

Last
month at

The Federal Circuit

Month at a Glance

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EDITED BY VINCE KOVALICK

“Practicing the Prior Art” Is Not a Defense to Literal Infringement

Lawrence F. Galvin

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

In *Tate Access Floors, Inc. v. Interface Architectural Resources, Inc.*, No. 01-1275 (Fed. Cir. Feb. 7, 2002), the Federal Circuit affirmed a district court’s grant of a preliminary injunction.

Tate Access Floors, Inc. and Tate Access Floors Leasing, Inc. (collectively “Tate”) own U.S. Patent No. 4,625,491 (“the ‘491 patent”) directed to raised-access flooring panels. These removable panels, resting side by side on pedestals, form an elevated floor under which cables and pipes can be run and through which they can be accessed. The claims of the ‘491 patent recite a panel including a decorative, exterior surface on one side of the panel, an interior portion underneath and contrasting with the exterior surface, and a border around the edges of the panel along which the exterior surface is removed to expose the interior portion. Drawings in the ‘491 patent depict an embodiment of a panel in which the visible surface includes three regions—central, peripheral, and beveled. In the central region, a flat, full-thickness exterior surface covers the interior portion. In the peripheral region, the exterior surface is completely removed to expose a flat interior portion. In the beveled region between the two, the exterior surface transitions from full thickness at a boundary with the central region to completely removed at a boundary with the peripheral region.

Interface Architectural Resources, Inc. (“Interface”) also made raised-access flooring panels. The Interface panels included only two regions similar to the Tate panels—central and beveled—and, thus, did not include a peripheral region with a completely removed exterior surface.

Tate sued Interface in the U.S. District Court for the District of Maryland, alleging infringement of the ‘491 patent. Upon Tate’s motion for preliminary injunction, the district court examined four factors: likelihood of success on the merits (including both validity and infringement), irreparable harm, balance of hardships, and public policy. In a first key decision, the district court interpreted the term “border” to read on the beveled region of Interface’s non-peripheral-region panels. In a second key decision, the district court rejected Interface’s “practicing the prior art” defense. Finding for Tate on each of the four factors, the district court granted the preliminary injunction.

The Federal Circuit examined the only issue on appeal, Tate’s likelihood of success on the merits regarding infringement. The Court first dismissed Interface’s “practicing the prior art” defense to literal infringement, rejecting Interface’s arguments based on DOE, reverse DOE, and *Scott Paper Co. v. Marcalus Manufacturing Co.*, 326 U.S. 249 (1945). The Federal Circuit stated that *Baxter Healthcare Corp. v. Spectramed, Inc.*, 49 F.3d 1575 (Fed. Cir. 1995) directly

foreclosed the “practicing the prior art” defense. Additionally, the Court noted that DOE cases are inapposite to literal infringement, that the Federal Circuit has never affirmed a decision finding noninfringement based on reverse DOE, and that *Scott Paper* is likely premised on invalidity, not noninfringement, as a defense to an infringement action. The Court then found the term “border,” as used in the ‘491 patent, clear and unambiguous, and the district court’s interpretation of that term fully supported by the specification. Therefore, finding no abuse of discretion by the district court, the Federal Circuit affirmed the grant of the preliminary injunction.

Diligence Found in Preparations Aimed at Commercial Practice of Process

Michael V. O’Shaughnessy

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

In *Scott v. Koyama*, No. 01-1161 (Fed. Cir. Feb. 27, 2002), the Federal Circuit reversed a decision by the Board and held that preparations aimed at commercial practice of a process constitute evidence of diligence.

Satoshi Koyama (“Koyama”) claimed priority of invention over John Scott and Rachel Steven (collectively “Scott”) for a process of producing 1,1,1,2-tetrafluoroethane, a replacement for chlorofluorocarbons in refrigerant systems. Koyama claimed priority because his Japanese patent application filed on March 13, 1990, predated Scott’s March 29, 1990, filing in the United Kingdom. The Board asserted that Koyama’s earlier Japanese filing date provided a reputable presumption of Koyama’s priority. Accordingly, to overcome the presumption of priority, Scott bore the burden of demonstrating (1) conception before Koyama’s filing date and (2) either actual reduction to practice before Koyama’s filing date or diligence from a time prior to Koyama’s filing date through Scott’s effective filing date of March 29, 1990.

Koyama conceded that Scott’s full disclosure of the claimed process within materials provided to ICI America predated Koyama’s priority date and, thus, satisfied the “conception” prong of the interference analysis. The Board concluded, however, that Scott failed to satisfy the reduction to practice or diligence prong of the interference analysis. Whereas Scott had successfully completed the chemical process of producing the chlorofluorocarbon replacement in the United Kingdom, Scott had not physically produced the invention in the United States. Therefore, Scott had not performed the requisite step of embodying the invention in a tangible form in the United States, as required for reduction to practice under 35 U.S.C. § 119.

Scott argued that they had satisfied the diligence prong of the interference analysis by engaging in daily efforts to build a facility to practice the claimed

process of producing the chlorofluorocarbon replacement. The Board rejected Scott's contentions, reasoning that Scott's activity constituted mere preparation aimed at commercialization. The Board therefore concluded that Scott did not satisfy the requisite diligence to reduction to practice and awarded priority to Koyama.

The Federal Circuit rejected the Board's conclusion and found that efforts toward actual reduction to practice are relevant evidence of diligence until constructive reduction to practice. The Federal Circuit held that efforts to build a facility necessary for the large-scale practice of the claimed process constitute diligence for purposes of an interference under § 119. Accordingly, the Federal Circuit reversed the Board's decision and remanded with instructions to enter priority for Scott.

Noninfringement Finding in ANDA Suit Does Not Estop Later Suit Against Commercial Product

Gregory A. Chopskie

[Judges: Rader (author), Michel, and Friedman]

In *Bayer AG v. Biovail Corp.*, No. 01-1329 (Fed. Cir. Feb. 7, 2002), the Federal Circuit vacated and remanded a district court's grant of SJ dismissing two separate suits brought against the Defendants on the grounds of collateral estoppel.

Bayer AG ("Bayer") brought two separate infringement suits against several Defendants (collectively "Elan"), charging them with infringement of Bayer's U.S. Patent No. 5,264,446 ("the '446 patent"). The '446 patent claims a pharmaceutical composition sold by Bayer that comprises an active ingredient having crystals with a specific range of surface areas.

In the first suit, Bayer alleged that Elan's filing of an Abbreviated New Drug Application ("ANDA") with the Food and Drug Administration seeking approval to market a generic 60 mg version of Bayer's drug infringed the '446 patent under 35 U.S.C. § 271(e)(2)(A) ("the 60 mg ANDA case"). In the second suit, Bayer charged Elan with infringement of the '446 patent by Elan's commercial marketing of a generic 30 mg version of Bayer's drug ("the 30 mg commercial case"). The district court granted SJ dismissing both cases.

The district court held that Bayer was collaterally estopped by an earlier court's decision regarding Elan's filing of an ANDA to sell a generic 30 mg version of Bayer's drug ("the 30 mg ANDA case"). According to the district court, in the 30 mg ANDA case, the court had construed the '446 patent to claim compositions in which the starting material, as opposed to the finished product, comprised crystals of a specific surface area. Based on that construction, the district court had held that the proposed 30 mg product described in Elan's ANDA would not infringe the '446 patent because that ANDA explicitly excluded using as a starting material crystals with the claimed surface areas.

According to the district court in this case, the earlier holding estopped Bayer from pursuing its later suits. It held that because the 60 mg ANDA, like the earlier 30 mg ANDA, explicitly excluded using as a starting material crystals with the claimed surface areas, Bayer could not pursue that claim. With respect to the 30 mg commercial case, the district court held that because it had construed the claims of the '446 patent to be limited to starting materials, the surface area of the crystals in the finished product was not at issue. Moreover, the district court noted that Bayer had failed to offer any evidence in the 30 mg ANDA case that the crystals in the finished product infringed even when the crystals in the starting material did not.

The Federal Circuit vacated and remanded. According to the Court, in the 30 mg ANDA case, neither party had offered any evidence regarding the surface areas of crystals in Elan's finished product. Thus, based solely on Elan's evidence that the surface areas of the crystals in the starting material did not infringe, SJ was properly granted. The Federal Circuit held, however, that it had not affirmed the district court's earlier "inherent" claim construction limiting the claims of the '446 patent to only crystals of specific surface area in the starting material. Accordingly, Bayer's submission of previously unavailable evidence that the crystals in the finished product infringed the '446 patent created a genuine issue of material fact if the claims were construed to encompass crystals in both the starting material and the finished product. The Federal Circuit thus vacated and remanded the case for the district court to construe the claims.

The Federal Circuit similarly vacated and remanded the district court's grant of SJ in the 30 mg commercial case. Moreover, according to the Federal Circuit, the 30 mg ANDA case was limited solely to the "hypothetical inquiry" of whether, based on the limited description in Elan's ANDA, the product that Elan would likely market would infringe the '446 patent. Because Elan had begun commercializing its product, however, Bayer then had access to Elan's actual product and could prove "actual" infringement as opposed to "hypothetical" infringement. Accordingly, Bayer had not had an opportunity to litigate the issue of actual infringement in the 30 mg ANDA case, and that case could not estop Bayer from pursuing the 30 mg commercial case.

Opinions of Counsel for Patentee Are Not Necessarily Relevant in Determining Whether a Case Is Exceptional

Arlene L. Chow

[Judges: Linn (author), Mann, and Clevenger]

The Federal Circuit reversed a grant of SJ of non-infringement and affirmed the denial of a motion to declare the case exceptional pursuant to 35 U.S.C. § 285 in *Epcon Gas Systems, Inc. v. Bauer Compressors, Inc.*, No. 01-1043 (Fed. Cir. Feb. 1, 2002).

Epcon Gas Systems, Inc. (“Epcon”) is the exclusive licensee of U.S. Patent No. 5,118,455 (“the ‘455 patent”) that is directed to a method and apparatus for providing gas assistance to a resin injection-molding process. Epcon filed suit for infringement against Bauer Compressors, Inc. (“Bauer”), Epcon’s competitor in the injection molding accessory business. Bauer manufactured a nitrogen control unit (“NCU”) that could be used in gas-assisted injection molding. Bauer also sold equipment and gas supplies, such as bottled nitrogen and nitrogen generators/compressors, to businesses engaging in gas-assisted injection molding. Bauer argued noninfringement of the ‘455 patent because its NCU did not have a supply of stored gas physically combined as a single unit with the NCU and it used only one valve for selective reduction of gas pressure and venting of gas at the end of the molding process. After construing the claims, the district court granted SJ of noninfringement in favor of Bauer, declined to rule on Bauer’s motion for SJ of invalidity, and denied Bauer’s motion to declare the case exceptional in order to warrant award of attorney fees.

On appeal, the Federal Circuit affirmed-in-part and reversed-in-part the district court’s construction of the disputed limitations of the claims. In doing so, the Federal Circuit ruled that the district court had erred in construing method claim 2 of the patent-in-suit as subject to 35 U.S.C. § 112, ¶ 6. The Court characterized claim 2 as a garden-variety process claim that is not in step-plus-function form.

The Federal Circuit affirmed the district court’s finding that the preambles of claims did not require the accused device/method to include a complete injection-molding system. The Court determined that the apparatus and method claims are in Jepson format, because the prosecution history indicated that the patent owner had complied with the Examiner’s statement that the claims were Jepson claims. Despite this finding, the Court stressed that the claims recited an apparatus and method for providing gas assistance to a resin injection-molding process, not for performing complete injection-molding processes, as Bauer had argued.

Because the Court found claim 2 not to be subject to § 112, ¶ 6, it determined that the district court had improperly read language from the specification into the claim by construing the phrase “prior to the venting of the gas from the mold” to require separate valves for venting and selectively reducing pressure, as disclosed.

After construing the claims, the Court found that a genuine issue of material fact existed as to whether there was direct infringement, because Epcon had offered evidence that Bauer performed demonstrations for several customers that may have included practicing the method of claim 2.

The Court also affirmed the district court’s denial of Bauer’s motion to declare the case exceptional. Bauer argued that Epcon had filed the action without investigating infringement, without receiving a favorable infringement or validity opinion from counsel, and without evidence of direct infringement, instead

basing its complaint, in part, upon rumor. The Court found the issue of validity opinions to be irrelevant because the district court had made no findings concerning validity. Epcon’s failure to obtain a favorable infringement opinion prior to filing suit, though relevant, was not conclusive. In fact, because the record showed sufficient evidence to preclude SJ of noninfringement, the Court found Epcon’s failure to obtain that opinion to be of diminished significance. The Court further noted that, even assuming the licensee’s failure to perform an adequate infringement investigation prior to filing suit, this fact alone did not mandate a ruling that the case was exceptional.

Offers to License Do Not Support Personal Jurisdiction

Kenneth D. Bassinger

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

In *Hildebrand v. Steck Manufacturing Co.*, No. 01-1087 (Fed. Cir. Feb. 7, 2002), the Federal Circuit reversed a district court’s DJs of noninfringement, invalidity, and tortious interference with contract for lack of personal jurisdiction.

David L. Hildebrand, a Colorado resident, invented socket wrenches called “Screw Offs” for removing damaged car tire lug nuts. In 1995, Hildebrand filed for a patent and contacted two Ohio manufacturers, Mac Tools (“Mac”) and Matco Tools (“Matco”), to explore possible licensing agreements. This contact proved unfruitful. Later that year, Hildebrand discovered that Mac and Matco, along with two other Ohio manufacturers, Quality Tools and Steck Manufacturing Company (“Steck”), were selling devices that he claimed were identical to his invention. In February 1996, Hildebrand mailed two cease-and-desist letters to Matco and Steck, and an alleged third to Mac. A sample set of tools accompanied the letters. Hildebrand followed up the letters with phone calls and sent an additional letter to Steck in December 1997.

Hildebrand’s patent issued in 1998 and he promptly notified the Ohio manufacturers. As a result, Mac canceled a \$25,000 order for Steck’s product.

Steck then filed a DJ action in Ohio, and Hildebrand filed an infringement action in Colorado. The Colorado court granted a motion by Steck to transfer the case to Ohio, and, when Hildebrand ceased participating in the Ohio case, the Ohio court entered a DJ against him.

The Federal Circuit reversed, ruling that the Ohio court had improperly asserted personal jurisdiction over Hildebrand. In a two-part inquiry, the Federal Circuit determined that Hildebrand was not amenable to service of process under the Ohio long-arm statute and that his activities in the forum state did not satisfy the minimum contacts requirement of the Due Process Clause.

In concluding that Hildebrand was not amenable to service of process in Ohio, the Federal Circuit noted that the Ohio long-arm statute does not grant to Ohio courts jurisdiction to the limits of the Due Process Clause. Ohio law requires that, to be transacting business under the long-arm statute, any negotiations must result in a substantial connection with the forum, creating an affirmative obligation there. The Court found that Hildebrand's initial attempt to license his product as well as his subsequent letters and phone calls did not equate to his transacting business in Ohio.

Likewise, according to the Federal Circuit, the tortious injury components of the Ohio long-arm statute did not support personal jurisdiction. In Ohio, the presence of the tort-feasor in the state is required to meet this requirement, and Hildebrand was never in Ohio. Further, Hildebrand did not meet the prong of the Ohio long-arm statute regarding injury in the state caused by an action outside the state because the statute only applies to those who conduct business in Ohio. The Federal Circuit found that he did not. In addition, the Court ruled that Mac's cancellation of its contract with Steck was not tortious because Mac was simply satisfying its legal duty to avoid infringement until the issue had been appropriately considered.

Applying Federal Circuit law, the Court held that Hildebrand's contacts were insufficient to sustain personal jurisdiction under the Due Process Clause of the Fifth Amendment. In so holding, the Court noted that an offer to license is so closely akin to an offer to settle that it may not be a separate contact on which to base jurisdiction. According to the Federal Circuit, Hildebrand's letters and phone calls, accompanied by his licensing offers, were insufficient to create jurisdiction. In addition, the inclusion by Hildebrand of sample tools with the letters and the cancellation of an order by Mac did not constitute contacts upon which jurisdiction could be premised. Accordingly, Hildebrand's interaction with the forum state did not comport with the constitutional precepts of minimum contacts and fair play and substantial justice so as to warrant the exercise of personal jurisdiction by an Ohio court.

Postjudgment Sales Data Will Not Affect Damages Award

Donald D. Min

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

In *Fiskars, Inc. v. Hunt Manufacturing Co.*, No. 01-1193 (Fed. Cir. Feb. 15, 2002), the Federal Circuit affirmed a district court's denial of a motion for relief from judgment pursuant to Fed. R. Civ. P. 60(b)(5) or (6) seeking vacatur of a damages award.

Fiskars OY AB and Fiskars, Inc. (collectively "Fiskars") are, respectively, the owner and exclusive licensee of U.S. Patent No. 5,322,001 that is directed

to a paper trimmer with a rotary blade. Fiskars filed suit against Hunt Manufacturing Company ("Hunt") in the U.S. District Court for the Western District of Wisconsin for patent infringement. A jury found Hunt liable for infringement under the DOE and awarded Fiskars more than \$3 million in lost-profits damages.

Upon receipt of the infringement verdict, Hunt discontinued sales of the infringing trimmer and began selling an alternative trimmer. It was undisputed that the alternative trimmer did not infringe, either literally or under the DOE. However, Hunt did not disclose at trial that it had developed the new, noninfringing trimmer.

Twenty-one months after the district court had entered judgment, Hunt filed a motion for relief from judgment pursuant to Fed. R. Civ. P. 60(b)(5) or (6), seeking vacatur of the damages award. Hunt contended that Fiskars was not entitled to lost-profits damages because postjudgment sales data established that Hunt's new trimmer was a noninfringing alternative that was acceptable to consumers. The district court denied Hunt's motion.

On appeal, the Federal Circuit concluded that Federal Circuit law should apply because the issue necessarily required an understanding of the distinctive characteristics of patent-damages law. Accordingly, the Court concluded that it should consider whether the denial of the Rule 60(b) motion was an abuse of discretion by the district court. Hunt contended that it could not have introduced evidence of its new trimmer at trial because sales data was not available until the new trimmer had been on the market for some time. The Court found, however, that sales data showing market acceptance of a noninfringing alternative was not the sole available means for demonstrating acceptability, noting that Hunt could have relied on expert testimony concerning the availability of a noninfringing alternative, but chose not to do so. Therefore, the Federal Circuit concluded that the district court did not abuse its discretion in denying the motion under Rule 60(b)(6).

District Court Failed to Construe Claims Before Invalidating Them

Charles D. Niebylski

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

In *Dana Corp. v. American Axle & Manufacturing, Inc.*, No. 01-1008 (Fed. Cir. Feb. 12, 2002), the Federal Circuit vacated a district court's grant of SJ of invalidity under the public use and on-sale bars of 35 U.S.C. § 102(b) because the district court had failed to properly construe claims and evaluate them in view of the asserted public use and sales activities.

The patents at issue are directed to swaged vehicle driveshafts with a diameter-reducing portion "having a substantially uniform wall thickness." Dana Corporation ("Dana") as well as American Axle &

Manufacturing, Inc.'s ("AAM") predecessor, the Saginaw Division of General Motors ("Saginaw"), developed, used, and sold various driveshafts prior to the critical dates. Accordingly, AAM moved for SJ of invalidity based on Saginaw's and Dana's public use and sales activities.

The district court granted AAM's motion without fully and independently construing the claims, determining that Saginaw's metal matrix composite ("MMC") driveshaft was offered for sale and in public use before the critical dates of both patents and, therefore, served as a basis for invalidating all of the claims under § 102(b). The district court also had concluded that Dana's own activities constituted an on-sale bar, finding that a Dana prototype was disclosed and offered for sale before the critical dates.

On appeal, the Federal Circuit rejected AAM's position that the district court had properly performed its duty to construe the claims by adopting Dana's proposed construction of the only disputed limitation, "substantially uniform wall thickness," concluding that the adoption of a patentee's claim construction does not constitute a concession of the correctness of the application of those claims to the alleged invalidating acts.

In the absence of a proper claim construction and the application of the construed claims to the alleged prior invalidating acts, SJ of invalidity was wrongly granted. Accordingly, the Court vacated the SJ of invalidity with instructions for the district court to fully construe the claims and evaluate whether there are genuine issues concerning the differences between the claims and the subjects of the alleged bars.

Court "Molds" Infringement Finding on Lost-Foam Casting Patent

David P. Frazier

[Judges: Newman (author), Lourie, and Michel (dissenting-in-part)]

In *Vulcan Engineering Co. v. FATA Aluminum, Inc.*, No. 00-1533 (Fed. Cir. Feb. 5, 2002), the Federal Circuit affirmed the district court's holdings of validity, enforceability, and infringement, but modified the damages award and remanded for an accounting.

Patent owner, Vulcan Engineering Company ("Vulcan"), sued Defendant, FATA Aluminum, Inc. ("FATA"), for infringement of U.S. Patent No. 4,736,787 ("the '787 patent") directed to an automated lost-foam casting system.

"Lost foam" casting is a process used for making molded metal shapes. In lost-foam casting, molten metal is poured directly into the mold, destroying the original foam model in the process. The '787 patent describes and claims an automated lost-foam casting system in which gondolas bearing "mold forming flasks" move along a "closed curvilinear track means" through a series of stations at which the steps in the lost-foam casting process are performed. The district

court had found that prior to the '787 patent, such an automated system was believed to be impracticable in the art and that when it was introduced, the patented system was acclaimed in the trade press.

The Federal Circuit affirmed the district court's holding of nonobviousness, relying in particular on the lower court's finding that there was no suggestion in the prior art to combine the various systems cited by FATA as well as the commercial success of the Vulcan system and the contemporaneous recognition of the achievements of that system.

FATA's challenge to the district court's holding of infringement centered on the interpretation of two means-plus-function claim terms. Conceding that its system performed the functions recited in the claims, FATA argued that the corresponding structures in its system were not equivalent to the corresponding structures recited in the '787 patent. For example, with regard to the "means for registering said flask thereon for alignment," FATA noted that the patent recited a receptacle on the gondola and two corresponding posts on the flask, whereas in FATA's system, the receptacle was on the flask and the corresponding posts were on the gondola. The Federal Circuit affirmed the district court's holding that these two structures were essentially interchangeable and, therefore, equivalent.

Vulcan and FATA had both bid for a contract to make lost-foam casting lines for General Motors ("GM"). FATA won the bidding, and Vulcan sent warning letters to GM and FATA, indicating that the contracted lines would likely infringe Vulcan's patent. FATA, however, continued production of the casting lines. At the time of the lawsuit, FATA had delivered one line and was in the process of installing four others. After the district court announced its holding on liability, but before any trial on damages, Vulcan entered a license agreement with GM, agreeing not to sue for use of the completed casting system and granting GM a limited license to have FATA complete work on the remaining four systems. The license agreement explicitly stated the parties' intention that Vulcan was not waiving any claim it might have against FATA for lost business relating to the five casting lines.

The district court awarded lost-profits damages for the completed first casting line, but refused to grant price-erosion damages because Vulcan did not know at the time of the bidding that the FATA system infringed the patent. The Federal Circuit held that such knowledge of infringement was not necessary, provided that Vulcan was aware of FATA as a competitor and had reduced its price in response to such competition. Lacking specific findings on those issues by the district court, the Federal Circuit remanded for a recalculation of damages arising from FATA's sale of the first casting line. Judge Michel dissented from this ruling, disagreeing that the district court had applied an erroneous standard requiring Vulcan to have actual knowledge that FATA's bid was infringing. Instead, he opined that the district court had simply found no credible evidence that Vulcan had shaped its bid in response to FATA's.

For the remaining four casting lines, the Court agreed that Vulcan was not entitled to damages from FATA since it had licensed GM to have the lines made. Judge Michel dissented from this ruling as well, concluding that the license agreement between Vulcan and GM did not serve to preclude a claim of damages against FATA because the agreement did not purport to compensate FATA for lines 2-5 but only provided Vulcan with a license to make five additional casting lines.

On the issue of willfulness, the Federal Circuit, characterizing the issue as “close,” agreed that FATA’s infringement was not willful even though FATA had been aware of the ‘787 patent for years and did not obtain advice of counsel until after it had submitted its infringing bid and received notice from Vulcan.

Finally, the Federal Circuit affirmed the district court’s denial of FATA’s request for a new trial to allow it to submit additional evidence of invalidity. The Court noted that regardless of whether FATA’s motion was timely, the proffered prior art evidence was similar to other evidence FATA had presented at trial and the newly cited patents had been publicly available at the time of the trial.

LAN Patent Limited to Disclosed Embodiment

Donald D. Min

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

In *Datapoint Corp. v. Standard Microsystems Corp.*, No. 99-1239 (Fed. Cir. Feb. 15, 2002) (nonprecedential decision), the Federal Circuit affirmed a district court’s SJ of noninfringement after confirming the claim construction.

Datapoint Corporation (“Datapoint”) is the assignee of U.S. Patent Nos. 5,008,879 (“the ‘879 patent”) and 5,077,732 (“the ‘732 patent”), both drawn to local area networks (“LANs”). In 1996, Datapoint brought four patent infringement actions against numerous Defendants, alleging infringement of the ‘879 and ‘732 patents. The cases were consolidated and a SM was appointed to assist in supervising discovery and construing the claims.

After a *Markman* hearing, the SM issued a claim construction that limited the claims of the ‘879 and ‘732 patents to “bus-type LANs.” Over objections by Datapoint, the district court adopted the SM’s claim construction. Subsequently, Datapoint stipulated to a SJ of noninfringement and appealed.

On appeal, Datapoint argued that the SM had improperly limited the claims to the preferred embodiment, i.e., to bus-type LANs. Datapoint did not dispute that the only LANs shown in the ‘879 and ‘732 patents were bus-type LANs. However, Datapoint argued that the preambles of the claims recited “LANs” generally and the invention could be adapted

to any type of LAN, not just bus-type LANs. Moreover, it argued, both the ‘879 and ‘732 patents state that “[a]lthough a bus-type logical connectivity is illustrated and described herein, the invention may be adapted to LANs having other types of predetermined logical connectivity patterns, for example, stars.”

The Federal Circuit disagreed that the claimed invention could be adapted to cover non-bus-type LANs. The Court found that the testimony of one of the inventors and the intrinsic evidence supported the SM’s claim construction. For example, the inventor had testified that he understood the term “LAN” as claimed in the patents to mean bus-type LANs. Furthermore, the Court found that the specification made clear that the claims were limited to LANs with nodes arranged as equal peers, such as those in bus-type LANs.

Datapoint also argued that the claims only required that each node in a LAN have the ability to transmit and receive. The SM’s claim construction required that not only must each node have the ability to transmit and receive, but also that “each node actually use this ability at some time.” The Federal Circuit agreed with the SM, recognizing that the mere fact that a node may have the capable hardware and/or software installed would not meet this method limitation if the network system organization precluded that node from using that communication capability in actual network operation. Therefore, the Federal Circuit concluded that the district court’s adoption of the SM’s claim construction was proper and affirmed the SJ of noninfringement.

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Court Reverses JMOL and Reinstates Jury Verdict of Infringement

Christopher W. Day

[Judges: Rader (author), Mayer, and Dyk]

In *Schreiber Foods, Inc. v. Beatrice Cheese, Inc.*, No. 00-1303 (Fed. Cir. Feb. 27, 2002) (nonprecedential decision), the Federal Circuit reversed a district court’s order vacating a jury’s verdict in favor of Schreiber Foods, Inc. (“Schreiber”) and remanded for reinstatement of the jury’s verdict for infringement of U.S. Patent Nos. 5,440,860 (“the ‘860 patent”) and 5,701,724 (“the ‘724 patent”). The Court, however, affirmed the district court’s finding of no inequitable conduct.

Schreiber brought suit against Beatrice Cheese, Inc. (“Beatrice”) and Kustner Industries, S.A., and others (collectively “Kustner”) for infringement of the ‘860 and ‘724 patents. The claims of the ‘860 and ‘724 patents are directed to a process and apparatus for packaging a “continuous slice” of cheese in a folded web of flattened thermoplastic material. Before trial, the district court had held a *Markman* hearing to interpret the meaning of the disputed terms “fold” and

"continuous slice." After reviewing the specification and prosecution history of the '860 and '724 patents, the district court concluded that the term "fold" referred to a flattened web of material having a specific "V-fold," cross-sectional shape and the term "continuous slice" called for a length of flattened cheese without any interruptions or creases.

A jury then found that Beatrice and Kustner had willfully infringed the '860 and '724 patents. On Kustner's motion for JMOL, the district court recognized that the accused machines made slices of cheese with creases and did not form a web of flattened material having a V-fold, cross-sectional shape. Since the accused machines could thus not satisfy the district court's construction of the "fold" and "continuous slice" limitations of the '860 and '724 patents, the district court granted JMOL and vacated the jury's verdict. The district court also concluded that the "all-elements" rule precluded a finding of infringement under the DOE.

On appeal, the Federal Circuit held that the district court's order was based on a misinterpretation of the claim terms "fold" and "continuous slice." With respect to the term "fold," the Court noted that Webster's dictionary defines "fold" as to "lay one part over another part." During prosecution, Schreiber had specifically deleted the narrower "V-fold" limitation from the '860 patent. The Examiner also specifically stated that the specification of the '724 patent set forth folding a web

in any manner known to one skilled in the art, with V-folding merely an example of such folding.

With regard to the term "continuous slice," the Court noted that the ordinary and customary meaning of "continuous" is marked by uninterrupted extension in space, time, or sequence. The district court, the Federal Circuit noted, had incorrectly determined that any crease within a slice of cheese falls outside this definition because the specification did not necessarily preclude any creases in a "continuous slice." The Court thus concluded that the district court had erred in its construction of the terms "fold" and "continuous slice" by adopting a claim construction that restricted these terms beyond their ordinary and customary meaning. Since a rational jury could find that the accused machines satisfied the ordinary and customary meaning of these claim terms, the Court also reinstated the jury's verdict of literal infringement.

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

ALJ	Administrative Law Judge
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
IP	Intellectual Property
ITC	International Trade Commission
JMOL	Judgment as a Matter of Law
MPEP	Manual of Patent Examining Procedure
PCT	Patent Cooperation Treaty
PTO	United States Patent and Trademark Office
SEC	Securities and Exchange Commission
SM	Special Master
SJ	Summary Judgment