

Last Month at the Federal Circuit

June 2008

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- In *Acumed LLC v. Stryker Corp.*, No. 07-1115 (Fed. Cir. May 13, 2008), the Federal Circuit reversed the district court's decision and held that medical device firm Acumed LLC may sue rival Stryker Corporation for patent infringement. The Court concluded that the infringed devices at issue in the original and current actions were not "essentially the same," and thus the doctrine of claim preclusion did not support dismissal. See full summary below.
- In *Cat Tech LLC v. TubeMaster, Inc.*, No. 07-1443 (Fed. Cir. May 28, 2008), the Federal Circuit affirmed the district court's decision that a dispute between Cat Tech LLC and TubeMaster, Inc. was sufficiently real and immediate to warrant DJ jurisdiction. The Federal Circuit found that three design configurations presented a controversy of "sufficient immediacy and reality" under *MedImmune* because TubeMaster had already developed designs and was prepared to customize and produce devices "within a normal delivery schedule" upon receiving an order.

Unasserted or Cancelled Claims May Provide "Probative Evidence" That an Embodiment Is Not Within the Scope of an Asserted Claim

Judy W. Chung

Judges: Michel (author), Linn, Prost

[Appealed from N.D. Ill., Judge Kendall]

In *PSN Illinois, LLC v. Ivoclar Vivadent, Inc.*, No. 07-1512 (Fed. Cir. May 6, 2008), the Federal Circuit found that the district court construed the claim term "ready for mounting" of U.S. Patent No. 4,579,530 ("the '530 patent") too narrowly. The Court nevertheless affirmed the district court's grant of SJ of noninfringement, finding that there was no infringement even under the correct construction.

PSN Illinois, LLC ("PSN") is the assignee of the '530 patent, originally issued in 1986. A reexamination certificate was issued in July 1989. After reexamination, the '530 patent contained only one independent claim, which is directed to a method of fabricating a porcelain veneer restoration for a tooth. The method includes "preparing an impression of said tooth," "forming from said impression a statue of said tooth out of an investment material," "applying porcelain powder to the surface of

said statue to build said veneer restoration," and "eroding away said statue from said porcelain veneer restoration leaving said restoration *ready for mounting* on said tooth." Slip op. at 2 (emphasis added).

PSN sued fourteen defendants, accusing them of infringement of the '530 patent. It settled with most of them. With the remaining defendants, it settled as to all accused processes other than Ivoclar Vivadent, Inc.'s ("Ivoclar") IPS Empress technique ("the Empress process") and processes functionally identical to the Empress process. Ivoclar filed a motion for SJ of noninfringement as to the Empress process. The district court construed the term "ready for mounting" as "leaving the veneer restoration ready to be fitted to and cemented on a patient's tooth for which it was custom-made," and granted Ivoclar's SJ motion. It concluded that the Empress process could not infringe either literally or under the DOE because the Empress veneer required substantial finishing work after it is removed from the cylinder of investment material and before it is fitted and cemented to the patient's tooth. PSN moved for reconsideration, but the district court denied that motion. PSN appealed.

On appeal, PSN argued that the district court incorrectly construed the term "ready for mounting" because it excluded all finishing activities. The Federal Circuit agreed. It found that the district court incorrectly focused on the detailed description of the preferred embodiment in excluding subsequent finishing

steps in its claim construction, noting that the description in the summary of the invention expressly contemplated performing such finishing steps following removal of the statue. In so finding, the Court noted that its case law did not require all claims to cover all embodiments. Specifically, the Court recognized that disclosed embodiments may be within the scope of other allowed but unasserted claims. Likewise, noted the Court, during prosecution, an applicant may have cancelled pending claims but not amended the specification to delete disclosure relevant only to the cancelled claims. The Court explained that in such cases, unasserted or cancelled claims may provide “probative evidence” that an embodiment is not within the scope of an asserted claim.

“[C]ourts must recognize that disclosed embodiments may be within the scope of other allowed but unasserted claims. Likewise, during prosecution, an applicant may have cancelled pending claims but not amended the specification to delete disclosure relevant only to the cancelled claims. In such cases, unasserted or cancelled claims may provide ‘probative evidence’ that an embodiment is not within the scope of an asserted claim.”
Slip op. at 10.

Applying these principles to the present case, the Court noted that the description in the summary of the invention and expert witness testimony supported the conclusion that a person of ordinary skill in the art would understand that a veneer was “ready for mounting” after statue removal, even if some “finishing” operations still needed to be performed. Accordingly, it concluded that the district court erred in excluding all finishing steps and should have construed “ready for mounting” as “substantially fabricated such that only final finishing and fitting operations need be performed prior to mounting the veneer on a patient’s tooth for which it was custom-made.” *Id.* at 11.

The Federal Circuit then turned to the district court’s grant of SJ of noninfringement. It observed that under the correct construction, a veneer must be “substantially fabricated” to be “ready for mounting.” The Court noted that the Empress process required substantial finishing of the veneer prior to mounting it in the patient’s mouth and that as a result, a veneer made by the Empress process was not “ready for mounting” and did not infringe literally. The Court also concluded that the Empress process did not infringe under the DOE because such a finding would read the “ready for mounting” limitation out of the claim. Accordingly, the Court affirmed the district court’s grant of SJ of noninfringement.

Claim Term “Remote Interface” Did Not Encompass Privately Owned Personal Computers

Jeremy P. Bond

Judges: Mayer, Schall, Linn (concurring-in-part and dissenting-in-part) (per curiam)

[Appealed from D.S.C., Judge Currie]

In *Decisioning.com, Inc. v. Federated Department Stores, Inc.*, Nos. 07-1277, -1278, -1308 (Fed. Cir. May 7, 2008), the Federal Circuit modified the district court’s claim construction, affirmed the district court’s SJ of noninfringement in favor of Federated Department Stores, Inc. (“Federated”), and affirmed-in-part, vacated-in-part, and remanded the district court’s SJ of noninfringement in favor of TD Ameritrade Holding Corporation (“TD Ameritrade”) and HSBC Finance Corporation (“HSBC”).

Decisioning.com, Inc. (“Decisioning”) owns U.S. Patent No. 6,105,007 (“the ’007 patent”). The ’007 patent claims a system that automatically processes financial account applications, including loan or credit card

applications. The claimed system permits an applicant to apply for a financial account remotely without assistance from a person and to receive an account approval result within minutes. The system is a “closed loop” process, meaning “that all the steps involved are performed by a computer that is programmed to make the decision to approve or disapprove the request and to complete all aspects of it” Slip op. at 4.

The originally filed application for the parent of the ’007 patent described several embodiments for interfacing the loan applicant with the loan processing system, such as a telephone, a personal computer, or a kiosk housing computer equipment. These user interfaces required varying degrees of human interaction, whereby an applicant could apply with relatively little human assistance using the kiosk embodiment, as compared to the personal computer embodiment requiring substantially more human interaction.

When Decisioning filed the ’007 patent, it sought to capture a system that processed financial accounts “without human intervention.” Consequently, the specification as filed was amended to delete the embodiments that were described in the parent application as involving human assistance, leaving only the kiosk embodiment. The claims as filed were directed to a “kiosk” for providing closed loop financial transactions. During prosecution, Decisioning amended the claims to delete the “kiosk” limitation and replaced the term with the “remote interface” term that appeared in the issued claims.

Decisioning filed suit against Federated and TD Ameritrade alleging they infringed the ’007 patent. Contemporaneously, HSBC filed a DJ action against Decisioning seeking a declaration of invalidity and noninfringement of the ’007 patent. After the cases were consolidated, the district court construed the claims and granted SJ of noninfringement.

On appeal, the Federal Circuit first held that “[t]he claim term ‘remote interface’ refers to

computer equipment installed in publicly-accessible locations, although it need not be enclosed in a ‘kiosk’ housing.” *Id.* at 21. The Court also concluded that the term “remote interface” did not encompass a consumer-owned computer.

The Court noted that the invention was not limited to a remote interface enclosed by the preferred kiosk housing because, in alternate embodiments, a different style of housing, or even no housing at all, may be used to enclose the remote interface. Also, during prosecution, the claims were modified to remove the term “kiosk,” and Decisioning explained that “[c]laim 1 has been amended to delete the kiosk element, which is not required for performing the method of the present invention.” *Id.* at 16 (alteration in original). The Court concluded that the effect of this amendment was to remove the requirement that the remote interface be enclosed by a kiosk housing.

The Court then considered the inventor’s alternate use of “kiosk” in reference to the entire remote interface itself. The Court noted that the common meaning of “kiosk” strongly suggested to one of ordinary skill that the claimed remote interface was installed in a publicly accessible location. Also, the specification provided that the kiosks be placed in “convenient locations,” including, e.g., an airport terminal, a bank, a shopping area, or a store, and nowhere did the specification suggest that a “kiosk” might encompass a privately owned personal computer. Further, the specification described various features not normally associated with a consumer-owned personal computer, such as a touch screen, voice recognition technology, magnetic bank card reader, security camera, or credit card port. The Court acknowledged that these features were in several dependent claims,

“Read in light of the specification, however, we conclude that one of ordinary skill in the art would not understand the term ‘remote interface’ in the ’007 patent to encompass a consumer-owned personal computer.” Slip op. at 13.

and that these features themselves did not limit the scope of the term “remote interface.” However, the Court reasoned that these features played an important role in the invention’s stated purpose of providing closed loop processing of financial transactions without human involvement.

The Court further held that the district court erred in requiring that the remote interface be “dedicated” solely to financial transactions and “supplied by” the financial institution, since those limitations did not find support in the specification. The Court also noted that these limitations produced anomalous results. For example, a bank kiosk would be encompassed by the district court’s construction, but a kiosk provided by a third party facilitating loans for that bank would not because the kiosk is no longer “supplied by the entity providing the account.”

The Court affirmed the district court’s holding that the accused systems that were accessed solely via consumer-owned personal computers did not literally infringe the ’007 patent. Furthermore, the Court held that Decisioning was precluded from asserting that those systems infringed under the DOE, as doing so would vitiate the claim element “remote interface” as construed.

Next, the Federal Circuit reviewed the claim term “verify the applicant’s identity,” which the district court construed to mean “to confirm or substantiate the applicant’s identity. This is not limited to checking biometric information and does not exclude verification using information such as name, address, and social security number *plus some additional information* less likely to have been improperly obtained (e.g., mother’s maiden name, years at current address, years at job, etc).” *Id.* at 21. The district court further required that verification consist of information that is quantitatively and qualitatively more substantial than that based on name, address, and social security number alone.

The Federal Circuit concluded that this claim term was entitled to its plain and ordinary meaning because the claim language itself did not require that any particular type or quantity of information be used to verify the applicant’s identity. The claim required only that the account processing system “verify the applicant’s identity by comparing certain of the information received from the applicant with certain of the information received from said at least one database relevant to the applicant’s identity.” *Id.* at 23. The Court stated that although the specification contained sparse disclosure detailing how verification of the applicant’s identity was to occur, nowhere was the broad claim scope disclaimed. *Id.*

Lastly, the Court considered the claim’s recital of a data processing system adapted to “compare certain of the information received from the applicant and certain of the information received from said at least one database *relevant to the applicant’s ability and willingness to comply with the account requirements* to determine in real time and without human assistance if the applicant’s requested account is approved.” *Id.* at 24. The Court concluded that, based on the plain language of the claim, the phrase “relevant to the applicant’s ability and willingness to comply with the account requirements” modified only “certain of the information received from said at least one database” and did not modify “certain of the information received from the applicant.” *Id.* at 25 (emphases omitted). The Court further found its conclusion supported by the claims when read as a whole and the specification.

In a concurring-in-part and dissenting-in-part opinion, Judge Linn disagreed with the majority’s conclusion that the claimed “remote interface” could not encompass consumer-owned personal computers. Judge Linn noted that the only requirements imposed on the “remote interface” were that it be adapted to “allow an applicant to remotely request an account” and to “receive data from an applicant.” Linn op. at 3. According to Judge Linn, the majority failed to point to “words or

expressions of manifest exclusion or restriction” evidencing “a clear intention to limit the claim scope,” and merely concluded that one of ordinary skill would understand “remote interface” to be limited to the fundamental characteristics of kiosks. *Id.* In Judge Linn’s view, the majority’s construction, limiting the broadly claimed “remote interface” to the characteristics of the disclosed “kiosk” embodiment, violated fundamental tenets of claim construction. *Id.* at 5.

In an ITC Action, the Federal Circuit Need Not Address Validity if Noninfringement Is Affirmed

Eric C. Jeschke

Judges: Lourie, Rader, Bryson (author)

[Appealed from ITC]

In *Solomon Technologies, Inc. v. International Trade Commission*, No. 07-1391 (Fed. Cir. May 7, 2008), the Federal Circuit affirmed the ITC, finding that the accused products did not practice two limitations of the patent at issue.

Solomon Technologies, Inc. (“Solomon”) filed a complaint with the ITC under section 337 of the Tarriff Act of 1930, alleging that the intervenors, Toyota Motor Corporation and its corporate affiliates (collectively “Toyota”), imported and sold hybrid vehicles that infringed claim 7 of U.S. Patent No. 5,067,932 (“the ’932 patent”). The ’932 patent teaches a combination motor and transmission device having two power inputs.

Following an investigation, the ALJ found no violation, determining that (1) the accused vehicles did not infringe the ’932 patent, (2) the ’932 patent was invalid for lack of enablement, and (3) the domestic industry requirement was not established. The ITC reviewed in part the ALJ’s initial determinations and took no position

on the ALJ’s findings concerning the economic prong of the domestic industry requirement. Because the ITC declined to review the ALJ’s initial determinations in all other respects, the ALJ’s initial determination became the final determination of the ITC. Accordingly, the ITC terminated the investigation.

On appeal, Solomon challenged the ALJ’s constructions of three claim terms: “integral combination,” “within an envelope,” and “continuously variable.” Solomon conceded that, under the ALJ’s constructions, the Toyota

vehicles did not infringe the ’932 patent. Solomon also argued that the ITC applied an impermissible element-by-element analysis to determine that the Toyota vehicles did not use a “power conversion means” that was equivalent to the structure disclosed in the ’932 patent.

The Federal Circuit noted that claim 7 covers devices that have an “integral combination of a respective electric motor element and an element of said transmission unit.” The ALJ had construed that limitation to require “an electric motor element and a transmission unit element rigidly and directly attached without the presence of shafts, bearings or other components between the electric motor element and the transmission unit element, supportable by a single bearing.” Slip op. at 4. The Federal Circuit found that the “prosecution history could not be clearer in showing a disclaimer of devices that use shafts to connect the motor and transmission elements.” *Id.* at 5. Accordingly, the Court affirmed the ALJ’s finding that the patentee disclaimed devices such as the Toyota

“If we uphold the Commission’s order, as we do in this case, we are not required to address every possible ground on which the Commission’s order might be sustained. For that reason, we may affirm the Commission’s final determination on the basis of noninfringement without addressing the invalidity of claim 7.” Slip op. at 16 (citation omitted).

transaxles, which use rotor shafts between their motor element and their transmission element.

The Court disagreed, however, with the ALJ's finding that the Toyota transaxles were not "supportable by a single bearing" because of the fact that they are supported by two bearings. The Court stated, "A device could be 'supportable' by one bearing even though it is actually supported by more than one bearing." *Id.* at 7. Nevertheless, the Court found the presence of the rotor shafts in the Toyota vehicles sufficient to support the ALJ's determination of noninfringement of the "integral combination" limitation.

The Court next addressed the ALJ's finding that the Toyota transaxles did not satisfy the "within an envelope" limitation of claim 7. The ALJ construed that limitation to mean that "one of the integral combination elements is contained entirely or nearly entirely within the imaginary space defined by the rotation of the other integral combination element so that power is taken off from inside the armature itself." *Id.* at 8. Solomon argued that the ALJ's construction was too narrow and suggested that the construction should merely require the armature elements and the transmission gears to have a "close geometrical overlap."

The Court found that the ALJ's construction was unduly restrictive and should have omitted the words "so that power is taken off from inside the armature itself." *Id.* at 10-11. Because Toyota's transaxles had transmission gears *outside* the imaginary space defined by the motors' magnet assemblies, the Court affirmed the finding of noninfringement despite the ALJ's error.

Solomon next challenged the ALJ's finding that the accused devices did not satisfy the "power conversion means" limitation. The ALJ found a substantial difference in structure between the Toyota transaxles and the devices described in the '932 patent, having focused on the Toyota transaxles' use of rotor shafts instead of disks to connect the motor elements to the transmission elements. Solomon argued that the ALJ had

thereby performed an impermissible component-by-component analysis in comparing the accused devices with the structure described in the specification.

The Court stated that "our case law allows for greater weight to be given to individual components that play a central role in the identified structure." *Id.* at 11. In response to a prior art rejection, the Court noted, the patentee described the importance of the disk's role in reference to the "integral combination" limitation. Moreover, the Court highlighted how every embodiment disclosed in the '932 patent shows the disk connecting the armature to a gear element. Because the prosecution history showed that the patentee relied on that advantage of a disk over a shaft in order to overcome the prior art, the Court found no error in the ALJ's finding that, based on the use of rotor shafts rather than disks, the Toyota transaxles were not structurally equivalent to the structure disclosed in the specification of the '932 patent.

Solomon also appealed the ALJ's finding that Toyota's transaxles did not provide rotational output speed that is "continuously variable." After a thorough discussion of the relevant technology, the Court determined that Toyota's construction, adopted by the ALJ, was overly narrow, while Solomon's construction was overly broad. Thus, the Court did not uphold the finding of noninfringement based on the "continuously variable" limitation. Nonetheless, the Court affirmed the ALJ's overall finding of noninfringement based on each of the other limitations addressed in the appeal.

The ALJ's construction of the "continuously variable" limitation also formed the basis for a finding that the '932 patent was invalid for lack of enablement. The Court found that it need not address this issue based on a difference between the nature of invalidity claims in the district court and the ITC. In district court cases in which invalidity is asserted as a counterclaim, the question of validity does not become moot when there has been a determination of

noninfringement. Thus, the district court, and the Federal Circuit on appeal, must address the counterclaim even if noninfringement is found. When invalidity is raised as an affirmative defense, however, the reviewing court need not address validity.

The Court explained that before the ITC, invalidity is not a separate claim, but rather simply one ground for determining that the importation and sale of allegedly infringing articles do not infringe a valid and enforceable patent. The final determination from the ITC is merely a finding that section 337 has, or has not, been violated. The Court thus found that it could uphold an ITC determination without addressing every possible ground on which the order might be sustained.

With that, the Court declined to decide the enablement issue or to remand the case to determine whether claim 7 was enabled under a proper construction of the “continuously variable” limitation. The Court also declined to address the ITC’s determination with respect to the technical prong of the domestic industry requirement, a finding similarly based on the ALJ’s construction of the “continuously variable” limitation.

Plain Language of Claim Controls, Even if It Fails to Cover the Only Disclosed Embodiment

Matthew A. Levy

Judges: Lourie (dissenting-in-part), Linn, Prost (author)

[Appealed from S.D. Cal., Judge Brewster]

In *Lucent Technologies, Inc. v. Gateway, Inc.*, Nos. 07-1334, -1337, -1376 (Fed. Cir. May 8, 2008), the Federal Circuit reversed the district court’s construction of the term “terminal device” in U.S. Patent No. 5,649,131 (“the ’131

patent”), vacated its grant of SJ of noninfringement with respect to that patent, and remanded. At the same time, however, the Court affirmed the district court’s construction of the phrase “each successive iteration including the steps of” in U.S. Patent No. 4,701,954 (“the ’954 patent”) and its grant of SJ of noninfringement with respect to that patent.

“While it is true that we may construe claims to sustain their validity when the claims are amenable to more than one reasonable construction; when the claims are susceptible to only one reasonable construction, we will construe the claims as the patentee drafted them.” Slip op. at 26.

Lucent Technologies, Inc. (“Lucent”) owns the ’131 and ’954 patents. The ’131 patent is directed to a communications protocol that facilitates the exchange of information between a host processor and a terminal device, and the ’954 patent is directed to digitizing or encoding speech. Lucent sued Microsoft Corporation (“Microsoft”), Dell Inc. (“Dell”), and Gateway, Inc. (“Gateway”) for infringement of both patents. The district court granted SJ of noninfringement with respect to both patents based on its construction of the term “terminal device” in the ’131 patent and the phrase “each successive iteration including the steps of” in the ’954 patent. Lucent appealed.

On appeal, the Federal Circuit first addressed the district court’s grant of SJ with respect to the ’131 patent based on its construction of the term “terminal device.” The district court construed “terminal device” as “a computing device such as a data terminal, workstation, portable computer, or smart phone . . . [that] *manages its associated display itself*” and as “exclud[ing] arrangements where the host processor controls the positioning of objects on the display of the terminal device.” Slip op. at 4. Lucent argued that the district court erred in defining “terminal

device” to be a computing device that “manages its associated display itself” and to “exclude[] arrangements where the host processor controls the positioning of objects on the display of the terminal device.” The Federal Circuit agreed. The Court reviewed the claim language and the specification and found nothing that supported the district court’s construction. The Court also reviewed the prosecution history and found no clear disavowal. As a result, the Court modified the district court’s construction of “terminal device,” vacated its grant of SJ of noninfringement, and remanded the case for a determination of infringement based on the revised construction.

Dell argued that even if the Federal Circuit reverses the district court’s construction of “terminal device” and vacates its grant of SJ of noninfringement, it should reverse the district court’s denial of SJ that the accused devices do not infringe the “transmitting” step of the claims of the ’131 patent. The district court found that Lucent had raised genuine issues of material fact with respect to that limitation, and thus did not grant SJ. The Federal Circuit agreed with the district court that this issue was not amenable to resolution on SJ and was best resolved after weighing the evidence with respect to infringement presented by the parties. Accordingly, it declined to reverse the district court’s denial of SJ of noninfringement based on the “transmitting” step.

The Federal Circuit turned next to the district court’s grant of SJ of noninfringement with respect to the ’954 patent. The district court construed the phrase “each successive iteration including the steps of” in the ’954 patent to require that “all of the steps following this clause [steps 1-5] must each be performed in forming each pulse.” *Id.* at 21. Because Lucent had presented no evidence that the accused devices performed each of the five steps in forming each pulse, the district court granted SJ of no literal infringement. The district court also granted SJ of noninfringement under the DOE, concluding that prosecution history estoppel

barred Lucent from asserting infringement under the DOE.

Lucent argued that the term “including” in the phrase “each successive iteration including the steps of” should not be interpreted to mean “comprising” and that, as a result, a reasonable interpretation of the claim did not require all of steps 1-5 be performed in forming each pulse. The Federal Circuit disagreed. The Court noted that the claim language clearly supported the district court’s construction requiring all of steps 1-5 during each pulse-formation iteration. It explained that it has consistently interpreted “including” and “comprising” to have the same meaning, namely, that the listed elements are essential but other elements may be added. Although the Court agreed with Lucent that the district court’s construction was not supported by the sole embodiment described in the specification, it noted that the claim language clearly supported the district court’s construction and that where the claim language is unambiguous, it has construed the claims to exclude all disclosed embodiments. In this case, noted the Court, the claim language supported the district court’s construction and the specification did not redefine the claim term to have an alternative meaning. The Court added that the district court’s construction was supported by the prosecution history. Accordingly, the Court concluded that the district court’s construction was correct and that Lucent did not dispute the district court’s grant of SJ of no literal infringement under that construction.

Lucent also argued that there was infringement under the DOE because of the tangential exception to the presumption of prosecution history estoppel. The Federal Circuit disagreed, explaining that narrowing the claims in response to a rejection during prosecution creates a presumption that the applicant surrendered the territory between the original claims and the amended claims. The Court noted that the purpose for the amendment here was not unrelated to the alleged equivalent and, thus,

there was more than a tangential relationship between the reason for the amendment and the accused equivalent. Accordingly, the Federal Circuit concluded that the district court did not err in holding that Lucent was barred by prosecution history estoppel from asserting infringement under the DOE.

Judge Lourie dissented from the majority's conclusion that the district court erred in construing the "terminal device" limitation of the '131 patent. According to him, the specification and the prosecution history supported the district court's construction. Thus, he would have affirmed the district court's construction of the "terminal device" limitation and its grant of SJ of noninfringement with respect to the '131 patent.

Claim Preclusion Does Not Bar an Infringement Claim That Could Have Been Brought in a Prior Case Unless the Accused Devices in Both Cases Are "Essentially the Same"

Jessica Y. Chiang

Judges: Newman, Gajarsa (author), Linn

[Appealed from D. Or., Judge Brown]

In *Acumed LLC v. Stryker Corp.*, No. 07-1115 (Fed. Cir. May 13, 2008), the Federal Circuit reversed the district court's decision dismissing Acumed LLC's ("Acumed") infringement action against Stryker Corporation, Stryker Sales Corporation, Stryker Orthopaedics, and Howmedica Osteonics Corporation (collectively "Stryker"), holding that Stryker had failed to show that a previous action between the parties barred the present action under the doctrine of claim preclusion, and remanded.

In the previous action ("*Acumed I*"), Acumed sued Stryker, alleging that Stryker's T2 Proximal Humeral Nail ("T2 PHN")

product infringed its U.S. Patent No. 5,472,444 ("the '444 patent"). During that case, Acumed learned that Stryker had developed and begun selling in the United States a longer version of the T2 PHN named the "T2 Long." However, to avoid delaying trial, Acumed did not amend its *Acumed I* complaint to add an infringement claim based on the T2 Long. The district court eventually entered a final judgment in favor of Acumed following a jury verdict that the T2 PHN infringed the '444 patent and that Stryker's infringement was willful. The Federal Circuit affirmed.

Two weeks after the district court entered final judgment in *Acumed I*, Acumed filed the present case, alleging that Stryker's T2 Long nail infringed the '444 patent. The district court dismissed it on the ground that Acumed's T2 Long infringement claim was precluded by the judgment of infringement with respect to the T2 PHN in *Acumed I*. Acumed appealed.

On appeal, the Federal Circuit observed that under the doctrine of claim preclusion, a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action. It noted that to the extent a case turns on general principles of claim preclusion, it applies the law of the regional circuit—here, the Ninth Circuit. It noted further that the Ninth Circuit applies claim preclusion where: (1) the same parties or their privies were involved in the prior litigation, (2) the prior litigation involved the same claim as the later suit, and (3) the prior litigation was terminated by a final judgment on the merits. It explained that only the second requirement—the same claim requirement—was at issue in this

“[T]wo claims for patent infringement do not arise from the same transactional facts unless the accused devices in each claim are ‘essentially the same.’” Slip op. at 10.

case. It noted that whether two claims for patent infringement are identical is a claim preclusion issue that is particular to patent law and, therefore, it would analyze it under Federal Circuit law.

The Court explained that under its law, a claim, for purposes of claim preclusion, is defined by the transactional facts from which it arises. It noted that claim preclusion does not apply unless the accused device in an action is “essentially the same” as the accused device in a prior action between the parties that was resolved by a final judgment on the merits. Slip op. at 6. It noted further that accused devices are “essentially the same” where the differences between them are merely “colorable” or “unrelated to the limitations in the claim of the patent.” *Id.* at 6-7.

Applying these principles to the present case, the Federal Circuit found that the district court did not compare the accused device in this case with the accused device in *Acumed I* to determine whether they were “essentially the same.” Instead, the district court concluded that the “essentially the same” test did not apply here because the accused device, the T2 Long nail, could have been litigated in *Acumed I*. The Federal Circuit disagreed, noting that claim preclusion did not bar a claim merely because it could have been raised in a prior action between the parties that was resolved by a final judgment on the merits. The Court reiterated that two patent infringement claims do not arise from the same transactional facts unless the accused devices in each claim are “essentially the same.”

The Court noted that Stryker had conceded in its brief that the T2 Long and the T2 PHN had differences that were related to the limitations of the ’444 patent and that the two products were not “essentially the same.” Because of this concession, the Court concluded that Stryker had failed to meet its burden to show that the infringement claim in *Acumed I* was the same as the infringement claim in the present action. Accordingly, the Court held that Stryker had failed to show that *Acumed I* barred the present

action under the doctrine of claim preclusion, reversed the district court’s decision dismissing Acumed’s complaint, and remanded.

Intent to Deceive Was Sufficient to Establish Inequitable Conduct

Bart A. Gerstenblith

Judges: Rader (dissenting), Prost (author), Moore

[Appealed from C.D. Cal., Judge Pfaelzer]

In *Aventis Pharma S.A. v. Amphastar Pharmaceuticals, Inc.*, No. 07-1280 (Fed. Cir. May 14, 2008), the Federal Circuit affirmed the district court’s finding of inequitable conduct before the PTO and unenforceability of U.S. Patent Nos. 5,389,618 (“the ’618 patent”) and RE 38,743 (“the ’743 patent”).

Aventis Pharma S.A. (“Aventis”) is the owner of both patents at issue; the ’618 patent was surrendered upon the issuance of the ’743 patent. The patents are directed to a composition comprising low molecular weight heparins (“LMWHs”). According to the ’618 patent specification, there are several advantages of the claimed LMWHs as compared to heparin, including that they exhibit a longer half-life.

During prosecution of the ’618 patent, the examiner rejected the claims under 35 U.S.C. §§ 102(b) and 103 over several references, including European Patent 40,144 (“EP ’144”). The rejection was based on the prior art teachings of sulfated heparinic admixtures within the molecular weight (“MW”) range of the claims that were considered by the examiner

“We cannot agree that the district court clearly erred in its determination that the half-life comparisons were, at least in part, intended to show compositional differences.” Slip op. at 18.

to be inherently the same as the claimed admixtures. The examiner stated that because the prior art teaches a product that is “*identical or nearly identical*” to the claimed invention, it is “incumbent upon the Applicant to convincingly demonstrate that the claimed product provides some *unexpected or unobvious property* not demonstrated by the prior art products.” Slip op. at 3.

In response, Aventis, through its outside counsel, independently addressed the §§ 102 and 103 rejections. With respect to § 102, Aventis argued that EP ’144 did not expressly state that the mixture contains two types of polysaccharides with the claimed MWs or MW ratio.

Additionally, Aventis pointed to Example 6 of the ’618 patent, which was prepared with the help of Dr. Uzan, a noninventor, in which the claimed invention was compared to EP ’144. Based on the Example, Aventis argued that the claimed LMWHs exhibited a significantly longer half-life than formulations prepared in accordance with EP ’144, and that evidence of a difference in a property (i.e., half-life) serves as evidence of a difference in structure. With respect to § 103, Aventis argued that EP ’144 did not suggest, to a person of ordinary skill in the art, the specific modifications to the EP ’144 product required to attain the particular combination of claimed structural elements. The examiner maintained the §§ 102 and 103 rejections.

Aventis subsequently amended its claim and submitted a declaration from Dr. Uzan (“first Uzan declaration”) in which he (1) noted that the half-life of the claimed formulation was greater than 4½ hours 45% of the time, as compared to EP ’144, which achieved such a half-life only 17% of the time; (2) remarked “[t]his represents an increase in 250% in the half life and is very significant because it enables the same effect to be achieved with lower dosages” (*id.* at 6); and (3) analyzed the MW of the oligosaccharide chains of the EP ’144 formulations, concluding that they were clearly outside of the scope of the claimed invention. With respect to § 102, Aventis argued that the EP ’144 compounds

were not inherently the same as the claimed compounds because of the difference in half-life and because compounds prepared in accordance with EP ’144 fall outside of the scope of the claims. With respect to § 103, Aventis argued that the prior art did not exhibit the unexpected properties of the claimed combination of MW chains.

In a third office action, the examiner affirmatively withdrew several rejections, but maintained the § 103 rejection based on EP ’144. The examiner continued to require that Applicant demonstrate some “unexpected or unobvious property,” but now referred to the prior art as teaching a product “which is *nearly identical* to that claimed.” *Id.* at 7 n.4. Finding a lack of evidence on unexpected results and statistically significant differences in half-lives, the examiner maintained the rejection.

In response, Aventis submitted another declaration from Dr. Uzan (“second Uzan declaration”), which included five tables comprising the raw data from the half-life comparisons and results showing a statistically significant difference in half-life. The table indicated that the dosage of the claimed compound was 40 mg, but did not indicate the dosage of the EP ’144 compound. Aventis asserted that the second Uzan declaration demonstrated statistically significant differences in half-life and, therefore, that the claimed compounds and prior art were unexpectedly different in properties. The application was subsequently allowed.

Amphastar Pharmaceuticals, Inc. (“Amphastar”) and Teva Pharmaceuticals USA, Inc. (“Teva”) each filed an ANDA to obtain approval to market a generic version of Lovenox®, the ANDAs containing a paragraph IV certification challenging the listed patents. Aventis sued both Amphastar and Teva in the district court. Amphastar filed a motion for SJ on its affirmative defense and counterclaim that the ’618 patent was unenforceable due to inequitable conduct because Dr. Uzan failed to disclose that the half-life comparisons were

made using different doses. The district court found Aventis's representation regarding improved half-life to be material to patentability because Aventis referred to it at least four times during prosecution and the examiner ultimately allowed the application after Aventis's representation regarding the statistical significance of the data. The district court found a strong inference of intent to deceive because of its conclusion that there was no credible explanation for using different doses and because a comparison at the same dose showed little difference in half-life. After weighing the evidence of materiality and intent, the district court granted SJ against Aventis and held the '618 patent unenforceable.

One day prior to issuance of the district court's order, Aventis surrendered the '618 patent to the PTO pursuant to reissue proceedings in the '743 patent application. The district court subsequently granted Aventis's motion to substitute the '743 patent for the '618 patent and amended its earlier holding to apply to the '743 patent, based on the well-settled principle that a reissue proceeding cannot rehabilitate a patent held to be unenforceable due to inequitable conduct.

On appeal for the first time, the Federal Circuit held that there was no genuine issue of material fact that Dr. Uzan failed to disclose that the comparison was made using different doses and that such failure prevented the examiner from considering information important to patentability and constituted a failure to disclose material information. The Federal Circuit, however, found that the district court erred in finding intent to deceive on SJ, because the different-dose comparison may have been reasonable and the failure to disclose may have been due purely to inadvertence. The Court thus remanded on that issue.

Following remand, the district court held a bench trial on the issue of intent and ultimately rejected each rationale for the nondisclosure. Based on the totality of the facts and

circumstances, the district court concluded that but for Dr. Uzan's intentional omissions, the probability was high that the '618 patent would not have issued, even though the PTO issued the '743 reissue patent without any reliance on the half-life comparison. Thus, the district court held the '743 patent unenforceable.

On appeal for a second time, Aventis alleged that the district court clearly erred by (1) finding that the central question relating to patentability was compositional differences (i.e., anticipation, rather than obviousness) and by concluding that the issue of obviousness "necessarily folds into, and is subsumed, by inherency" (*id.* at 17); and (2) that the purpose of Dr. Uzan's comparisons was to show differences in composition rather than properties.

Addressing Aventis's first point, the majority of the Federal Circuit panel noted that Aventis appeared to ask the Court to revisit its materiality findings, but because materiality and intent to deceive are necessarily intertwined, the panel majority addressed the merits of the argument with respect to deceptive intent. Although the district court erroneously suggested that obviousness is subsumed by inherency, the panel majority concluded that the inherency statement was merely a recognition that the properties of a compound are inherent in its composition and, therefore, a difference in property could demonstrate a difference in composition. Thus, the panel majority did not find clear error in the district court's ultimate conclusion.

Second, the panel majority addressed Aventis's argument that the MW analysis in the first Uzan declaration was directed to anticipation, whereas the half-life comparisons were directed to obviousness. The panel majority found no clear error in the district court's determination that the half-life comparisons were, "at least in part, intended to show compositional differences" (*id.* at 18) and, thus, were directed to both rejections: (1) nothing in Example 6 of the specification indicated that it was designed to

show only nonobviousness and not lack of identity, and (2) the first Uzan declaration did not clearly delineate between evidence intended to address § 102 and evidence intended to address § 103. Thus, because the panel majority concluded that the comparisons were intended to address both rejections, to the extent they were directed to anticipation, the failure to disclose the dosage information evidenced intent to deceive.

Additionally, even though the panel majority conceded that the district court may have erred in concluding that the anticipation rejection was still pending in the third office action, as Aventis asserted, the panel majority did not agree that such error was critical to the court's ultimate finding of intent to deceive because the panel majority held that the evidence submitted prior to the third office action, namely, Example 6 and the first Uzan declaration, evidenced intent to deceive.

The panel majority then addressed a further argument it attributed to Aventis: that the district court erred by excluding evidence that comparisons of half-lives at different doses were the standard practice in the LMWH field; specifically, that those in the field used the "clinically relevant dose" for comparisons, and that is why Dr. Uzan selected the 40 mg dose for the patented compound and the 60 mg dose for the EP '144 compound. The panel majority found no abuse of discretion in the district court's exclusion of the evidence.

First, evidence of industry practice in that regard would only be relevant if the half-life comparisons were only directed to obviousness (which the panel majority found they were not), because Aventis conceded that half-life comparisons must be at the same dose to show compositional differences.

Second, the district court did not accept that Dr. Uzan selected the clinically relevant dose for the comparisons. While the 40 mg dose was clinically relevant for prevention of deep venous

thrombosis during high-risk orthopedic surgery, neither the claims nor the specification were limited to such use and there was no dispute that the claimed invention could be used at different doses for different indications.

Additionally, there was significantly less of a difference in half-lives when any other dose (20 mg, 60 mg, or 80 mg) of the patented compound was compared to the 60 mg dose of EP '144, and, according to the panel majority, there was no evidence corroborating Dr. Uzan's testimony that he selected the 40 mg dose for its efficacy in preventing DVT. Thus, the panel majority concluded that evidence of industry practice would not have impacted the district court's credibility determination with respect to whether Dr. Uzan intended to use the clinically relevant doses and, therefore, the court did not abuse its discretion in excluding that evidence.

The panel majority then addressed several additional arguments by Aventis focused on whether Dr. Uzan actually had deceptive intent. First, the panel majority rejected an argument that Dr. Uzan believed he informed the examiner that he was comparing half-lives at different doses in the following statement in his first declaration: "[T]his represents an increase in 250% in the half life and is very significant because it enables the same effect to be achieved with lower dosages." *Id.* at 24 (alteration in original). The panel majority reiterated that during the first appeal, the Court had concluded that there was no genuine issue of material fact that Dr. Uzan's statement had not disclosed that the comparison was made between different doses, but it had left open the possibility that Dr. Uzan *intended* his statement to disclose that fact. The panel majority asserted that on remand, the district court heard Dr. Uzan's testimony and determined that it did not outweigh the cumulative evidence evincing an intent to deceive. Thus, the panel majority ruled that the district court did not commit clear error.

Second, the panel majority rejected Aventis's assertion that Dr. Uzan disclosed the dosage

information for the patented compound to the examiner in Example 6, and in the second Uzan declaration by including the raw half-life data. Even if the data at other doses were disclosed, the panel majority noted, the disclosure was made in a very misleading way, and the district court did not clearly err in finding that the prior art dosage was not disclosed.

Finally, the panel majority rejected Aventis's contention that the failure to disclose the dosage information was due purely to inadvertence. The panel majority noted that even if other errors during prosecution were made, there is sufficient evidence of concealment to warrant a determination that the dose information was intentionally withheld. Thus, the district court did not clearly err by concluding that the failure to disclose was not due to mere inadvertence.

In dissent, Judge Rader stated that he did not view the record as showing clear and convincing evidence of intent to deceive the PTO, and that the Federal Circuit's case law restricts a finding of inequitable conduct only to the most extreme cases of fraud and deception. Judge Rader reiterated the view that pleading inequitable conduct as a litigation strategy had become a "plague" and noted that the Federal Court's *Kingsdown* decision was intended to reduce abuse of inequitable conduct. After discussing the facts of *Kingsdown*, in which the evidence reflected a material mistake, but not intent to deceive, Judge Rader noted that, more recently, the judicial process has emphasized materiality to the near exclusion of the required level of intent, which has revived the litigation tactic of pleading inequitable conduct.

Specifically, Judge Rader noted that one of the study charts used by Dr. Uzan showing the clinical studies comparing the half-lives of the claimed LMWH invention compared to the prior art LMWHs did not show the dosage information for the prior art LMWHs. Judge Rader accepted that Dr. Uzan should have

disclosed the dosage information in Example 6, but did not. However, Judge Rader also pointed out that Dr. Uzan did not attempt to conceal data that were otherwise present; rather, he submitted the study chart in unaltered form without adding to the disclosure. Thus, even if negligent, Judge Rader did not believe this omission to reach *Kingsdown*'s level of culpable intent to deceive. Additionally, Judge Rader thought that Dr. Uzan's explanation for why he did not submit the different dose information in the first Uzan declaration "has merit," because it was appropriate to compare drug properties at their clinically relevant dosages. Again, even if negligent, such conduct did not rise to the level of intent to deceive.

Finally, Judge Rader pointed to other factors that he believed distinguished the level of intent from *Kingsdown*: (1) the absence of dosage information in a part of Example 6, as compared to other parts of that Example, made the absence so blatantly obvious, and if Dr. Uzan really intended to deceive the PTO, he would not have made the omission so conspicuous; (2) Dr. Uzan has had a magnificent fifty-year career with Aventis, has published over 350 scientific articles, and has received numerous prestigious awards, including France's highest award for drug discovery, and would be unlikely to risk his reputation and tarnish his career for a single example in the prosecution of a patent in which he was not an inventor; (3) the errors were made by collective action (i.e., two individuals, Dr. Uzan and Aventis's prosecuting attorney), which are less likely to show intent to deceive because the attorney did not know that the dosages were different and Dr. Uzan admitted that he inadvertently neglected to add the dosage data; (4) Dr. Uzan himself revealed the error when he submitted all of the raw data to the PTO in his second declaration, thus correcting the mistake before issuance of the patent (which the examiner still issued); (5) Aventis filed a reissue application for the '618 patent, which reissued with all of the original independent

claims, but without Example 6, thus indicating that the half-life data were not even necessary for patentability; and (6) Aventis did not have the opportunity to make the last point to the district court because the PTO granted the reissue a day before the district court granted SJ on the unenforceability of the '618 patent. Thus, because “materiality and intent seem suspect on this record,” Judge Rader would reverse. Rader Dissent at 8.

Counsel’s Failure to Recognize the Correct Priority Date Does Not Lead to a Substantial Question as to Validity in the Preliminary Injunction Context When the Priority Date Is Clear from the File History

Antigone G. Kriss

Judges: Michel (author), Prost, Pogue (CIT Judge sitting by designation)

[Appealed from D.N.J., Judge Cooper]

In *E.I. du Pont de Nemours & Co. v. MacDermid Printing Solutions, L.L.C.*, No. 07-1568 (Fed. Cir. May 14, 2008), the Federal Circuit held that the district court abused its discretion in finding that a substantial question as to validity existed because of uncertainty regarding the priority date of U.S. Patent No. 6,773,859 (“the ’859 patent”), a determination that led to the district court’s denial of E.I. du Pont de Nemours & Company’s (“DuPont”) motion for a preliminary injunction. Thus, the Court vacated and remanded for the district court’s consideration of the remaining preliminary injunction factors as well as the parties’ remaining arguments as to validity and enforceability of the ’859 patent.

DuPont is the assignee of the ’859 patent. The nonprovisional application that led to the

’859 patent was filed on February 27, 2002, but a provisional application was originally filed on March 6, 2001. While the nonprovisional application was filed with an Application Data Sheet (“ADS”) that indicated it was related to the earlier provisional application filed in 2001, the ’859 patent, as issued, did not reference the provisional application due to an oversight by the PTO. After issuance, DuPont sought a certificate of correction to add a reference to the provisional application. The PTO issued a certificate of correction, adding the reference to the provisional application on the title page.

“[I]nconsistent attorney argument standing alone cannot create a substantial question as to a purely legal issue when the undisputed facts necessary to resolve the legal issue are before the court.”
Slip op. at 10-11.

In 2006, DuPont sued MacDermid Inc. and MacDermid Printing Solutions, L.L.C. (collectively “MacDermid”) for infringement of the ’859 patent. DuPont moved for a preliminary injunction and in response, MacDermid raised a number of validity and enforceability challenges, including that the ’859 patent was invalid under 35 U.S.C. § 102(b) because the invention was on sale or in public use before the critical date. According to MacDermid, the critical date was February 27, 2001, or one year before the filing date of the nonprovisional application. DuPont did not contest this date until two days after the district court had a preliminary injunction hearing, when DuPont filed a letter that identified an earlier critical date of March 2000 based on the filing of the provisional application in 2001. After subsequent briefing on the § 102(b) issue and the critical date dispute, the district court denied DuPont’s request for a preliminary injunction. The district court held that DuPont had not shown that MacDermid’s asserted defense that the ’859 patent was invalid under § 102(b) lacked substantial merit. Without explicitly

deciding whether DuPont's argument should be allowed, the district court held that DuPont had failed to prove the earlier critical date and that DuPont's earlier admissions as to the later critical date raised a substantial question as to validity. DuPont appealed.

On appeal, the Federal Circuit noted that the sole issue on appeal was whether the district court correctly held that MacDermid raised a substantial question of validity based on the uncertainty as to whether the nonprovisional application was entitled to claim priority to the provisional application. The Court found that this conclusion was an abuse of discretion because, based on the undisputed facts in the prosecution history, the nonprovisional application was entitled to the filing date of the provisional application priority date as a matter of law. In so finding, the Court noted that four requirements must be met for a nonprovisional application to claim priority to a provisional application under 35 U.S.C. § 119(e)(1): (1) the provisional must comply with the requirements of § 112, first paragraph, and the nonprovisional must be for the same invention; (2) the nonprovisional must be filed within twelve months of the provisional; (3) there must be an overlap of inventorship; and (4) the nonprovisional must include a specific reference to the provisional.

The Court noted that it was undisputed that the first two requirements of § 119 were met in this case. MacDermid argued, however, that the latter two requirements were not met. The Federal Circuit observed that the facts underlying MacDermid's arguments were not disputed and, thus, determination of the priority date was purely a question of law. The Court added that since the facts were undisputed, DuPont's counsel's "conflicting characterization of those facts [was] immaterial to the legal analysis and [could not] serve to create a substantial question of validity," and that it could resolve the issue of priority in the first instance. Slip op. at 10.

The Court then turned to MacDermid's arguments regarding overlap of inventorship. MacDermid argued that the '859 patent could not claim priority to the provisional application because the provisional application named only one inventor, whereas the issued patent named five inventors. Because the provisional and nonprovisional applications were identical, MacDermid argued that they should have named the same inventors, or DuPont should have at least amended the provisional application to name additional inventors. The Federal Circuit disagreed. The Court noted that for a nonprovisional application to be afforded the priority date of the provisional application, the two applications must share at least one common inventor. The Court explained that the MPEP and comments relating to the final rulemaking on regulation 37 C.F.R. § 1.48(d) (allowing correction of inventorship of a provisional application) supported the view that correction of inventorship errors in a provisional are not necessary unless needed to establish inventorship overlap with a nonprovisional application. Because there was at least one common inventor between the provisional and nonprovisional applications here, the Court held that the requirement for overlap of inventorship was met.

With respect to the specific reference requirement, MacDermid argued that the reference in the nonprovisional application was insufficient to claim priority to the provisional application. The Federal Circuit disagreed. It noted that § 119(e)(1) requires, for a claim of priority, that the nonprovisional application contain "a specific reference to the provisional application" and that under MPEP § 201.11, the specific reference can be either in the first sentence of the specification or in the ADS. The Court observed that here, it was undisputed that the ADS contained a reference to the provisional application. MacDermid nonetheless argued that the reference in the ADS was insufficient because DuPont did not use the specific language authorized by the MPEP. The Federal Circuit rejected this argument, noting that the

language used by DuPont did not run afoul of the MPEP. It explained that the MPEP requires only that the application use a statement “such as” the one provided in § 201.11 and that a reasonable person reading the language in the ADS would have concluded that the applicant was claiming priority to an earlier provisional application. Thus, the Court found no defect in the language used to reference the provisional application.

Finally, the Court turned to MacDermid’s arguments regarding the certificate of correction. MacDermid argued that the certificate of correction was invalid because the error was DuPont’s, not the PTO’s, since DuPont failed to correct the filing receipt and the published application, both of which made no mention of the priority claim. The Federal Circuit disagreed. It reasoned that it is, of course, desirable to have applicants correct the PTO’s mistakes in a pending application as soon as possible so that the correct information is reflected in published applications and issued patents. The Court explained, however, that the statute did not condition eligibility for a certificate to correct a PTO error on the applicant’s diligence in correcting the mistake and did not set any time limit for seeking such corrections. MacDermid also argued that even if the certificate of correction were valid, it had no effect because it was issued after the cause of action arose, given that MacDermid was already engaged in infringing conduct when the patent issued. The Court rejected this argument as well, noting that MacDermid’s future conduct (i.e., prospective infringement occurring after the issuance of the certificate of correction) was at issue for the purposes of the preliminary injunction motion and that the certificate of correction issued prior to DuPont filing suit. In sum, the Federal Circuit concluded that the undisputed facts of this case showed that the ’859 patent was entitled to claim priority to the provisional application as a matter of law. Accordingly, it vacated and remanded for the district court to consider MacDermid’s remaining invalidity and unenforceability challenges in light of the correct priority date, as

well as the remaining preliminary injunction factors.

Intrinsic Evidence Supported Claim Construction Initially Based on Dictionary Definition

Meredith H. Schoenfeld

Judges: Michel, Linn (author), Prost

[Appealed from D.N.H., Judge McAuliffe]

In *Mangosoft, Inc. v. Oracle Corp.*, No. 07-1250 (Fed. Cir. May 14, 2008), the Federal Circuit affirmed a district court’s finding of noninfringement. The only disputed issue was one of claim construction. Although the district court issued its claim construction ruling before the Federal Circuit’s decision in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005), and relied on a definition from a technical dictionary for its construction of the relevant term, the Federal Circuit upheld the finding of noninfringement. The Federal Circuit, applying a full *Phillips* claim construction analysis, held the district court’s construction was correct, and as a result, the finding of noninfringement was proper.

Mangosoft, Inc. (“Mangosoft”) owns U.S. Patent No. 6,148,377 (“the ’377 patent”) relating to “computer networking systems and methods that provide shared memory systems and services.” The ’377 patent describes a technology that combines the memory capacity of multiple computers to create a pool of “virtual memory

“[W]hile there is no question that dictionaries were considered, even *Phillips* recognized that reference to such sources is not prohibited so long as the ultimate construction given to the claims in question is grounded in the intrinsic evidence and not based upon definitions considered in the abstract.” Slip op. at 4-5.

space” and to decentralize the storage of data on the network. Mangosoft sued Oracle Corporation (“Oracle”), alleging that Oracle’s Real Applications Clusters program infringed the ’377 patent. The district court granted SJ that Oracle’s product did not infringe the relevant claims.

On appeal, the Federal Circuit found no error in the district court’s construction of the claim term in dispute. The relevant claims referred to “local” memory storage devices with respect to individual computers comprising parts of a network. The district court held that “the word ‘local’ when used to modify a computer device means a computer device (e.g., a hard drive) that is directly attached to a single computer’s processor by, for example, the computer’s bus.” Slip op. at 2. Mangosoft argued that a “local memory device” with respect to a computer need not be limited by the requirement that it be “directly attached to a single computer’s processor.” A local device could, according to Mangosoft, be a memory device under the control of a node computer.

The Federal Circuit first rejected the argument that the district court had improperly relied on a dictionary in order to derive the claim construction. Citing *Phillips*, the Federal Circuit stated that “reference to such sources is not prohibited so long as the ultimate construction given to the claims in question is grounded in the intrinsic evidence and not based upon definitions considered in the abstract.” *Id.* at 4-5. Regardless of the district court’s methodology, the Federal Circuit found that the construction was consistent with the claims in question. Specifically, the Federal Circuit found that Mangosoft was advocating a construction that would read “local” to mean something beyond the breadth of anything in the claims or the specification by giving that term attributes of control, even though nothing in the intrinsic record described or supported such an expansive meaning. Moreover, the Federal Circuit found that the broader construction proffered by Mangosoft—“a memory device that . . . can be

contributed to the shared addressable memory space by a particular node”—would render the claim term “local” superfluous. Mangosoft’s proposed construction would ascribe no meaning to the term “local” not already implicit in the rest of the claim.

The Federal Circuit also found support for the district court’s conclusion in the summary of the invention, which stated that local memory devices would “each couple to a respective one of the plural computers.” Furthermore, the Court noted that the figures and descriptions included in the specification indicated that local memory devices are attached directly to individual computers. Looking to the prosecution history, the Court noted that a claim appearing in the original application had been cancelled. This claim had described “a plurality of local persistent memory devices each coupled to a respective one of said plural computers.” When this language was removed, Mangosoft had emphasized the use of the word “local” in the final form of the claims was key to distinguishing the ’377 patent from prior art. Finally, the Federal Circuit found that the definition adopted by the lower court was consistent with a definition found in a technical dictionary. Concluding that the district court had correctly construed the term “local,” the Federal Circuit affirmed the award of SJ in Oracle’s favor.

New Argument Could Not Be Raised for the First Time on Appeal

Monica Gorman

Judges: Michel, Newman, Moore (author)

[Appealed from E.D. Tex., Judge Davis]

In *Golden Bridge Technology, Inc. v. Nokia, Inc.*, No. 07-1215 (Fed. Cir. May 21, 2008), the Federal Circuit affirmed the district court’s grant

of SJ of invalidity, holding that a party could not present a new argument on appeal.

Golden Bridge Technology, Inc. (“Golden Bridge”) asserted U.S. Patent No. 6,574,267 (“the ’267 patent”), directed to a mobile communication system, against Lucent Technologies, Inc. (“Lucent”). After a claim construction hearing, the parties reached agreement on the construction of certain terms. A district court granted SJ that the asserted claims were anticipated by two references, the Häkkinen and IS-95A references.

“To hold otherwise would open the door to every litigant who is unsuccessful at the district court to simply hire new counsel and then argue he should get to raise new issues on appeal.”
Slip op. at 7-8.

On appeal, the only argument that Golden Bridge advanced as to whether the Häkkinen reference anticipated was an argument that was never presented to the district court. The Federal Circuit held that it would not hear an argument that

was raised for the first time on appeal. It thus affirmed the district court’s judgment that the ’267 patent was anticipated by the Häkkinen reference. In light of that holding, it did not reach the issue of whether the ’267 patent was anticipated by the IS-95A reference.

In its analysis, the Court noted that Golden Bridge had multiple opportunities to raise its argument that one of the claim elements was missing from the reference. Instead, Golden Bridge argued that a different claim element was missing from the reference. The Court held that it could not sanction the iterative process that Golden Bridge would like to pursue of raising a new issue on appeal after losing on its other issue at the district court.

The Court noted that it is the general rule that a federal appellate court does not entertain arguments not presented to the district court

except in limited circumstances. Those circumstances include: (1) when new legislation intended to be retroactive is passed while an appeal is pending; (2) when there is a change in the jurisprudence of the reviewing court or the Supreme Court after consideration of the case by the lower court; (3) appellate courts may apply the correct law even if the parties below did not argue it and the court below did not decide it, but only if an issue is properly before the court; and (4) when a party appeared pro se. The district court held that none of those circumstances were present. Rather, the only explanation offered by Golden Bridge for why the Federal Circuit should consider its new argument on appeal was that it had new appellate counsel. The Court held that “[n]ew appellate counsel does not present an exceptional case or circumstance in which our declining review will result in injustice.”
Slip op. at 7.

The Court also noted that in asking it to decide whether the Häkkinen reference disclosed a particular limitation for the first time on appeal, Golden Bridge was improperly asking the Court to make factual findings. The Federal Circuit also rejected Golden Bridge’s argument that *Toxgon Corp. v. BNFL, Inc.*, 312 F.3d 1379 (Fed. Cir. 2002), required the Court to remand a case where both parties seek to introduce new arguments regarding factual distinctions between the claims and the prior art. The Federal Circuit disagreed with Golden Bridge’s characterization of *Toxgon*, however, stating that their decision to remand in *Toxgon* was not based on the fact that both parties made new arguments on appeal, but rather was mandated by their reversal of the district court’s dismissal for lack of subject matter jurisdiction. The Court therefore declined to remand the case to decide an argument as to what a prior art reference discloses when that argument, without any justification, was raised for the first time on appeal.

“Meaningful Preparation to Conduct Potentially Infringing Activity” Remains an Important Element in the DJ Jurisdiction Inquiry After *MedImmune*

Christopher K. Agrawal

Judges: Mayer (author), Schall, Young (District Judge sitting by designation)

[Appealed from S.D. Tex., Judge Ellison]

In *Cat Tech LLC v. TubeMaster, Inc.*, No. 07-1443 (Fed. Cir. May 28, 2008), the Federal Circuit affirmed the district court’s decision that the dispute between Cat Tech LLC (“Cat Tech”) and TubeMaster, Inc. (“TubeMaster”) was sufficiently real and immediate to warrant a DJ of noninfringement. The Court also affirmed the district court’s construction of the “spacing” limitations of Cat Tech’s U.S. Patent No. 6,905,660 (“the ’660 patent”) and its grant of SJ of noninfringement.

Cat Tech’s ’660 patent describes a method for using loading devices to place catalyst particles into multi-tube chemical reactors. The claimed method involves pouring catalyst over a plurality of plates positioned over the tubes of a chemical reactor. The claims recite, inter alia, a spacing limitation: “a spacing between adjacent plates having a width not greater than the smallest dimension of a single particle to be loaded into the multi-tube reactor, the spacing for collecting dust and partial particles.” Slip op. at 3.

TubeMaster also developed a method of putting catalyst into reactor tubes using loading devices. TubeMaster designed four different configurations for its loading devices and generated AutoCAD drawings for each of its configurations (“configurations 1-4”). In each of the four configurations, some of the spaces between adjacent plates are large enough to

allow whole pieces of catalyst to fall between the plates. One month prior to the issuance of the ’660 patent, TubeMaster used configuration 3 to load catalyst. This was the only instance in which the accused device was used.

“We conclude that although *MedImmune* articulated a ‘more lenient legal standard’ for the availability of [DJ] relief in patent cases, the issue of whether there has been meaningful preparation to conduct potentially infringing activity remains an important element in the totality of circumstances which must be considered in determining whether a [DJ] is appropriate.” Slip op. at 12 (citation omitted).

Cat Tech sued TubeMaster, alleging infringement of the ’660 patent. TubeMaster counterclaimed, seeking a declaration that its devices did not infringe the ’660 patent and that the patent was invalid and unenforceable. Both parties filed SJ motions. The district court granted TubeMaster’s motion for a declaration of noninfringement as to configurations 1, 2, and 4. Even though configuration 3 was the only configuration that had been commercially implemented, the district court determined that it had authority to grant declaratory relief for configurations 1, 2, and 4 because TubeMaster had taken sufficient concrete steps to conduct loading activity with configurations 1, 2, and 4. The district court also concluded that TubeMaster’s use of configuration 3 did not infringe the ’660 patent. It determined that the spacing limitation required a “spacing that [was] not large enough to allow whole particles to fall through.” *Id.* at 8. Because configuration 3 used spacing that allowed whole catalyst particles to fall through, the district court determined that it did not meet the spacing limitation. Cat Tech appealed.

On appeal, the Federal Circuit first considered whether the district court could issue a DJ of

noninfringement as to TubeMaster's configurations 1, 2, and 4. The Court observed that until recently, it applied a two-prong test for determining the existence of DJ authority: the first prong examined whether conduct by the patentee created a "reasonable apprehension" of suit on the part of the DJ plaintiff, and the second prong focused on the DJ plaintiff's conduct and examined whether there had been "meaningful preparation" to conduct potentially infringing activity. *Id.* at 10. The Court noted that in *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 S. Ct. 764 (2007), the Supreme Court rejected its "reasonable apprehension" prong, instead focusing on the fundamental inquiry of "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]." Slip op. at 10 (quoting *MedImmune*, 127 S. Ct. at 771). The Court noted that several of its post-*MedImmune* opinions have addressed the Supreme Court's rejection of the "reasonable apprehension" prong, but that it had yet to fully consider the impact of *MedImmune* on the "meaningful preparation" prong of its pre-*MedImmune* test.

The Court began its analysis by observing that the first prong of its pre-*MedImmune* test was not at issue because Cat Tech had sued TubeMaster for infringement. Regarding the second prong, the Court concluded that, although *MedImmune* articulated a more lenient legal standard for the availability of DJ relief in patent cases, the issue of whether there has been meaningful preparation to conduct potentially infringing activity remained an important element in the totality of circumstances which must be considered in determining whether DJ relief is appropriate. The Court stated that "[if] a [DJ] plaintiff has not taken significant, concrete steps to conduct infringing activity, the dispute is neither 'immediate' nor 'real' and the requirements for justiciability have not been met." *Id.* at 12 (citing *Lang v. Pac. Marine & Supply Co.*, 895 F.2d 761, 764 (Fed. Cir. 1990)).

With respect to the immediacy requirement, the Court found that TubeMaster had taken significant, concrete steps to conduct loading activity with configurations 1, 2, and 4 because it had developed two basic loading device designs and generated AutoCAD drawings for each of its four configurations. The Court observed that TubeMaster had already successfully manufactured and delivered a loading device using configuration 3. Moreover, the Court noted that although TubeMaster would still need to customize the loading device designs based on customer-specific dimensions, it was prepared to customize and produce the devices "within a normal delivery schedule" upon receiving an order. *Id.* at 15. Accordingly, the Court held that TubeMaster's activities satisfied the constitutionally mandated immediacy requirement.

With respect to the reality requirement, the Court focused on the extent to which the technology in question was "substantially fixed" as opposed to "fluid and indeterminate" at the time declaratory relief was sought. *Id.* (citing *Sierra Applied Scis., Inc. v. Advanced Energy Indus., Inc.*, 363 F.3d 1361, 1379 (Fed. Cir. 2004)). The Court observed that because TubeMaster's four basic loading device designs were designed to cover virtually all of its customers' reactor configurations, TubeMaster did not expect to make substantial modifications to its loading device designs once production began. Accordingly, the Court held that TubeMaster's designs satisfied the constitutionally mandated reality requirement because the accused products could be produced without significant design change. In so holding, the Court rejected Cat Tech's argument that there was no "live controversy" regarding configurations 1, 2, and 4 because TubeMaster had made no disclosure of those configurations to its customers. The Court acknowledged that evidence that no preparations have been made to advertise or sell a potentially infringing device may, under certain circumstances, indicate that a dispute lacks the requisite immediacy. However, the Court explained that when a DJ plaintiff has made meaningful preparation to conduct

potentially infringing activity, a showing that the plaintiff has prepared draft sales literature or otherwise disclosed its products to potential customers is not an indispensable prerequisite.

The Court observed that even assuming that the immediacy and reality prerequisites for DJ relief have been met, the district court's exercise of its DJ authority is discretionary. It explained that in deciding whether to entertain a DJ request, a court must determine whether resolving the case serves the objectives for which the DJ Act was created. It observed that "[a] plaintiff need not 'bet the farm, or . . . risk treble damages . . . before seeking a declaration of its actively contested legal rights.'" *Id.* at 18 (quoting *MedImmune*, 127 S. Ct. at 775). It reasoned that, "[a]bsent a [DJ] of non-infringement, TubeMaster will be forced to 'bet the farm' by making the 'in terrorem choice' . . . between a growing potential liability to Cat Tech and abandoning its catalyst loading activities." *Id.* (citation omitted). Accordingly, the Court concluded that the district court properly exercised its discretion to issue a DJ of noninfringement here.

The Federal Circuit then turned to the district court's determination of noninfringement as to TubeMaster's configuration 3. Cat Tech argued that the district court incorrectly construed the "spacing" limitation to require "spacing that [was] not large enough to allow whole particles to fall through." Instead, Cat Tech argued that the claims required only that there be one inter-plate "pinch point" that was of the requisite width. The Court rejected Cat Tech's proposed construction, concluding that the plain language of the claims, the specification, and the prosecution history supported the district court's construction. The Court found that the common meaning of the word "spacing" was the "fixing or arranging of spaces." Based on this definition, the Court concluded that the claims called for plates that were fixed or arranged so

that the distance between them would not be greater than the width of a whole catalyst particle. The Court noted that Cat Tech's proposed "pinch point" construction would render the spacing limitation functionally meaningless because whole catalyst particles would simply fall between any plates separated by gaps wider than a whole catalyst particle. Turning to the written description and prosecution history, the Court found that the specification of the '660 patent never described or suggested an inter-plate spacing that was narrower than the width of a whole particle at one point, but greater than the width of a whole catalyst particle at another. The Court also noted that the file history of the parent of the '660 patent contained arguments by Cat Tech that its invention was distinguishable over the prior art because each gap between adjacent plates was smaller than a whole catalyst particle. Thus, the Court rejected Cat Tech's conflicting argument that only one gap must meet the spacing limitation.

The Court also rejected Cat Tech's argument that the article "a" in the phrase "a spacing" required only one space that was narrower than a whole catalyst particle. The Court reasoned that even if the claims were construed to require "one spacing" between plates, the entire length of that spacing would need to be narrower than a whole catalyst particle in order to be consistent with functions described in the specification and file history. Thus, the Court held that the district court properly construed the spacing limitation of the '660 patent to require an inter-plate spacing that was smaller than the width of a whole catalyst particle. Because TubeMaster's configuration 3 allowed whole catalyst particles to fall between adjacent plates, the Court held that it did not meet the spacing limitation of the '660 patent and that the district court properly granted TubeMaster's motion for SJ of noninfringement.

Abbreviations | Acronyms

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

Looking Ahead

- On June 2, 2008, the Federal Circuit heard oral argument en banc in *Egyptian Goddess, Inc. v. Swisa, Inc.*, No. 06-1562, a case addressing the test for infringement of design patents. Specifically, in the original panel opinion, i.e., *Egyptian Goddess, Inc. v. Swisa, Inc.*, No. 06-1562 (Fed. Cir. Aug. 29, 2007), the Federal Circuit noted that infringement of a design patent requires satisfaction of two tests: the “ordinary observer” test and the “point of novelty” test. The Court further noted that each of these tests is generally a matter for the fact-finder during the infringement stage of the proceedings, after the claim has been construed. Because the “point of novelty” test is part of the infringement determination, the Court reasoned that a patentee must assert at least a single novel design element or a combination of design elements that are individually known in the prior art. Citing *Smith v. Whitman Saddle Co.*, 148 U.S. 674, 682 (1893), among other cases, the Court then held that “[f]or a combination of individually known design elements to constitute a point of novelty, the combination must be a non-trivial advance over the prior art.” Slip op. at 5.

On November 26, 2007, however, the Federal Circuit vacated the panel’s August 29, 2007, opinion and issued an order granting Egyptian Goddess, Inc.’s petition for rehearing en banc. Then, on June 2, 2008, the Court heard argument on, inter alia, the following questions: (1) should “point of novelty” be a test for infringement of a design patent, and if so, (2) should the court adopt the nontrivial advance test; and (3) should claim construction apply to design patents, and if so, what role should that construction play in the infringement analysis?

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Last Month at the Federal Circuit



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