were conducted on a scaling factor related to halftoning, the scaling factor was not mentioned in the patent and was unnecessary to practice the patented invention. Finally, the Court pointed out that the inventors had published the postfiling tests, and that "[p]ublication is an act inconsistent with an intent to conceal data from the [PTO]." *Id.* at 8.

In addition to missing the materiality prong, the Court held that the district court clearly erred in its analysis of the intent prong. First, the Court noted that the district court improperly focused on comments that an inventor made at trial regarding the purposes of the patent system. The Court stated that an inventor's motives in applying for a patent or his views on the purposes of the patent system are generally irrelevant to a proper determination of inequitable conduct, and that any likely financial reward from the patent does not alone show an intent to deceive the PTO. Second, the Court also maintained that the district court erred in relying on an e-mail exchange between the inventor and another scientist, where the inventor did not disclose the status of his research. The Court stated that an e-mail from one scientist to another scientist in a competitive field that does not disclose the actual status of research is hardly dispositive proof that the inventor was not in possession at the time of filing. Here, the Court determined that the inventor's incomplete casual e-mail was simply an attempt to initiate scientific discussions with a competitor while at the same time withholding confidential information from that competitor.

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**“[T]he trial court erred in ignoring the materiality prong and in misapplying the intent prong of the inequitable conduct test.”**  
**Slip op. at 10.**

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Based on the Court's holding that the district court clearly erred by ignoring the materiality prong and misapplying the intent prong of the inequitable conduct test, the Court reversed the finding of inequitable conduct. Because the Court vacated the district court's determination of unenforceability due to inequitable conduct, the Court also vacated the exceptionality finding and the grant of attorneys' fees. In addition, the Court vacated and remanded for a proper determination on the issues of invalidity and noninfringement because the record showed many potential issues of fact that would prevent entry of SJ. The Court also vacated the district court's decision to grant Microsoft's motions in limine because there was not an adequate record in light of the overall procedural status of the case.

Finally, the Court evaluated whether the case should be transferred to a different judge, noting that a transfer request should be granted only in unusual circumstances. After reviewing the evidence, testimony, and the facts of the case, the Court concluded that the strongly expressed convictions of the district court may not be easily and objectively reconsidered. Accordingly, the Court remanded with instructions to reassign the case.

## **Safe Harbor Provision of 35 U.S.C. § 271(e)(1) Does Not Apply to Patented Inventions That Are Not Themselves Subject to FDA Regulation**

*Mary E. Chlebowski*

**Judges: Schall (author), Bryson, Gajarsa**

**[Appealed from D. Mass., Judge Young]**

In *Proveris Scientific Corp. v. Innovasystems, Inc.*, No. 07-1428 (Fed. Cir. Aug. 5, 2008), the Federal Circuit concluded that Innovasystems, Inc. (“Innova”) was not entitled to the protection of the Hatch-Waxman “safe harbor” provision. The Court also affirmed the district court's grant of JMOL in favor of Proveris Scientific Corporation (“Proveris”) on infringement and validity of claims of U.S. Patent No. 6,785,400 (“the ‘400 patent”).

The ‘400 patent is directed to a system and apparatus for characterizing aerosol sprays commonly used in various drug delivery devices. According to the ‘400 patent, spray characterization plays an important role in the regulatory approval process of the FDA. Innova makes and sells the Optical Spray Analyzer (“OSA”) device, which measures the physical parameters of aerosol sprays used in nasal spray drug delivery devices, and thus is used in connection with FDA regulatory submissions. Neither the system and apparatus claimed in the ‘400 patent nor the OSA device are subject to FDA approval.

Proveris sued Innova, alleging that the OSA device infringed claims 1-10 and 13 of the ‘400 patent. The district court ruled as a matter of law that the safe

harbor provision of the Hatch-Waxman Act did not immunize Innova's OSA from infringement. Further, the district court granted JMOL in favor of Proveris with respect to infringement of claims 3-10 and 13 of the '400 patent and with respect to invalidity defenses of obviousness and anticipation. After a jury found claims 1 and 2 not infringed, the district court entered final judgment of infringement and issued a permanent injunction against Innova.

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“Because the OSA device is not subject to FDA premarket approval, . . . Innova is not a party who, prior to enactment of the Hatch-Waxman Act, could be said to have been adversely affected by the second distortion [de facto extension of effective patent life]. For this reason, we do not think Congress could have intended that the safe harbor of section 271(e)(1) apply to it.” Slip op. at 15.

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On appeal, Innova argued that the district court erred in ruling as a matter of law that its manufacture and sale of the OSA device were not immunized by the safe harbor provision of the Hatch-Waxman Act. The Federal Circuit disagreed, noting that Congress enacted the Hatch-Waxman Act to eliminate two unintended distortions of the effective patent term that resulted from the premarket approval required for certain products by the FDA. The first distortion was patent term reduction, where patentees spent the early years of their patent terms obtaining premarket approval rather than generating profits. The second distortion was de facto patent term extension, where competitors could not begin premarket approval until patent expiration. These distortions were addressed in 35 U.S.C. §§ 156(f) and 271(e)(1), respectively.

As part of its defense, Innova invoked this provision, arguing that its allegedly infringing activities are immunized because its OSA devices are used by third parties solely for the development and submission of information to the FDA. The Federal Circuit disagreed. The Court noted that Innova was not a

party seeking FDA approval for a product to enter the market to compete with the patentee. As such, Innova was not a party who, prior to enactment of the Hatch-Waxman Act, could be said to have been adversely affected by de facto patent term extension. The Court also noted that Proveris was not a party who, prior to enactment of the Hatch-Waxman Act, could be said to have been adversely affected by patent term reduction. Accordingly, Proveris's patent product was not eligible for the benefit of patent term extension under § 156(f), while Innova's OSA did not need the protection afforded by § 271(e)(1). Thus, the Court held that the district court did not err in ruling that Innova's marketing and sale of its OSA device were not exempted from infringement by the safe harbor provision of § 271(e)(1).

Aside from the safe harbor contentions, Innova also alleged that the district court erred in granting JMOL of infringement of claims 3-10 and 13. The Federal Circuit affirmed the granting of the JMOL, noting that the record showed that Innova conceded infringement of these claims.

Finally, Innova alleged the district court erred in excluding or limiting testimony of its invalidity experts and, consequently, granting JMOL in favor of Proveris. First, Innova argued that expert testimony was not required because the '400 patent was simple and easily understood. Second, Innova argued that because its two experts were both persons of ordinary skill in the art, the district court improperly excluded or limited their testimony.

The Federal Circuit found no abuse of discretion in the district court's rulings. The Court first stated that the subject matter of the '400 patent is sufficiently complex to fall beyond the grasp of an ordinary layperson. The Court then held that the district court acted within its discretion when it excluded the testimony of Innova's first expert because he did not submit a written expert report in compliance with Fed. R. Civ. P. 26(a)(2)(B). Further, the Court stated that the district court acted within its discretion when it limited the testimony of Innova's second expert, a patent attorney with a mechanical engineering background. The Court noted that the expert's training was not related to the issue at hand. The Federal Circuit concluded it could not say the district court did not act within its discretion in finding the second expert was unqualified to testify about



laboratory equipment used in the development of drug delivery devices. Because Innova did not present meaningful argument as to why, if the district court's evidentiary rulings stand, the grant of JMOL was improper, the Federal Circuit affirmed the district court's holding in favor of Proveris on the issue of invalidity.

## Open Source Software Licenses Are Entitled to Copyright Protection

*Dana M. Nicoletti*

**Judges: Michel, Prost, Hochberg (District Judge sitting by designation; author)**

**[Appealed from N.D. Cal., Judge White]**

In *Jacobsen v. Katzer*, No. 08-1001 (Fed. Cir. Aug. 13, 2008), the Federal Circuit vacated and remanded the district court's denial of Robert Jacobsen's motion for preliminary injunction, holding that the district court erred in dismissing Jacobsen's copyright infringement claim based on violations of his open source copyright license.

Jacobsen holds a copyright to computer programming code, which he makes available to the public pursuant to the Artistic License, an "open source" or public license. Jacobsen manages an open source software group called Java Model Railroad Interface ("JMRI"), which created a computer programming application called DecoderPro. DecoderPro allows model railroad enthusiasts to use their computers to program the decoder chips that control model trains. DecoderPro files are available for download at an open source website called SourceForge and contain copyright notices that refer users to a "COPYING" file, which sets forth the terms of the Artistic License.

Matthew Katzer and Kamind Associates, Inc. (collectively "Katzer/Kamind") offer a competing software program, Decoder Commander, which is also used to program decoder chips. During the program's development, one of Katzer/Kamind's predecessors or employees allegedly downloaded the decoder

definition files from DecoderPro and used portions of the files in the Decoder Commander software without complying with the terms of the Artistic License. Jacobsen moved for a preliminary injunction, arguing that the violation of the terms of the Artistic License constituted copyright infringement, which, under Ninth Circuit law, created a presumption of irreparable harm. The district court denied the motion, finding Jacobsen did not have a cause of action for copyright infringement.

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**"Copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material." Slip op. at 12.**

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On appeal, the Federal Circuit examined the history and purpose of open source licenses, describing them as "a widely used method of creative collaboration that serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago." Slip op. at 6. The Court noted the economic difference between free open source licensing and traditional copyright licensing, in which copyright owners sold their copyrighted material in exchange for money, stating that the lack of money changing hands in open source licensing should not be presumed to mean there is no economic consideration. The Court went on to note the substantial benefits of the creation and distribution of copyrighted works under open source licenses, including many economic benefits that go beyond the traditional copyright royalties.

The Federal Circuit held that Jacobsen established a prima facie case of copyright infringement because (1) Jacobsen was the undisputed owner of copyrights in the DecoderPro software; and (2) Katzer/Kamind admitted copying portions of the DecoderPro software. Accordingly, the question of Jacobsen's entitlement to injunctive relief turned on whether the terms of the Artistic License were conditions of, or merely covenants to, the license. If the terms were both covenants and conditions of the license, then they may serve to limit the scope of the license and

are governed by copyright law. On the other hand, if the terms were merely covenants of the license, then they were governed by contract law.

The Court noted that the Artistic License stated on its face that the document creates conditions. The conditions explicitly restricted a downloader's right to modify and distribute the copyrighted work. The Court held that copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material. The Court also noted that copyright licenses are designed to support the right to exclude, and that money damages alone do not support or enforce that right. The choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than a dollar-denominated fee, is entitled to no less legal recognition.

The Court held that the clear language of the Artistic License creates conditions to protect the economic rights at issue in the granting of a public license. The Court then vacated the district court's order and remanded to determine whether Jacobsen demonstrated either a likelihood of success on the merits and a presumption of irreparable harm, or a fair chance of success on the merits and a clear disparity in the relative hardships tipping in his favor.

## "Reasonable Apprehension of Suit" Test Revived as One of Several Ways to Establish DJ Jurisdiction

Jason M. Webster

**Judges: Gajarsa (author), Clevenger, Moore**

**[Appealed from S.D. Ohio, Judge Barrett]**

In *Prasco, LLC v. Medicis Pharmaceutical Corp.*, No. 07-1524 (Fed. Cir. Aug. 15, 2008), the Federal Circuit affirmed the district court's dismissal of Prasco, LLC's ("Prasco") DJ action, holding that Prasco's complaint failed to establish a case or controversy under Article III of the U.S. Constitution.

Medicis Pharmaceutical Corporation ("Medicis") markets a benzoyl peroxide cleansing product TRIAZ®, which is marked as being covered by four patents. One of the four patents is owned by Medicis; the remaining three are licensed to Medicis by Imaginative Research Associates. Prasco makes a generic benzoyl peroxide cleaning product OSCION™, which it alleged would directly compete with Medicis's TRIAZ® product. Prasco filed this DJ action before it had begun marketing OSCION™. The initial complaint alleged that DJ jurisdiction was proper based on (1) Medicis's marketing of TRIAZ® products with the numbers of the four patents-in-suit to satisfy the public knowledge requirements of 35 U.S.C. § 287; and (2) an infringement lawsuit brought by Medicis against Prasco in 2005 concerning a different cleansing product. Defendants moved to dismiss for lack of case or controversy that precluded subject matter jurisdiction. Prasco subsequently sent a sample of OSCION™ and a list of ingredients to defendants and requested a covenant not to sue under the four patents. When the defendants refused to sign the covenant not to sue, Prasco filed an amended complaint that included this postfiling conduct and the fact that Prasco had started to market their product. Defendants then renewed their motion to dismiss. The district court granted defendants' motion to dismiss the amended complaint shortly after the Supreme Court issued its decision in *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764 (2007).

The Court stated that *MedImmune* requires that the analysis be calibrated to the particular facts of each case with the basic standard being whether the facts alleged, under all the circumstances, show that there is a substantial controversy between parties having adverse legal interests of sufficient immediacy and reality to warrant the issuance of a DJ. The Court noted that before *MedImmune*, the Court generally required that a DJ plaintiff in a patent dispute demonstrate conduct by the patentee that created a reasonable apprehension of suit on the part of the DJ plaintiff. Despite the Court's previous conclusion that *MedImmune* had effectively overruled the "reasonable apprehension of suit test," the Court here stated that *MedImmune* did not completely do away with the relevance of a reasonable apprehension of

suit. Rather, following *MedImmune*, the Court noted that proving a reasonable apprehension of suit is one of multiple ways that a DJ plaintiff can satisfy the more general all-the-circumstances test to establish that an action presents a justiciable Article III controversy.

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*“Although MedImmune clarified that an injury-in-fact sufficient to create an actual controversy can exist even when there is no apprehension of suit, it did not change the bedrock rule that a case or controversy must be based on a real and immediate injury or threat of future injury that is caused by the defendants—an objective standard that cannot be met by a purely subjective or speculative fear of future harm.” Slip op. at 11.*

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As an initial matter, the Court noted that under Fed. R. Civ. P. 15(d), Prasco’s Amended Complaint was technically a supplemental complaint because it included allegations regarding events that happened after the first complaint. The Court then held that while later events may not create jurisdiction where none existed at the time of filing, the proper focus in determining jurisdiction is on the facts existing at the time the complaint under consideration was filed.

Considering the totality of the circumstances, the Court held Prasco had not alleged a controversy of sufficient “immediacy and reality” to create a justiciable controversy. The Court held that Prasco’s complaint focused on the threat of future injury and not on a threat that was real, imminent, and traceable to defendants. The Court ruled that defendants had not accused Prasco of infringement or asserted any rights to OSCION™. Rather, the Court noted that all it had before it was Prasco’s allegation that its product does not infringe the defendants’ patents. Additionally, the Court held that none of the facts on which Prasco relied overcame the complete lack of evidence of a defined, preexisting dispute between the parties concerning OSCION™.

First, Prasco relied on Medicis’s marking of its products with the four patents-in-suit, consistent with the requirements of 35 U.S.C. § 287(a). The Court noted that under § 287(a), a patentee’s marking of its products with the applicable patent numbers serves as notice to the public that the goods are patented. The marking entitles the patentee to recover damages for infringement that took place before the alleged infringer received actual notice of the infringement. The Court held that Medicis’s decision to mark its products is irrelevant and is not a circumstance that supports finding an imminent threat of harm sufficient to create an actual controversy.

Second, Prasco argued that Medicis’s past history of enforcing its patent rights to protect its core products supports a finding of a case or controversy. Prasco claimed that Medicis’s infringement suit against Prasco and another generic demonstrates a genuine risk that the defendants will also attempt to enforce the patents against Prasco. The Court held that while prior litigious conduct is one circumstance to be considered in assessing whether the totality of the circumstances creates a controversy, one prior suit concerning different products is not the type of pattern of prior conduct that creates a reasonable assumption that Medicis will also take action against Prasco regarding its new product.

Finally, Prasco placed significant weight on defendants’ failure to sign a covenant not to sue after Prasco sent them samples of OSCION™. The Court rejected this argument and held that a patentee has no obligation to spend the time and money to test a competitor’s product nor to make a definitive determination that it will never bring an infringement suit. The Court noted that although a defendant’s failure to sign a covenant not to sue is one circumstance to consider in evaluating the totality of the circumstances, it is not sufficient to create an actual controversy—some affirmative actions by the defendant are also necessary.

The Court held that Prasco had suffered no actual present injury traceable to the defendants. The Court further held that Prasco had not established that it was at risk of imminent harm from the defendants or that there is an actual controversy between the parties of sufficient immediacy and reality to warrant DJ

jurisdiction. In affirming the dismissal of the case, the Court held that if the district court reached the merits of the case, it would impermissibly be providing an advisory opinion in violation of Article III of the U.S. Constitution.

## Showing Harm to Exclusive Licensee Is Insufficient for Grant of Permanent Injunction

Matthew A. Levy

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

**[Appealed from W.D. Okla., Judge Leonard]**

In *Voda v. Cordis Corp.*, Nos. 07-1297, -1343 (Fed. Cir. Aug. 18, 2008), the Federal Circuit affirmed the district court's denial of a permanent injunction as well as claim construction and validity of U.S. Patent Nos. 5,445,625 ("the '625 patent"), 6,083,213 ("the '213 patent"), and 6,475,195 ("the '195 patent"). The Court affirmed-in-part and reversed-in-part the district court's finding of infringement. Lastly, the Court vacated and remanded the district court's finding of willfulness because the finding was based on an erroneous jury instruction.

Dr. Jan K. Voda is the owner of the '625, '213, and '195 patents. The patents are all directed to cardiac guide catheters used in interventional cardiology. A cardiac guide catheter is a long, thin plastic tube with a preformed tip. To use the guide catheter, a wire is first inserted to straighten the preformed tip. The catheter is then inserted into the femoral artery and advanced to the aorta. Once the catheter is positioned correctly in the heart, the wire is removed, allowing the preformed tip to return to its preformed shape, so that the tip of the catheter is inserted into the coronary ostium while another portion of the catheter rests against the opposing wall of the aorta to provide support.

Voda sued Cordis Corporation ("Cordis") for infringement of the '625, '213, and '195 patents. The jury found that Cordis willfully infringed all asserted claims of the patents-in-suit and that the asserted claims of the '213 patent are valid. The jury also

awarded Voda reasonable royalty damages. The district court denied Cordis's motion for JMOL of noninfringement and invalidity of the '213 patent, and granted Voda's motion for enhanced damages and attorneys' fees. The district court, however, denied Voda's request for a permanent injunction. Cordis appealed the district court's construction of the term "along a line" in the '213 patent and the denial of JMOL. Cordis also appealed the jury's finding of willfulness. Voda cross-appealed the denial of a permanent injunction, as well as the district court's construction of the "substantially straight leg" limitation of the '213 and '195 patents.

On appeal, the Federal Circuit first addressed the claim construction of the '213 patent. Cordis argued that the district court's construction of the limitation "along a line" in claim 1 was erroneous because it did not require that "a straight portion of the catheter engage the wall of the aorta." Slip op. at 9. In accordance with the principles set forth in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc), the Court examined the words of the claims, the specification, and the prosecution history.

Cordis first argued that "straight" was inherent in the word "line." The Court disagreed because claims depending from claim 1 specifically required a "substantially straight leg" and claim 1 did not expressly recite a "straight" or "substantially straight" portion. The Court also found that claim 1 refers to the position of the catheter as it is used in the human body rather than its shape in its resting state. Cordis further argued that the specification of the '213 patent had expressly limited the catheter to a straight contact portion. The Court rejected this argument, pointing to specific statements in the specification that did not require a straight contact portion. The Court also disagreed with Cordis's assertion that Voda had disclaimed a straight contact portion during prosecution. The Court read an amendment to claim 1 as distinguishing the prior art based on the length of the engagement with the ascending aorta during use, rather than the shape of the contact portion of the catheter. Accordingly, the Federal Circuit affirmed the district court's construction of "along a line."

Cordis also appealed the jury's finding that claims 1 through 3 of the '213 patent were not invalid.



The only dispute on appeal was whether a reasonable jury could have found that neither a group of Amplatz references nor a group of Bourassa references disclosed the third limitation of claims 1 through 3, which requires “engaging the aorta inner wall with a portion of the catheter body such that when the distal end of the catheter is positioned in the ostium, the catheter body engages the opposite wall of the aorta *along a line* having a length of about 1.5 cm or greater.” Slip op. at 5. With respect to the Amplatz references, the Court found that Voda had not conceded such a disclosure. As a result, the Federal Circuit affirmed the district court’s denial of JMOL that claims 1-3 of the ‘213 patent were anticipated by the Amplatz references.

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“Nothing in eBay eliminates the requirement that the party seeking a permanent injunction must show that ‘it has suffered an irreparable injury.’” Slip op. at 28 (quoting *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393 (2006)).

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The Court similarly disagreed with Cordis that its experts’ testimony established that the length of the contact between the Bourassa catheter and the wall of the aorta was 1.5 cm or more. Rather, the Federal Circuit found that a reasonable jury could conclude that Cordis failed to show that the Bourassa reference disclosed the third limitation of claims 1-3 by clear and convincing evidence. Accordingly, the Court affirmed the district court’s denial of JMOL that claims 1-3 of the ‘213 patent were anticipated by the Bourassa reference.

The Court turned next to the jury’s finding of infringement of the ‘625, ‘213, and ‘195 patents under the DOE. First, Cordis argued that prosecution history estoppel barred infringement of the ‘213 patent. During prosecution of claim 4, Voda amended the claim language to add a requirement that catheterization must be performed with catheters having a “first substantially straight leg.” Thus, because Voda made a narrowing amendment to the claim, Voda was presumed to have disclaimed methods that do not involve catheters with a first

substantially straight leg. The Court found that Voda failed to make any argument to overcome that presumption. The Federal Circuit therefore reversed the district court’s finding of infringement of claim 4 (and dependent claim 5) under the DOE.

Cordis also argued that claim 1 of the ‘625 patent and all the claims of the ‘195 patent were not infringed under the DOE. In particular, Cordis argued that the “second straight portion” limitation of claim 1 of the ‘625 patent and the “first substantially straight leg” limitation of all claims of the ‘195 patent had no equivalent in the accused products. The Court rejected this argument, finding that Voda’s experts had testified that such equivalents did exist in the accused products. Accordingly, the Federal Circuit found that substantial evidence supported the jury’s findings of infringement of the ‘625 and ‘195 patents.

The Court then reviewed the district court’s finding of willfulness. The district court issued its jury instruction on the standard for willful infringement before the issuance of the opinion in *In re Seagate*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc). The district court instructed the jury that “[w]hen a person becomes aware that a patent may have relevance to his or her activities, that person has a duty to exercise due care and to investigate whether or not his or her activities or proposed activities infringe any valid, enforceable claim of the patent.” Slip op. at 25 (alteration in original) (quoting *Voda v. Cordis Corp.*, No. 03-CV-1512, slip op. at \*46 (W.D. Okla. May 25, 2006) (Jury Instructions)). Although Cordis did not object to this jury instruction at trial, Cordis sought a new trial on willfulness under the new *Seagate* standard. Under the law of the regional circuit, the 10th Circuit, the Court reviewed the district court’s jury instruction de novo because it was based on a change in the law that arose after trial.

Although the parties agreed that the jury instruction was erroneous under *Seagate*, Voda argued that the error was harmless because the accused products were intentional copies of the Voda catheters. The Federal Circuit disagreed, finding that there was evidence that Cordis had attempted to design around Voda’s patents. The Court found that a jury instruction in accord with the *Seagate* objective recklessness standard might have changed the jury’s verdict on willfulness. Accordingly, the Court vacated the finding of willfulness and remanded for a determination of

whether Cordis's infringement was willful under the Seagate standard. The Court did not agree with Cordis, however, that a new trial on willfulness would require a new trial on infringement.

Lastly, the Federal Circuit examined the district court's denial of a permanent injunction. In denying the permanent injunction, the district court found that Voda had not identified any irreparable injury to him. Rather, Voda had attempted to prove irreparable injury by alleging irreparable harm to his exclusive licensee. Voda argued that the district court erred in adopting a categorical rule that precludes a patent owner from proving its entitlement to an injunction by showing irreparable harm to its exclusive licensee.

The Court did not agree that the district court's denial conflicted with the traditional four-factor test for issuing a permanent injunction set forth in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). The Court found that, while patent owners that license their patents rather than practice them *may* be able to satisfy the four-factor test, "[n]othing in *eBay* eliminates the requirement that the party seeking a permanent injunction must show that 'it has suffered an irreparable injury.'" Slip op. at 28 (quoting *eBay*, 547 U.S. at 393). The Court found no clear error in the district court's ruling that Voda failed to show that he was injured as a result of Cordis's infringement. Accordingly, the Federal Circuit affirmed the district court's denial of a permanent injunction.

## PTO's Interpretation That "Original Application" as Used in the Inter Partes Reexamination Statute Includes Continuation Applications Filed After November 29, 1999, Is Reasonable

Jason W. Melvin

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

**[Appealed from E.D. Va., Judge Brinkema]**

In *Cooper Technologies Co. v. Dudas*, No. 08-1130 (Fed. Cir. Aug. 19, 2008), the Federal Circuit affirmed the district court's grant of SJ to the PTO, rejecting a challenge to an inter partes reexamination. Specifically, the Court agreed with the PTO's

interpretation that inter partes reexamination is available for all patents in a chain of priority filed after November 29, 1999, not only when the first application in that chain came after the date.

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"Because the [PTO] is specifically charged with administering statutory provisions relating to 'the conduct of proceedings in the Office,' 35 U.S.C. § 2(a)(2)(A), we give *Chevron* deference to its interpretations of those provisions." Slip op. at 12.

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Cooper Technologies Company ("Cooper") owns U.S. Patent No. 6,984,791 ("the '791 patent"), which issued from a continuation application filed on April 14, 2003. The initial application in the chain, to which the '791 patent claimed priority, was filed on March 10, 1993. Thomas & Betts Corporation ("T&B") filed a request for inter partes reexamination of the '791 patent, which the PTO granted. Cooper filed a petition seeking to terminate the proceeding, arguing that the statute authorizing inter partes reexamination, the American Inventors Protection Act of 1999, Pub. L. No. 106-113, §§ 4001-4808, 113 Stat. 1501, 1501A-552 to -591 ("AIPA"), applied to only "any patent that issues from an *original application* filed in the United States on or after" November 29, 1999, and thus did not allow for reexamination of the '791 patent since the '791 patent did not issue from an original application filed after November 29, 1999. Instead, Cooper argued that the '791 patent claims priority to applications filed before November 29, 1999, and thus the earliest or "original" application in the chain was filed before that date.

The PTO applied its interpretation of "original application" as including "first filed applications, continuations, divisionals, continuations-in-part, continued prosecution applications and the national stage phase of international applications," and denied Cooper's petition. Slip op. at 2. Cooper responded by filing suit in the district court, challenging the PTO's interpretation under the APA. T&B intervened. On cross-motions for SJ, the district court concluded that the PTO's interpretation of "original application" as used in the AIPA was "fully consistent with the

term's established meaning in patent law," and that the PTO's interpretation was "not inconsistent with other statutory pronouncements." Slip op. at 7 (citing *Cooper Techs. Co. v. Dudas*, No. 1:07-CV-853, slip op. at 9-10 (E.D. Va. Nov. 30, 2007)). Cooper appealed.

On appeal, the Federal Circuit noted that although the district court found it unnecessary to address the appropriate level of deference owed to the PTO's interpretation of "original application," it would begin its analysis with an examination of the level of deference that the PTO's interpretation deserved. The Court, therefore, first addressed whether *Chevron* deference applied here, and concluded that it did. See *Chevron U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837 (1984). The Court reasoned that under 35 U.S.C. § 2, the PTO has authority to establish regulations to "govern the conduct of proceedings in the Office" and that to comply with this section, a PTO rule must be procedural. Slip op. at 9. Here, noted the Court, the PTO interpreted the portion of the AIPA that created inter partes reexamination, and thus its interpretation plainly governed the conduct of proceedings in the PTO within the meaning of § 2.

Further, the Court evaluated whether the rule at issue provided substantive rulemaking—effecting a change in existing law or policy—rather than interpretive. It determined that the PTO's interpretation did not effect a change in existing law or policy but instead provided "a prospective clarification of ambiguous statutory language regarding a matter of procedure." *Id.* at 10. Accordingly, the Court concluded that interpretation of "original application" at issue in the case was within the PTO's authority.

Next, the Court noted that the exercise of the PTO's authority was subject to its compliance with 5 U.S.C. § 553. The Court explained that because § 553 did not require formal notice of proposed rulemaking for interpretative rules, the PTO's interpretation of "original application" did not require formal notice-and-comment procedures. It noted, however, that the PTO did provide notice, and receive and act on comments concerning the "original application" language. Accordingly, the Court concluded that *Chevron* deference applied to the PTO's interpretation of "original application."

Under *Chevron*, the Court noted that it must first determine whether Congress has spoken to the precise question at issue, namely, whether a patent is subject to inter partes reexamination when it results from an application filed after November 29, 1999, that is a continuation of an application filed before November 29, 1999. The Court noted that if it concludes that Congress either had no intent on the matter, or that Congress's purpose and intent is unclear, then it must proceed to step two, in which it asks whether the agency's interpretation is based on a permissible construction of the statutory language at issue. With respect to the first step, the Court determined that Congress had not directly spoken to the precise question at issue. In so concluding, the Court recognized the variable meaning of "original," a position supported by both parties. The Court noted that "original application" had a variety of definitions within various sections of the MPEP, its prior opinions, and academic writings. The Court also found nothing compelling in the structure of the statute or canons of statutory construction that made Congress's intended meaning of "original application" clear.

The Federal Circuit turned next to the second step of the *Chevron* analysis—whether the PTO's interpretation was permissible. The Court observed that because the PTO expressly interpreted "original application" shortly after enactment of the AIPA, it must give that interpretation "particular weight" under Supreme Court precedent. *Id.* at 20. With that understanding, the Court rejected Cooper's three arguments challenging the reasonableness of the PTO's interpretation. Cooper first argued that under the PTO's interpretation, a patentee could shield a patent from reexamination by going through the reissue process. The Federal Circuit agreed with the PTO that the interpretation at issue would simply limit reexamination to reissues of original applications filed after the November 26, 1999, deadline and that the interpretation was reasonable. Second, Cooper argued that 35 U.S.C. § 120 requires continuation applications to "have the same effect" as parent applications and that the PTO's interpretation of "original application" would prevent consistency within a patent family. The Court rejected the argument as stretching prior case law, instead explaining that the consistency required within a patent family by § 120 applied only to the benefit

of the earlier filing date. Third, Cooper argued that the PTO's interpretation of "original application" would permit third-party arguments made during inter partes reexaminations to affect pending ex parte reexamination of the parent. The Federal Circuit declined to enter in what it viewed as balancing risks and benefits—"a quintessentially legislative or regulatory determination of public policy." *Id.* at 22.

Finally, the Court recognized that Congress had amended the AIPA to eliminate the possibility that a patent owner could initiate an inter partes reexamination. The Court noted that Congress's election not to amend the "original application" language when it modified the AIPA suggested that it agreed with the PTO's interpretation. The Court concluded that the PTO's interpretation of "original application" to include continuation applications was permissible and therefore entitled to deference. Accordingly, it affirmed the district court's grant of SJ to the PTO, rejecting Cooper's challenge to the inter partes reexamination of the '791 patent.

## Evidence Not Cited in Connection with SJ Motion Also Not Considered on Appeal

*Nishla H. Keiser*

**Judges: Newman, Bryson (author), Pogue (International Trade Judge sitting by designation)**

**[Appealed from N.D. Cal., Judge Whyte]**

In *In re Cygnus Telecommunications Technology, LLC*, Nos. 07-1328, -1329, -1330, -1331, -1332, -1333, -1354, -1361 (Fed. Cir. Aug. 19, 2008), the Federal Circuit affirmed a grant of SJ of invalidity under the on-sale bar of 35 U.S.C. § 102(b), in favor of Telesys Communications, LLC and seven other defendants (collectively "the Telesys defendants"), as well as AT&T Corp. ("AT&T"). The Federal Circuit also affirmed the dismissal of trade secret misappropriation claims against AT&T.

U.S. Patent Nos. 5,883,964 ("the '964 patent") and 6,035,027 ("the '027 patent") are directed to computerized "callback systems" that allow telephone users in foreign countries to originate phone calls in the United States to take advantage of lower U.S. billing rates. The inventor, Mr. Alleman of Paragon Services International, Inc. ("Paragon"), began developing systems to take advantage of the cost differential between U.S. and foreign phone billing in the late 1980s, first employing a system requiring a dedicated line for each foreign user. Soon afterward, Mr. Alleman created a prototype computerized system on a 386 computer ("the 386 system") that avoided the need for each user to have a dedicated line. Several individuals overseas worked with Mr. Alleman as "beta testers" to help troubleshoot the 386 system, and were regularly invoiced for the cost of their telephone calls. In 1992, Mr. Alleman filed a patent application for the computerized system, which led to the issuance of the '964 and '027 patents.

Cygnus Telecommunications Technology, LLC ("Cygnus"), Paragon's successor-in-interest, sued the Telesys defendants and AT&T for infringement of the '964 and '027 patents. Further, Cygnus alleged trade secret misappropriation against AT&T. After consolidation of the various actions into a single multidistrict proceeding, AT&T moved to dismiss the trade secret misappropriation claim under Fed. R. Civ. P. 12, as barred by the statute of limitations. In addition, AT&T filed a motion on behalf of all defendants for SJ of invalidity based on prior public use and commercial sales of the subject matter of the patents. Several defendants also filed motions for SJ of noninfringement. The district court granted the invalidity and noninfringement SJ motions and AT&T's motion to dismiss the trade secret claims. Cygnus filed two appeals from the judgments in the multidistrict litigation proceeding: the first regarding the judgment in favor of the Telesys defendants, and the second from the judgment in favor of AT&T.

On appeal, the defendants first argued that Cygnus was collaterally estopped from challenging the invalidity of the '964 and '027 patents under § 102(b) because Cygnus omitted one defendant from the



appeal. The defendants contended that the district court's invalidity ruling for the omitted defendant should serve as a "first case" that would preclude Cygnus from bringing the subsequent appeal against the remaining defendants. In rejecting this argument, the Court noted that "once an issue is actually and necessarily determined . . . , that determination is conclusive in subsequent suits based on a different cause of action involving a party to the prior litigation," but that the appeal in this case was not a "subsequent suit based on a different cause of action." Slip op. at 5 (citing *Montana v. United States*, 440 U.S. 147, 153 (1979)). In addition, the Court noted that this appeal involved a multidistrict litigation, which should be viewed as a single, multidefendant lawsuit. The Court relied on its previous ruling in *Innovad Inc. v. Microsoft Corp.*, 260 F.3d 1326 (Fed. Cir. 2001), which held that a decision regarding a defendant omitted from appeal did not qualify as "prior litigation" for collateral estoppel purposes. The Court concluded that the defendants' proposed rule would require appellants to prosecute appeals against every defendant in a multidefendant case and would preclude the opportunity of settlement with any party before appeal. Accordingly, the Court declined to apply collateral estoppel.

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"[W]e will not consider any part of the record that was not presented to or cited to the district judge in connection with that motion, even if that evidence can be found somewhere in the voluminous materials that are part of the record on appeal." Slip op. at 11.

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Turning to the grant of SJ of invalidity of the '964 and '027 patents, the Court first addressed that, on appeal, Cygnus cited portions of the record that it had not presented to the district court as part of its briefing on the § 102(b) SJ motion. In particular, some of the documents cited in Cygnus's appellate briefs were submitted to the district court two months after the district court had issued its

§ 102(b) ruling. Cygnus argued that in challenging the SJ ruling, it could rely on any materials that were submitted to the district court for any purpose at any time during the course of the litigation. The Court disagreed, however, and drew the distinction between documents that were part of the "record on appeal," which included the later-submitted documents, and "what part of the record on appeal was specifically presented to the district court in connection with a particular legal issue." Slip op. at 9.

For guidance, the Court looked to the law of the regional circuit in which the case was tried. In *Carmen v. San Francisco Unified School District*, 237 F.3d 1026 (9th Cir. 2001), the Ninth Circuit rejected the same argument that Cygnus presented in its appeal and reaffirmed that a district court need not consider an affidavit on file unless it is brought to the district court's attention in SJ briefing. Relying on *Carmen*, the Federal Circuit emphasized that a judge should not be expected to search the entire record looking for genuine issues of fact, when counsel had the opportunity to present the evidence in its opposition to a SJ motion. Accordingly, the Court declined to consider any part of the record that had not been presented to or cited to the district judge in connection with the motion.

Analyzing invalidity under the § 102(b) on-sale bar, the Court rejected Cygnus's argument that the invention was not "ready for patenting" prior to the critical date. In granting SJ of invalidity, the district court relied on Mr. Alleman's sworn declaration in the PTO that the invention was reduced to practice, and thus ready for patenting, before the critical date. On appeal, Cygnus contended that the PTO did not ultimately rely on the declaration and that the declaration suffered from "internal inconsistencies." Cygnus, however, had not submitted to the district court many of the documents used to support its arguments. And the Federal Circuit found that the documents that were before the district court did not call into question Mr. Alleman's statements and did not create a disputed issue of material fact. Based on Cygnus's failure to present sufficient evidence to undermine Mr. Alleman's declaration, the Court agreed with the district court that the invention had been reduced to practice before the critical date.

Cygnus also argued that the 386 system was not ready for patenting because it would not work on a commercial scale. The Court found that the 386 system embodied the claims and sales relating to it constituted potentially invalidating sales, regardless of the state of development of a larger system. The Court also rejected Cygnus's argument that the users of the 386 system were "beta testers" rather than paying customers. The Court found that Mr. Alleman's testimony that he charged users on a per-minute basis and that he billed them each month supported a finding of a sale and that the district court did not draw any improper inferences in the defendants' favor. The Court also concluded that use of the 386 system before the critical date did not fall within the "experimental use" exception to the public use or on-sale bar of § 102(b), based on the Court's prior decisions that the exception does not apply after an invention has been reduced to practice. Because the Court found that the '964 and '027 patents were indeed invalid under the § 102(b) on-sale bar, it did not reach the issues of public use or noninfringement raised by the defendants.

With regard to the trade secret misappropriation claims specific to AT&T, the Court affirmed the district court's dismissal of Cygnus's complaint as barred under the three-year statute of limitations in Minnesota. Under Minnesota law, the statute of limitations starts to run once a lawsuit could survive a motion to dismiss for failure to state a claim. The Court found that Cygnus had enough information as of 1996 to file a trade secret misappropriation suit and that its claims were time-barred. The Court refused to consider Cygnus's argument that AT&T should be liable for breach of promise to pay commission because Cygnus raised the issue for the first time on appeal.

Finally, during the appeal, Cygnus moved to assess costs for being forced to include improper materials in the appendix, and AT&T moved to strike portions of the joint appendix and Cygnus's reply brief. The Court denied both parties' motions.

## The District Court Improperly Read into the Claims a Limitation Not Required by the Intrinsic Evidence and Improperly Concluded That Expeditious Effort to Terminate Infringing Activities Excused Liability for Infringement

*Cortney S. Alexander*

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

**[Appealed from C.D. Cal., Judge Cooper]**

In *DSW, Inc. v. Shoe Pavilion, Inc.*, No. 08-1085 (Fed. Cir. Aug. 19, 2008), the Federal Circuit vacated the district court's grant of SJ of no infringement, finding that the district court erred in construing the claims, and remanded. The Court also vacated the district court's grant of SJ with respect to damages, finding that the district court erred in concluding that an accused infringer's reasonable and good-faith efforts to bring its infringing activity to a timely end after notice equated to an immediate cessation that excused liability for infringement.

DSW, Inc. and DSW Shoe Warehouse, Inc. (collectively "DSW") own U.S. Patent No. 6,948,622 ("the '622 patent"), which is directed to a system and method for storing and displaying a large stock of footwear for customer self-service. DSW also owns U.S. Patent No. D 495,172 ("the '172 patent"), a design patent claiming an ornamental design for a combined product display and stacked product container separator. DSW notified Shoe Pavilion, Inc. ("Shoe Pavilion") that its shoe display design ("First Design") infringed the '622 and '172 patents. In response, Shoe Pavilion agreed to modify its display, and within seven months after receiving notice, removed all First Design displays from its stores and introduced a modified design ("New Design"). DSW then filed suit against Shoe Pavilion, alleging that the New Design infringed claims 4-6 of the '622 patent and that it was owed damages for infringement of the '622 and '172 patents by the First Design.

Shoe Pavilion moved for SJ that its New Design did not infringe and that it owed no damages for infringement by the First Design. The district court construed the claims and based on its construction, granted SJ of no infringement with respect to the New Design. Specifically, the parties' dispute turned on whether claims 4-6 of the '622 patent encompassed only methods of displaying and storing footwear that contain track and roller mechanisms connecting display modules to a support base ("the Track and Roller Limitation"). Though the Track and Roller Limitation is present in claims 1-3, it does not appear in claims 4-6. The district court nonetheless construed claims 4-6 to include a footwear display module with vertically disposed, horizontally moveable dividers coextensive with the Track and Roller Limitation of claims 1-3, and concluded that because Shoe Pavilion's New Design lacked such a feature, it did not infringe the '622 patent. With respect to damages, the district court found that DSW was not entitled to any damages as a matter of law, because immediately upon receipt of DSW's notice of infringement, Shoe Pavilion took reasonable steps and timely removed all of the infringing shoe displays. Relying on *Wine Railway Appliance Co. v. Enterprise Railway Equipment*, 297 U.S. 387 (1936), the district court granted SJ to Shoe Pavilion, stating that no damages for infringement are recoverable by a plaintiff unless the infringing activity continues after notice is provided to the infringer. DSW appealed.

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**"Without a doubt, the law offers an infringer no exception to liability for the time it takes to terminate infringing activities, no matter how expeditious and reasonable its efforts." Slip op. at 10.**

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On appeal, the Federal Circuit found that the district court improperly read the Track and Roller Limitation of claims 1-3 into claims 4-6. The Court reasoned that absent contravening evidence from the specification or prosecution history, plain and unambiguous

claim language controls the construction analysis. It noted that although the language in claims 4-6 was broad, it was not ambiguous. In addition, the Court observed that nowhere did the prosecution history show an express disclaimer by DSW of a method of displaying footwear not involving the Track and Roller Limitation. The Court also determined that although the preferred embodiment included a rolling track mechanism, other embodiments did not. The Court added that when claim language is broader than the preferred embodiment, it is well settled that claims are not to be confined to that embodiment. Accordingly, the Court concluded that the district court improperly read into claims 4-6 a new limitation not required by the claim language, specification, or prosecution history; vacated the district court's grant of SJ of noninfringement; and remanded for a new determination of infringement.

With respect to the district court's SJ decision on damages based on *Wine Railway*, the Federal Circuit noted that *Wine Railway* provided no support for the district court's decision. The Court explained that while *Wine Railway* held that a patentee who failed to mark his patented article could only recover damages for infringement occurring after actual notice was provided to the infringer, the issue here was whether Shoe Pavilion was liable for infringement occurring subsequent to the receipt of actual notice. The Court observed that *Wine Railway* "flatly states that a patentee may indeed recover damages for infringement that continues after actual notice is provided." Slip op. at 10. It added that "the law offers an infringer no exception to liability for the time it takes to terminate infringing activities, no matter how expeditious and reasonable its efforts." *Id.* It concluded that the district court therefore erred in finding that Shoe Pavilion's reasonable and good-faith efforts to bring its infringing activity to a timely end after notice equated to an immediate cessation, and that, if the '622 and '172 patents are valid, damages are owed for the time period while Shoe Pavilion phased out its First Design. Accordingly, the Court vacated the district court's grant of SJ on damages and remanded.

## Court Upholds Findings of Infringement and Validity for Prilosec Patents

Sean A. O'Donnell

**Judges: Lourie, Bryson (author), Gajarsa**

**[Appealed from S.D.N.Y., Judge Jones]**

In *In re Omeprazole Patent Litigation*, Nos. 07-1414, -1416, -1458, -1459 (Fed. Cir. Aug. 20, 2008), the Federal Circuit affirmed the district court's findings of infringement by Apotex Corp., Apotex, Inc., and Torpharm, Inc. (collectively "Apotex") and Impax Laboratories, Inc. ("Impax") of patents held by Astrazeneca AB, Aktiebolaget Hassle, KBI-E, Inc., KBI, Inc., and Astrazeneca LP (collectively "Astra").

The patents-at-issue are U.S. Patent Nos. 4,786,505 ("the '505 patent") and 4,853,230 ("the '230 patent"), relating to pharmaceutical preparations containing omeprazole, the active ingredient in Prilosec, which inhibits gastric acid secretion. To protect omeprazole from gastric acid in the stomach, a pharmaceutical dose may include an enteric coating surrounding the core. To counter the acidity of enteric coatings, alkaline reacting compounds ("ARCs") may be added to the drug core, but ARCs may, in turn, compromise the enteric coating by increasing its permeability to water in the stomach. The '505 and the '230 patents addressed these problems by creating an inert subcoating that increases storage stability, protects against degradation by stomach acid, and dissolves readily in the small intestine.

Impax sought approval from the FDA to sell generic versions of Prilosec. Astra sued for infringement of the '505 and '230 patents under 35 U.S.C. § 271(e)(2)(A). The district court denied Impax's demand for a jury trial and consolidated the § 271(e) claims against Impax with the claims against the other defendants. After the bench trial, but before the court issued its decision, both patents expired. In response, Impax moved to dismiss Astra's claims as moot. The district court denied the motion, however, on grounds that the FDA had granted Astra a six-month period of market exclusivity following expiration of the '505 and '230 patents. The district court held Astra's patents were valid, enforceable, and infringed by Impax.

On appeal, Impax argued that the district court lost jurisdiction over the case after the '505 and '230 patents expired. The Federal Circuit upheld the district court's dismissal of Impax's motion and the holding that Astra was entitled to an additional six months of exclusivity under § 271(e)(4)(A) as a postexpiration remedy to infringement under § 271(e)(2). Usually, the effective date set by the district court will be the patent expiration date, including any patent term extensions. In this case, however, Astra was entitled to an additional six months of market exclusivity under 21 U.S.C. § 355a to perform pediatric studies. Impax argued that once the '505 and '230 patents expired, the district court lacked authority under § 271(e)(4)(A) to change the effective date of Impax's ANDA, because their expiration rendered the infringement claims moot. The Court rejected this argument outright, stating that Impax provided no reason to suggest that § 271(e)(4)(A) provides no remedy after patent expiration.

The Court also rejected Impax's allegations that there was insufficient evidence that Impax's formulation infringed. Claim 1 of the '505 patent requires an "effective amount" of omeprazole plus an ARC. The district court previously construed "effective amount" to apply to the amount of ARC. The construction also required that an "alkaline reacting compound" stabilize the omeprazole. Impax asserted that Astra's evidence did not prove the ARC stabilized the omeprazole in its drug formulation. The Court rejected Impax's argument, holding that Astra's pH data proved the presence of an "effective amount" of an ARC in Impax's formulation. The Court also rejected Impax's arguments regarding the '230 patent limitation requiring "enhanced stability." The Court upheld the district court's conclusion that Astra's evidence was sufficient to prove this requirement, as it was supported by the specifications of the patents-in-suit. Regarding the "inert subcoating" limitation of both patents, Impax argued that Astra's evidence was insufficient to establish infringement. The Court held that the district court correctly rejected Impax's arguments because the record supports the determination that Impax's formulation infringes.

Impax also challenged the validity of both patents in view of the public-use bar of 35 U.S.C. § 102(b). Before the critical date for both patents-in-suit, Astra commissioned Phase III clinical studies to determine



the safety and efficacy of its formulation to obtain FDA approval. Impax argued that these studies involved the public use of Astra's claimed formulation. At trial, Impax had to prove by clear and convincing evidence that the Phase III formulation had been reduced to practice before the testing began.

The Court upheld the district court's finding that there was insufficient evidence to show that Astra had reduced to practice the claimed invention before the Phase III clinical trials. Impax did not demonstrate that, without conducting the Phase III clinical trials, the inventors knew that the Phase III formulation would achieve the goals of long-term stability and *in vivo* stability such that it would be effective as a treatment for gastrointestinal disease. Accordingly, the Court found no clear error in the district court's findings on this issue.

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**“Testing is required to demonstrate reduction to practice in some instances because without such testing there cannot be sufficient certainty that the invention will work for its intended purpose.” Slip op. at 19 (citation omitted).**

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Finally, the Court rejected Impax's argument that the district court violated its right to a jury trial, noting that it had rejected Impax's argument previously and that Impax did not provide extraordinary circumstances in this case to justify revisiting its prior decision.

Turning to Apotex's appeal, Apotex challenged the district court's ruling that the patents-in-suit were infringed and valid. Apotex's formulation contains a pellet core containing omeprazole, to which it applies an enteric coating. Based on Astra's expert's testimony, the district court concluded that Apotex's pellets have a subcoating that is formed *in situ*. Apotex challenged the sufficiency of this evidence on several grounds. The Court rejected each of them, finding no error in the district court's reliance on Astra's expert's testimony.

The Court also rejected Apotex's assertion that the claims of the '230 patent were anticipated by

U.S. Patent No. 2,991,226 (“the '226 patent”), U.S. Patent No. 4,470,980 (“the '980 patent”), and European Patent Application No. EP 122,815 A1 (“the '815 application”). The district court found that the three references did not disclose an “acid labile pharmaceutically active substance.” In addition, the district court found that the '226 and '980 patents did not disclose formulations that use an “alkaline salt.”

The Court rejected Apotex's claim construction argument regarding “alkaline salt,” noting Apotex's construction drew no support from the '230 patent specification and was inconsistent with other claims of the patent. Because Apotex did not challenge the district court's findings under the court's construction, the Federal Circuit affirmed the district court's holding that the '226 and '980 patents do not anticipate the '230 patent.

Regarding the '815 application, the Court also rejected Apotex's argument that the district court's ruling erroneously imported an additional limitation into its construction of “acid labile pharmaceutically active substance.” The Court held that the district court's ruling was not based on the additional limitation cited by Apotex, and therefore affirmed the holding that the '815 application did not anticipate the claims.

Apotex further argued that the '230 and '505 patent claims were obvious in light of European Patent Application No. EP 124,495 A2 (“the '495 application”) in combination with several other references. The '495 application described a tablet containing omeprazole magnesium salt with a cellulose acetate phthalate enteric coating. The district court found the '495 application did not disclose tablets with a subcoating or containing an ARC. The district court further observed that the '495 application did not disclose a negative interaction between the drug core and the enteric coating. According to the Federal Circuit, none of the references relied upon by Apotex undermines the district court's conclusion that the claims of the patents-in-suit were not obvious.

To overcome this shortcoming, Apotex alleged that a person of ordinary skill would understand that cellulose phthalate could interact with the omeprazole magnesium salt, which is acid-labile. The Court noted, however, that ample evidence supported the

opposite conclusion and the district court's holding. The Court also upheld the district court's finding that even if a person of ordinary skill perceived the problem of interaction between the enteric coating and the drug core, it would not have been obvious to try applying a water-soluble subcoating as a means of solving that problem. Agreeing with the district court, the Court noted that multiple different options were available should a person of ordinary skill recognize this problem, and a person of ordinary skill likely would have tried a different approach than the one taken by Astra.

Apotex also asserted that the district court's analysis conflicted with *KSR International Co. v. Teleflex, Inc.*, 127 S. Ct. 1727 (2007), because the district court insisted on absolute predictability and failed to recognize that adding a subcoating would be "obvious to try." The Court held that Apotex mischaracterized the district court's decision, which found that a person of skill in the art would not have seen a reason to use a subcoating in combination with the formulation disclosed in the '495 application.

Finally, like Impax, Apotex also alleged that the district court erred in resetting the effective date of its ANDA to reflect the six-month period of market exclusivity. Rejecting this argument, the Court cited its holding with respect to Impax and noted that Apotex's challenge would be moot, because Astra's period of exclusivity had lapsed.

## Prior Art Anticipates a Functional Limitation That Is Inherent

David Albagli

**Judges: Bryson, Archer, Prost (author)**

**[Appealed from E.D. Mo., Judge Perry]**

In *Leggett & Platt, Inc. v. VUTEK, Inc.*, No. 07-1515 (Fed. Cir. Aug. 21, 2008), the Federal Circuit affirmed the district court's grant of SJ of invalidity that certain claims of U.S. Patent No. 6,755,518 ("the '518 patent") were either anticipated or obvious. Given this conclusion, the Court did not address the district court's alternative basis for granting SJ, i.e., the claims were invalid for indefiniteness.

Leggett & Platt, Inc. and L&P Property Management Company (collectively "L&P") own the '518 patent. The '518 patent discloses a method and apparatus for printing ink on a rigid, deformable substrate without causing any deformation. To print on such substrate, the '518 patent describes the use of a "UV curable" ink, which can be cured (i.e., dried) by exposure to ultraviolet ("UV") radiation, and a "cold UV" radiation source. Where some "hot" sources of UV radiation will emit non-UV radiation that can heat and deform the substrate, a "cold UV" radiation source can substantially cure the ink without deforming the substrate. The '518 patent also teaches that, after the UV curable ink is deposited on the substrate, the cold UV source "freezes" the ink in place to prevent it from spreading, wicking, or otherwise moving on the substrate.

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**"The fact that a technology may be impractical does not undermine an otherwise anticipatory disclosure."**  
Slip op. at 10-11.

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L&P sued VUTEK, Inc. ("VUTEK"), alleging that VUTEK's PressVu UV printers infringed claims 1-3, 7, 9, 10, and 19 of the '518 patent. The district court construed the disputed terms, and the parties filed cross-motions for SJ on infringement and invalidity. The district court granted VUTEK's motion on invalidity and deemed the remaining issues moot. The district court found that claims 1, 9, 10, and 19 of the '518 patent were invalid as anticipated by VUTEK's U.S. Patent No. 6,457,823 ("the '823 patent") and that claims 2, 3, and 7 were invalid as obvious over the '823 patent and VUTEK's U.S. Patent No. 6,616,355 ("the '355 patent"). Alternatively, the district court found that these claims were invalid as indefinite. L&P appealed.

On appeal, the Federal Circuit noted that claim 1 was representative and that it required at least one cold UV curing assembly "oriented to direct UV energy . . . to freeze dots of the jetted ink" and "effective to impinge sufficient UV light on the ink to substantially cure the ink." Slip op. at 5 (alteration in original). The parties agreed that the UV radiation source disclosed by the '823 patent consisted of light emitting diodes ("LEDs"), that the LEDs were "cold UV," and that the

LEDs were “oriented to direct UV energy . . . to freeze dots of the jetted ink.” L&P asserted, however, that the ‘823 patent failed to teach that the LEDs were “effective to impinge sufficient UV light on the ink to substantially cure the ink.” The Federal Circuit disagreed.

The Court noted that the district court construed “substantially cure” to mean “cured to a great extent or almost completely cured” and that, as a result, claim 1 simply required a cold UV source (e.g., LEDs) that is “effective to impinge sufficient UV light on the ink” to cure the ink to a great extent or almost completely cure it. The Court explained that because the claim was written with functional rather than structural language, it required the cold UV assembly to be “effective to” substantially cure rather than requiring ink to be substantially cured, and that it would be anticipated so long as the LEDs disclosed in the ‘823 patent were able to cure the ink to a great extent. The Court observed that the ‘823 patent taught that the LEDs cured the ink 75-80% and that a reasonable mind might well find 75-80% cured to be “substantially cured” and thus conclude that the disclosed LEDs were effective to cure the ink to a great extent. The Court noted, however, that SJ can only be granted when, even if all material factual inferences are drawn in favor of the nonmoving party, there is no reasonable basis for deciding in favor of the nonmoving party. Here, the Court could not say that, as a matter of law, 75-80% cured was “cured to a great extent or almost completely cured.” *Id.* at 9.

Nonetheless, the Court determined that, as a matter of law, the ‘823 patent inherently disclosed LEDs that were “effective to impinge sufficient UV light on the ink” to cure the ink to a great extent. It reasoned that under the principles of inherency, if the prior art necessarily functions in accordance with, or includes, the claim limitations, it anticipates. In other words, noted the Court, the ‘823 patent would anticipate by inherency if its LEDs necessarily were “effective to impinge sufficient UV light on the ink to substantially cure the ink.” *Id.* The Court concluded that such a disclosure was inherent in the ‘823 patent. It thus found that the district court did not err in finding claims 1, 9, 10, and 19 of the ‘518 patent to be anticipated by VUTEK’s ‘823 patent. In doing so,

the Court rejected L&P’s other arguments, including its argument that LEDs were not practical for use in printers at the time because they were too expensive. The Court explained that the fact that a technology may be impractical does not undermine an otherwise anticipatory disclosure.

The Federal Circuit then turned to the issue of obviousness and indefiniteness. It noted that while L&P also appealed the district court’s finding that dependent claims 2, 3, and 7 were rendered obvious by a combination of VUTEK’s ‘823 and ‘355 patents, L&P’s argument was based on the allegedly erroneous anticipation finding. Because the Court did not perceive any error in the anticipation finding, it concluded that the district court did not err in finding claims 2, 3, and 7 as obvious. Accordingly, the Court affirmed the district court’s grant of SJ of invalidity based on anticipation and obviousness. Given this conclusion, the Court did not address the district court’s alternative basis for granting SJ, i.e., the claims were invalid for indefiniteness.

## The Elevated Standard of Proof in the Inequitable Conduct Context Remains Paramount

Judy W. Chung

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

**[Appealed from D. Md., Senior Judge Garbis]**

In *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, No. 07-1448 (Fed. Cir. Aug. 25, 2008), the Federal Circuit reversed the district court’s finding that U.S. Patent Nos. 6,202,649 (“the ‘649 patent”) and 6,425,401 (“the ‘401 patent”) are unenforceable due to inequitable conduct. The Court also reversed and remanded the district court’s grant of SJ of invalidity with regard to all asserted claims of the ‘649 and ‘401 patents on the basis of indefiniteness.

Star Scientific, Inc. (“Star”) is the owner of the ‘649 and ‘401 patents, directed to methods for curing tobacco in a way that reduces the amount of a carcinogen, tobacco specific nitrosamine

("TSNA"). During prosecution of the '649 patent, Star's attorneys became aware of a letter from one of Star's consultants regarding curing methods used in China that produced tobacco products containing very low TSNA levels ("the Burton letter"). The attorneys prosecuting the '649 patent also uncovered experimental data relating to reduced TSNA levels in cured tobacco ("the Curran data").

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**"The need to strictly enforce the burden of proof and elevated standard of proof in the inequitable conduct context is paramount because the penalty for inequitable conduct is so severe, the loss of the entire patent even where every claim clearly meets every requirement of patentability." Slip op. at 11.**

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Shortly after filing the application that issued as the '649 patent, Star replaced its prosecution attorneys. After the '649 patent issued, Star initiated an infringement action against R.J. Reynolds Tobacco Company (N.C.) and R.J. Reynolds Tobacco Company (N.J.) (collectively "RJR"). During the litigation, the new prosecution attorneys became aware of the Burton letter and the Curran data by way of Star's trial counsel. Trial counsel advised that the Burton letter and the Curran data should be disclosed to the PTO, but the prosecuting attorneys concluded that neither was material and disclosed neither during prosecution of the '401 patent.

The district court granted RJR's motion for SJ that the asserted claims of both patents are invalid because the term "anaerobic condition" is indefinite and held both patents unenforceable due to Star's inequitable conduct.

On appeal, the Federal Circuit turned first to inequitable conduct. The Court concluded that the

district court clearly erred in finding that RJR had proven that Star and the inventor intended to deceive the PTO. The Court rejected RJR's "quarantine theory" that Star and the inventor conspired to deliberately prevent the original prosecution attorneys from disclosing the Burton letter to the PTO by replacing them and purposely keeping the new firm ignorant of the letter. The Court held that the district court's finding of deceptive intent was clearly erroneous because it was not supported by clear and convincing evidence. Specifically, the Court found that RJR failed to elicit any testimony or submit any other evidence indicating that Star knew what the Burton letter stated before replacing the original firm, or that the letter was the reason for changing law firms. The Court also found that the inventor testified that he had never seen the Burton letter before his deposition in this litigation. Moreover, the Court found that the evidence did not support an inference that Star's failure to bring the Burton letter to the new prosecution firm's attention was motivated by a deceptive intent to keep it away from the examiner. In view of these gaps in the evidence, the Court had a "definite and firm conviction" that the finding of deceptive intent as to the '649 patent was clearly erroneous. Slip op. at 19.

With regard to the '401 patent, the Court found that the district court erred again in relying on RJR's "quarantine theory," but also concluded that the district court's finding of materiality was clearly erroneous. The Court found that in the course of the prosecution of the '401 patent, Star disclosed to the PTO other references that made the information contained in the Burton letter and Curran data cumulative. Because cumulative data are not material, the Federal Circuit held that the district court erred in finding the information material and reversed the judgment of unenforceability of both the '649 and '401 patents.

Turning to the question of indefiniteness, the Court concluded that the district court misapplied the standard for claim definiteness. The district court required that a potential infringer be able to determine if a process infringes before practicing



the claimed process. The Court reiterated its rejection of this approach in *Invitrogen Corp. v. Biocrest Manufacturing, L.P.*, 424 F.3d 1374, 1384 (Fed. Cir. 2005), and stated that the correct inquiry for definiteness is “whether the claim delineates to a skilled artisan the bounds of the invention.” Slip op. at 25. The Court concluded that the term “anaerobic condition,” as construed by the district court, delineates the bounds of claim scope and, thus, is not indefinite. Accordingly, the Court reversed the grant of SJ of invalidity due to indefiniteness.

## State Law Tortious Interference Claim Was Preempted by Federal Patent Laws Because the Claimant Could Not Show That the Patentee Acted in Bad Faith in Enforcing Its Patents

Jin Zhang

**Judges: Gajarsa, Plager (author), Dyk (concurring)**

**[Appealed from M.D. Fla., Chief Judge Fawcett]**

In *800 Adept, Inc. v. Murex Securities, Ltd.*, Nos. 07-1272, -1356 (Fed. Cir. Aug. 29, 2008), the Federal Circuit reversed the district court’s judgment of infringement with respect to certain patents, vacated its infringement damages award and permanent injunction, and vacated its judgment with respect to willfulness and attorneys’ fees. At the same time, the Court reversed the district court’s judgment of invalidity with respect to unasserted claims of certain patents, vacated the district court’s judgment that certain claims were invalid and remanded for a new trial on the validity of those claims, and affirmed the district court’s invalidity judgment with respect to certain claims. The Court also reversed the district court’s judgment on a tortious interference claim, finding that it was preempted by federal patent laws, and vacated the accompanying award of compensatory and punitive damages.

The patents at issue relate to technology for routing telephone calls made to 800 numbers. Typically, when a caller dials an 800 number, the long distance

carrier (“LDC”) handling the call must identify the ten-digit number, known as a “Plain Old Telephone System” (“POTS”) number, to which to route the call. 800 Adept, Inc. (“Adept”) owns two patents (“the Adept patents”) that disclose a method for directly routing an 800 call to the appropriate service location based on the caller’s ten-digit telephone number. The invention involves the construction of a database that assigns a service location POTS number to every potential caller according to geographic criteria provided by the owner of the 800 number. This database can be provided to the LDC, which then routes calls made to the 800 number according to the routing instructions in the database.

Adept sued Targus Information Corporation, its affiliated companies Murex Securities, Ltd. and Murex Licensing Corporation, and its customer West Corporation (collectively “Targus”), alleging that services sold by Targus infringed the Adept patents. Adept further alleged that Targus had tortiously interfered with Adept’s business relationships by asserting Targus’s patents against Adept’s customers. Targus filed counterclaims alleging that Adept’s call-routing services infringed various claims of several of its patents (“the Targus patents”).

After a twenty-four-day jury trial, the jury found for Adept on essentially all issues. It found that Targus willfully infringed the asserted claims of the Adept patents and that Adept did not infringe the asserted claims of the Targus patents. It found that all the asserted claims of the Targus patents were invalid and further found that the unasserted claims of two of the Targus patents were invalid as well. It also found Targus liable under state law for tortious interference with Adept’s business relationships. It awarded Adept \$18 million for patent infringement and \$7 million on the tortious interference claim. The district court entered judgment on the jury verdict, issued a permanent injunction, and awarded enhanced damages of \$24 million on the patent infringement claim. The district court also determined that the case was exceptional and that Adept was entitled to attorneys’ fees under 35 U.S.C. § 285. Targus filed motions for JMOL and a new trial. The district court denied those motions. Targus appealed.

On appeal, the Federal Circuit addressed first the issues that Targus raised with respect to the Adept patents. Targus argued that the district court erred in construing the “assigning” limitation recited in the claims of the Adept patents and that under the correct construction, its services did not infringe the Adept patents. The relevant claim language recites “assigning to the physical location of said potential first parties a telephone number of a service location of a second party that will receive calls.” The district court construed this “assigning” limitation to mean “a designation made prior to the telephone call of the first parties” and indicated that it did not exclude calculations made during the telephone call. Targus argued that the district court erred in concluding that the “assigning” limitation did not exclude calculations made during the telephone call. The Federal Circuit agreed.

The Court observed that the plain language of the claims made clear that the “assigning” limitation required that a “telephone number of a service location” be assigned to each potential caller. It noted further that nothing in the claims suggested that storing an algorithm that would be used to determine the telephone number of the correct service location during a telephone call constituted an assignment of a service location telephone number to a potential caller before a telephone call is placed. It explained that the written description confirmed this view and that the prosecution history also reinforced the conclusion that any calculations necessary for assigning service location telephone numbers to callers must be performed before any calls are placed. As a result, the Court concluded that under the correct claim construction, assignment of service location telephone numbers to potential callers must occur prior to any calls, and thus any calculations necessary for completing that assignment must be performed before any telephone calls are placed.

Turning to the issue of infringement, the Federal Circuit found that the accused Targus services did not assign service location telephone numbers to potential callers before calls are placed. To the contrary, the Court noted that all calculations necessary to complete the assignment are performed in real time while the caller is on the line. As a result, the Court concluded that the Targus services did not satisfy the “assigning” limitations in the Adept patents

and that under the correct claim construction, no reasonable jury could find that Targus infringed the asserted claims of the Adept patents. Accordingly, the Court reversed the district court’s denial of Targus’s motion for JMOL of noninfringement, vacated the infringement damages award and the permanent injunction, and vacated the district court’s judgment with respect to willfulness and attorneys’ fees.

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“State tort claims against a patent holder, including tortious interference claims, based on enforcing a patent in the marketplace, are ‘preempted’ by federal patent laws, unless the claimant can show that the patent holder acted in ‘bad faith’ in the publication or enforcement of its patent.” Slip op. at 26.

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The Federal Circuit turned next to the Targus patents. The jury found that all claims of two of the Targus patents were invalid, and the district court entered judgment accordingly. Targus argued that the district court erred because only one claim from each patent was asserted and at issue. The Federal Circuit agreed with Targus that the unasserted claims were not at issue, and thus the district court erred. The Court found that the scope of Adept’s complaint was less than clear and that in any event, a reference in the complaint is not sufficient to support a judgment that particular claims are invalid. It explained that the specific validity of the claims must have been at issue during the trial and actually litigated by the parties.

In addition, the Court noted that the parties’ Joint Final Pretrial Statement demonstrated that only one claim from each patent was asserted and at issue, and that there were no references whatsoever to the unasserted claims. The Court also noted that at trial, neither party presented evidence with respect to the unasserted claims and that under the patent statute, the validity of each claim must be considered separately. Accordingly, it concluded that it was clear from the parties’ pretrial statement and from the trial proceedings that the unasserted claims were neither

litigated nor placed in issue during the trial, and therefore reversed the district court's judgment of invalidity with respect to the unasserted claims.

The jury also found all twelve of the asserted claims from the other Targus patents to be invalid. Targus appealed the district court's denial of its motion for a new trial on the validity of these claims. Targus argued on appeal that the jury's invalidity findings were "tainted" by the erroneous characterization of the Adept patents by Adept's expert, Dr. Brody. The Federal Circuit agreed, but only in part. The Court agreed that Dr. Brody's characterization of the scope of the disclosure of the Adept patents was mistaken, but that this characterization applied to only two of the twelve asserted claims. Under these circumstances, the Court reasoned that the district court should have granted the motion for a new trial with regard to these two claims because the great weight of the evidence in the record was against the jury's verdict. It concluded that the failure to have granted Targus's motion was an abuse of discretion and vacated the district court's judgment with respect to those two claims. The Court, however, affirmed the district court's judgment that the remaining asserted claims were invalid.

Finally, the Federal Circuit turned to the jury's verdict for Adept on the tortious interference claim. Adept argued that, because Targus had asserted certain of its patent claims against some of Adept's customers, Targus had tortiously interfered with Adept's business relationships with those customers. Targus responded that the state-law remedy was preempted by the federal patent laws. The Federal Circuit noted that "[s]tate tort claims against a patent holder, including tortious interference claims, based on enforcing a patent in the marketplace, are 'preempted' by federal patent laws, unless the claimant can show that the patent holder acted in 'bad faith' in the publication or enforcement of its patent." Slip op. at 26. The

Court noted that the issue here was whether Adept presented to the jury sufficient facts that a reasonable jury could find for Adept on the issue of Targus's bad faith. The Court explained that this "bad-faith" standard has objective and subjective components. The objective component requires a showing that the infringement allegations are "objectively baseless." The subjective component relates to a showing that the patentee, in enforcing the patent, demonstrated subjective bad faith. The Court noted that absent a showing that the infringement allegations are objectively baseless, it is unnecessary to reach the question of the patentee's intent.

Targus argued that there was no clear and convincing evidence on which a reasonable jury could conclude that its actions were objectively baseless. The Federal Circuit explained that to prove at trial that Targus's actions were objectively baseless, Adept was required to offer clear and convincing evidence that Targus had no reasonable basis to believe that its patent claims were valid or that they were infringed by Adept's customers. With respect to validity, the Court reviewed the record and concluded that no reasonable jury could have found that Targus's belief that its patents were valid had no reasonable basis. Similarly, with respect to infringement, the Court reviewed the record and concluded that no reasonable jury could find by clear and convincing evidence that Targus had no reasonable basis for believing that Adept's customers were infringing its patents. Accordingly, the Court concluded that there was no clear and convincing evidence on which a reasonable jury could find that Targus acted in bad faith, that Adept's state-law tortious interference claim was preempted by federal patent law, and that the district court erred in denying Targus's motion for JMOL on this claim.

Judge Dyk concurred in the result, but did not file a separate opinion.

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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  
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

In *In re Translogic Technology, Inc.*, No. 06-1192 (Fed. Cir. Oct. 12, 2007), the Federal Circuit affirmed the Board's decision in which it upheld the PTO's rejection of one of Translogic Technology, Inc.'s ("Translogic") patents in a reexamination proceeding. Translogic filed a petition for rehearing, arguing that the Board's decision should be vacated because one of the three members of the Board that decided this case was unconstitutionally appointed. The Federal Circuit denied the petition.

In April 2008, Translogic filed a petition for a writ of certiorari, raising this very same issue. Specifically, Translogic notes that under the Appointments Clause of the U.S. Constitution, art. II, § 2, cl. 2, Congress may vest the appointment of inferior officers in the President, in the Courts of Law, or in the Heads of Departments. In this case, asserts Translogic, one of the three members of the Board that ruled on the claims of its patent was appointed by the Director of the PTO, who is not the Head of a Department. Accordingly, Translogic raises two questions in its petition: (1) whether one of the members of the panel of the Board was appointed in violation of the Appointments Clause; and (2) if so, whether there must be a vacatur of the Board's decision. The parties recently finished briefing, and the Supreme Court is expected to rule on Translogic's petition soon.