

Last month at

The Federal Circuit

Month at a Glance



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For an experiment to prove an actual reduction to practice, the party must have known, at the time, that the experiment established that the invention worked for its intended purpose according to the construction of the count of the interference. *Manning v. Paradis*, No. 01-1431 (Fed. Cir. July 12, 2002)6

COURT TRANSFERS APPEAL ARISING OUT OF ANTITRUST COMPLAINT TO ELEVENTH CIRCUIT

Under Supreme Court's opinion in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, _ U.S. _, 122 S. Ct. 1889 (June 3, 2002), the Federal Circuit lacks jurisdiction where patent issues arise only as counterclaims to antitrust-based complaint. *Telcomm Tech. Servs., Inc. v. Siemens Rolm Communications, Inc.*, No. 00-1579 (Fed. Cir. July 2, 2002)6

Court Reverses Ruling on Written Description

Vince Kovalick

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

In *Enzo Biochem, Inc. v. Gen-Probe Inc.*, No. 01-1230 (Fed. Cir. July 15, 2002), the Federal Circuit, on petition for rehearing, vacated its prior ruling and held that a biological deposit may satisfy the written-description requirement of 35 U.S.C. § 112. As such, the Court reversed the district court's grant of SJ that Enzo Biochem, Inc.'s ("Enzo") claims of U.S. Patent No. 4,900,659 ("the '659 patent") are invalid for failure to meet the written-description requirement and remanded on the issue.

The facts of the underlying decision are reported in our May 2002 edition of this Newsletter. In short, Enzo's claims are directed to nucleic-acid probes that contain a high ratio of nucleotide sequence that hybridizes to *N. gonorrhoeae* compared to a sequence that hybridizes to *N. meningitidis*. The specification contains information regarding how the probes are obtained and their approximate lengths, but not their sequences or the means by which the probes are identified. The probes were deposited with the American Type Culture Collection, a repository for biological material. In its prior decision, *Enzo Biochem, Inc. v. Gen-Probe Inc.*, No. 01-1230 (Fed. Cir. Apr. 2, 2002), the Federal Circuit ruled that although a deposit for a microorganism may show enablement of an invention, to satisfy the written-description requirement, the invention must be described more than by stating that it exists in a depository.

On rehearing, the Federal Circuit noted that the practice of depositing biological material arose primarily to satisfy the enablement requirement of 35 U.S.C. § 112, ¶ 1. It ruled, however, that references with respect to such deposits can also satisfy the written-description requirement.

In this particular case, the Court found that the references in the specification to deposits of nucleotide sequences describe the sequences sufficiently in conjunction with the deposits specified. However, the Court remanded for further determinations as to whether the deposits drawn to certain species adequately describe the scope of certain genus claims. The Court instructed the district court to use the PTO guidelines concerning this issue to make its determination.

Finally, the Court rejected Enzo's additional argument that the written-description requirement for the generic claims was necessarily met as a matter of law because the claim language appears *in ipsius verbis* in the specification. The Court ruled that the specification must describe the claimed invention so that one skilled in the art can recognize what is claimed. The appearance of mere indistinct words in a specification or a claim, even an original claim, does not necessarily satisfy that requirement. If a purported description of an invention does not meet the requirements of the statute, the fact that it appears as an original claim or in the specification does not save it. The mere showing of possession of an invention does not cure a

lack of written description in the specification.

In a related order, the Federal Circuit decided not to rehear the issue en banc. Judges Rader, Gajarsa, and Linn dissented from that decision, because, in their opinion, the written-description requirement is not separate from the enablement requirement and that issue should be addressed by the full Court.

Patentee's Damages Lack "Platform to Stand On"

Esther H. Lim

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

In *Riles v. Shell Exploration & Production Co.*, No. 01-1553 (Fed. Cir. July 31, 2002), the Federal Circuit affirmed the jury's finding of infringement but vacated and remanded the damages award as excessive and unsupported by the evidence.

William G. Riles owns U.S. Patent No. 4,669,918 ("the '918 patent") relating to construction and installation of fixed offshore platforms for oil drilling. The '918 patent claims a method of installing fixed offshore platforms that eliminates the need for using mud mats, as the prior art requires. In particular, the invention first installs a foundation by preinstalling some or all of the pilings, then sets the jacket onto the pilings. After installing additional pilings as necessary, it installs any remaining portions of the jacket with the deck on top of the jacket.

Riles sued Shell Exploration and Production Company ("Shell") for infringement of the '918 patent. Shell's accused method installs four temporary "leveling pilings" into the ocean floor at predetermined locations. During the fabrication of the "Spirit" platform onshore, Shell placed a "leveling porch" within the jacket structure at each corner.

At the district court, neither party contested the district court's *Markman* ruling on the claim limitations "depending support leg," "stabbing connection," and "metal-to-metal bearing contact." The jury returned a verdict that Shell's installation of the Spirit platform infringed the '918 patent both literally and under the DOE. Moreover, the jury found willful infringement and awarded Riles \$8.7 million in damages. On Shell's motion for JMOL, the district court reversed the finding of literal infringement but upheld the jury's finding of infringement under the DOE. The district court also awarded attorney fees but did not enhance damages.

On appeal, the Federal Circuit agreed with the district court on the infringement issue. First, the Federal Circuit upheld the district court's finding of no literal infringement because Shell's method did not literally satisfy the "stabbing connection" and "metal-to-metal bearing contact" limitations. Second, the Federal Circuit held that substantial evidence supported the jury's finding of infringement under the DOE. The Federal Circuit noted that Shell's guide sleeve, in combination with the leveling

porch, performs substantially the same function as the depending support leg of the '918 patent invention in substantially the same way to achieve substantially the same result of a "stabbing connection." As to the "metal-to-metal bearing contact" limitation, the Federal Circuit reasoned that the limitation does not require a direct physical contact and that a load transferred in compression or bearing from one metal surface to another is an equivalent.

The Federal Circuit, however, vacated and remanded to the district court for a redetermination of the damages award. In so doing, the Court rejected all three economic models proposed by Riles's damages expert. The Federal Circuit rejected the first model based on a percentage (2-5%) of the cost of Shell's platform. According to the Court, the market would pay Riles only for his invention—a method of anchoring offshore oil rigs without mud mats—not the unrelated cost of the entire Spirit platform, which includes more than the cost of anchoring without mud mats. The Court noted that "the market could not award Riles a royalty for his method divorced of all relation to a potential non-infringing alternative method." *Riles*, slip op. at 15.

The Federal Circuit found the second economic model equally unpersuasive. In particular, the Court explained that a percentage (2-5%) of the gross revenue during the first year of production of the Spirit platform contained a faulty assumption that Riles could enjoin Shell from using the platform itself, which would place unnecessary restraints on lawful activity. The Court also rejected the third model, which added the first two models, as only compounding the errors.

The Court also ruled that Riles's economic models improperly reflected what the royalty rate would have been at the time of trial, rather than at the time the infringement began. The Court further stated that the models ignored Riles's established licensing practice, which based royalty rates on a percentage of any savings the licensee would realize from the use of the invention, and not on a percentage of the platform cost. Thus, the Federal Circuit held that the district court had abused its discretion in overruling Shell's objection to Riles's models and vacated the jury verdict of \$8.7 million.

As to the district court's denial of enhanced damages despite a finding of willfulness, the Federal Circuit found no abuse of discretion. The Court reasoned that the issues of infringement, damages, and willfulness were close questions, and that the trial court properly weighed Shell's litigation conduct in denying enhanced damages.

In a dissenting opinion, Judge Michel expressed that a finding of infringement vitiates the all-elements rule. Referring to Webster's Dictionary, he noted that the "metal-to-metal weight bearing contact" required direct contact. He urged that without direct contact, the "metal-to-metal" contact is missing altogether from the accused product. Judge Michel applied a similar analysis to the "depending support legs" limitation. He emphasized that the all-elements rule is applied by courts as a legal matter and no amount of assertion by any trial witness can trump this rule to create a triable fact issue.

Failure to Disclose Corresponding Structure Renders Means-Plus-Function Claims Invalid

Aryn D. Davis

[Judges: Gajarsa (author), Newman, and Prost]

In *Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.*, No. 01-1198 (Fed. Cir. July 11, 2002), the Federal Circuit affirmed the district court's finding that the asserted claims of U.S. Patent No. 4,572,191 ("the '191 patent") are invalid under 35 U.S.C. § 112, ¶ 2, for failing to disclose structure corresponding to a means element of a means-plus-function claim.

Cardiac Pacemakers, Inc. ("CPI") brought suit against St. Jude Medical, Inc. ("St. Jude"), claiming that St. Jude infringed the '191 patent, which relates to implantable cardiac defibrillators. The only independent claim of the '191 patent recites, in part, a "cardioverting device comprising...third monitoring means for monitoring the ECG signal produced by said detecting means for activating said charging means in the presence of abnormal cardiac rhythm in need of correction." The district court concluded that the "third monitoring means" could not be construed because the '191 patent specification discloses no corresponding structure. The parties then stipulated that under the district court's claim construction, the '191 patent was invalid.

On appeal, the Federal Circuit concluded that the "third monitoring means" performs the dual functions of monitoring the ECG and activating the charging means. To arrive at this conclusion, the Court noted that the prosecution history includes a version of the claim reciting only the "for activating" phrase, indicating that CPI regarded it as a function rather than a purpose for monitoring the ECG. The prosecution history also includes a version of the claim in which the "for monitoring" and "for activating" phrases are connected by the conjunction "and"—implying that the claimed means performed two functions.

The Federal Circuit also concluded that although, generally, the functions performed by a generic means may be performed by more than one structure, here the claim language requires that both functions be performed by a single structure. The Court reasoned that the claim does not simply recite a generic means for performing two functions, but instead specifically recites a "third monitoring means" for performing the two functions. According to the Federal Circuit, the recitation of a specific means, rather than generic means, mandates that the claimed function be performed by a single means and hence a single structure. As a result, the Federal Circuit concluded that the specification must disclose a single structure that both monitors the ECG signal and activates the charging device.

The Federal Circuit then found that the only entity referenced by the '191 patent specification capable of both monitoring and activating is a physician. CPI had conceded, however, that the disclosed physician was not

corresponding structure. The Federal Circuit rejected CPI's arguments that the console used by the physician to monitor the ECG and the button used by the physician to activate the charging means were the corresponding structure. The Court held that it is not sufficient to disclose structure that enables the physician to perform the claimed function. Furthermore, the Court held that even if the console and button did perform the claimed functions, the claim requires a single structure to perform both functions. The Federal Circuit therefore concluded that the claims of the '191 patent are invalid because the specification fails to disclose structure corresponding to the claimed "third monitoring means."

Unrestricted Demonstrations of Computer Workstation Invalidate Patent for Public Use

Mark E. Dailey

[Judges: Mayer (author), Newman, and Prost]

In *Netscape Communications Corp. v. Konrad*, No. 01-1455 (Fed. Cir. July 9, 2002), the Federal Circuit affirmed the district court's SJ of invalidity of U.S. Patent Nos. 5,544,320; 5,696,901; and 5,974,444 ("the patents-in-suit") issued to and owned by Konrad, under the public-use and on-sale bars of 35 U.S.C. § 102(b).

On January 8, 1993, Konrad filed a patent application representing a culmination of work performed at the Lawrence Berkeley Laboratory ("LBL"), a research facility funded by the Department of Energy, on systems that allow a computer user to access and search a database residing on a remote computer. The patents-in-suit each issued from continuation applications claiming priority to the application filed January 8, 1993.

In February 2000, Konrad filed suit against various customers of Netscape Communications Corporation ("Netscape"), alleging infringement of the patents-in-suit. Netscape filed for DJ seeking invalidity, noninfringement, and unenforceability and was granted partial SJ that the patents-in-suit were invalid under the public-use and on-sale bars.

On appeal, Konrad argued that while others did use his remote database object system, he never disclosed the source code necessary to enable the invention. The Federal Circuit concluded, however, that because an invention is defined by the claims, and because all claimed features were in public use, this argument was not compelling.

Konrad further argued that the demonstration and uses by others were not public uses because of an implied duty of confidentiality. He argued that because the Dept. of Energy funded his project, it owned the invention, and that a contract between the Dept. of Energy and LBL established a duty of confidentiality for all who worked on the project. The Federal Circuit declined to accept Konrad's argument, concluding instead that any duty of confidentiality must be owed to the inventor to avoid the public-use bar. The Court found that Konrad had failed to make any discernable effort to establish a requirement of

confidentiality and had failed to provide evidence that he had maintained records of any alleged experimental use. It observed that Konrad's own testimony supported a conclusion that the demonstration was geared to making the remote database object more commercially attractive. In combination with Konrad's failure to establish a requirement for confidentiality, the Federal Circuit concluded that no experimental use had been established.

Finally, Konrad argued that the offer to provide a working prototype in return for employment did not trigger the on-sale bar. The Federal Circuit found that the documentary evidence established an offer for sale under contract law, and Konrad had stipulated that the invention was reduced to practice at the time of the alleged offer. The Court found that, despite the fact that both labs were funded by the Dept. of Energy, they constituted separate entities for the purposes of the on-sale bar. Accordingly, the Federal Circuit affirmed the SJ of invalidity of the patents-in-suit.

Underground Drilling Is Public Use of Drilling Method

Kenie Ho

[Judges: Michel (author), Mayer, and Dyk (dissenting)]

In *New Railhead Manufacturing v. Vermeer Manufacturing Co.*, No. 02-1028 (Fed. Cir. July 30, 2002), the Federal Circuit affirmed a district court's grant of SJ for invalidity of U.S. Patent Nos. 5,899,283 ("the '283 patent") and 5,950,743 ("the '743 patent") issued to New Railhead Manufacturing, L.L.C. ("New Railhead"), based on an on-sale bar and prior public use, respectively.

New Railhead sued Vermeer Manufacturing Company ("Vermeer") and Earth Tool Company, L.L.C. ("Earth Tool"), alleging infringement of its '283 and '743 patents respectively drawn to a drill bit and a method for horizontal directional drilling of rock formations. New Railhead had filed CIP applications in November 1997 for both patents, claiming priority to a provisional application filed on February 5, 1997. It had earlier sold commercial embodiments of the claimed drill bit during the spring of 1996, which was more than one year before the November 1997 filing date of the nonprovisional applications, but not more than one year before the February 1997 filing date of the provisional application.

Earth Tool, however, argued that the '283 patent was not entitled to the priority date of the provisional application because it failed to adequately describe the invention actually claimed in the patent. Claim 1 of the '283 patent recites an asymmetrical drill bit comprising a "unitary bit body being angled with respect to the sonde housing." David Cox, co-owner of New Railhead and an inventor, testified that the claim language "angled with respect to the sonde housing" meant that the drill bit had a toe (front portion) and a heel (rear portion), and that the toe-to-heel ratio was the amount above and the amount below the outer circumference of the sonde housing. The district court concluded that nothing in the provisional specification disclosed that the drill bit was angled with

respect to the sonde housing or otherwise described the toe, the heel, or the toe-to-heel ratio.

On appeal, New Railhead argued that Cox was always in possession of the heel-toe structure, and that the district court had erred by focusing on whether the provisional disclosed the importance of the angled structure rather than whether it disclosed the angled structure at all. The Federal Circuit noted that the written-description requirement is not subsumed by the “possession” inquiry and concluded that what is claimed must be the same as what is described in the specification. As a result, it agreed with the district court’s ruling that the specification in the provisional failed to meet the description requirement and the ’283 patent was not entitled to the filing date of the provisional application. Accordingly, because New Railhead filed the application that issued as the ’283 patent on November 12, 1997, more than one year after the admitted mid-1996 commercial offers of sale, the Federal Circuit affirmed the district court’s grant of partial SJ for invalidity under 35 U.S.C. § 102(b).

For the ’743 patent, the district court assumed that the patent was entitled to the priority date of the provisional application. However, Vermeer argued that the method claimed in the ’743 patent had been in public use for more than one year before the February 1997 priority date of the provisional. Particularly, Cox testified in his deposition that on several occasions beginning January 1996, he had allowed Earl Freeman, an acquaintance who was the foreman of a drilling team working for a third party, to test the drill bits at a public work site. The district court concurred with Vermeer and held that Freeman’s repeated use of the method claimed in the ’743 patent to test the durability of the drill bits from the ’283 patent constituted public use. New Railhead challenged that holding on the basis that all public use before the priority date was experimental.

The Federal Circuit affirmed the district court’s ruling that Freeman’s testing was public use because the method had been reduced to practice after Freeman had completed a first bore using the patented drill bit on January 1996. Although further modifications were made to the bit over the ensuing months, the Federal Circuit maintained that nothing in the record indicated that there was ever a question about the efficacy of the patented method or any modification of the patented method as a result of additional testing. Hence, the additional drilling after the first bore was not experimental for the method and use of the patented method to test the drill bit constituted public use.

Judge Dyk dissented with the majority’s holding of invalidity for the ’743 patent claims. He asserted that Freeman’s use of the patented method was experimental because the testing of the drill bit was intertwined with the testing of the method (i.e., the method would not work if the drill bit did not work). He also argued that the testing occurred underground hidden from view, and it would have been impossible for a person to understand the method of using the drill bit without viewing it or seeing it in operation. This, coupled with a showing that the use was confidential, compelled him to dissent.

Court Vacates Finding of Inherent Anticipation

John A. Hudalla

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

In *Trintec Industries, Inc. v. Top-U.S.A. Corp.*, No. 01-1568 (Fed. Cir. July 2, 2002), the Federal Circuit vacated the district court’s finding that U.S. Patent No. 5,818,717 (“the ’717 patent”) was invalid as inherently anticipated and remanded the case for further proceedings on the issue of obviousness.

Trintec Industries, Inc. (“Trintec”) owns the ’717 patent, which claims a cost-effective method for producing, in low volume, multicolor faces for watches, clocks, thermometers, and other instruments. Claim 3 of the ’717 patent discloses a method for constructing such instrument faces using a computer and a color photocopier. Claim 8 discloses another method wherein such instrument faces are “created” in a computer.

Trintec sued Top-U.S.A. Corporation (“Top-U.S.A.”), claiming that Top-U.S.A. infringed, inter alia, claims 3 and 8 of the ’717 patent. Top-U.S.A. had been using high-resolution color printing to create custom watches and clocks for several years. In the district court, Trintec moved for SJ of infringement, intentional infringement, and validity. Top-U.S.A. moved for SJ of invalidity, contending that the asserted claims were anticipated or obvious in view of a catalogue published by Sweda Company LLC (“Sweda”) before the filing of the ’717 patent. The Sweda catalogue advertised inexpensive, small-volume, multicolor watches that were produced by a computer laser printer. Although Top-U.S.A. conceded that the Sweda catalogue did not expressly teach all elements of the asserted claims, it contended that the catalogue inherently anticipated all elements of the asserted claims. The district court agreed with Top-U.S.A. and granted SJ of invalidity.

In construing claim 3 of the ’717 patent, the district court construed the “color photocopier” limitation to mean a “color printer.” On appeal, however, the Federal Circuit found that a “color photocopier” must have the ability to both print and photocopy subject matter in color. As such, the disclosure of “a new computer laser printer” in the Sweda catalogue did not expressly or inherently anticipate a color photocopier. Citing the strict identity required of the test for novelty, the Federal Circuit found that claim 3 was not anticipated by the Sweda catalogue, regardless of how obvious the difference may seem.

Claim 8 of the ’717 patent discloses “creating [an] instrument face . . . in [a] computer in electronic format.” The district court interpreted the “creating” language to mean both “creating or providing,” so as to encompass “providing” unmodified input from a scanner or CD ROM for the instrument face. Again, the Federal Circuit disagreed with the district court’s claim construction. In particular, the Court found that “creating” required more than simply using a computer as a conduit to convey information to a printer from a scanner or CD ROM. The Court additionally found that “creating” would require

substantive addition or modification to artwork stored in a computer. Noting that none of the printing methods disclosed by the Sweda catalogue discussed the creation of artwork in a computer, the Federal Circuit found that the Sweda catalogue did not inherently or expressly anticipate claim 8.

The Court observed that obviousness, and not anticipation, seemed to be the actual issue of this case. Because the record was not fully developed on the issue of obviousness, however, the Court remanded for further proceedings.

Court Helps Litigant Find Its Way Back to Kansas

Matthew J. Mason

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

In *Deprenyl Animal Health, Inc. v. University of Toronto Innovations Foundation*, No. 01-1648 (Fed. Cir. July 23, 2002), the Federal Circuit reversed the district court's dismissal of the case for lack of personal jurisdiction, finding that the exercise of jurisdiction over the University of Toronto Innovations Foundation ("UTIF") would not violate due process.

UTIF is a Canadian technical licensing company that has assisted the University of Toronto with commercialization of inventions developed by its academics. Deprenyl Animal Health, Inc. ("DAHI") is a Louisiana corporation that has maintained its principal place of business in Overland Park, Kansas. DAHI is also the subsidiary of Draxis Health, Inc. ("Draxis"), a Canadian corporation.

In 1991, DAHI approached UTIF seeking a license under certain UTIF patent applications. After extended negotiations, the parties entered into a license agreement in May 1992. The parties signed separate copies of the agreement in Toronto and Overland Park.

The license agreement contained both an arbitration clause and a choice of law clause. The arbitration clause provided that, should any disagreement arise between the parties, such disagreement should be settled and determined by arbitration, in accordance with the provisions of the Arbitrations Act (Ontario). The choice of law clause provided that the agreement should be interpreted according to the laws of Ontario, Canada.

The dispute between the parties began when Draxis issued a press release announcing FDA approval of a drug called Anipryl, which is used to treat canine cognitive dysfunction. In response, UTIF sent DAHI a notice contending that the sales of Anipryl would be subject to the royalty provisions of the license agreement. DAHI then filed a complaint in the District of Kansas, seeking a DJ that the license agreement was inapplicable to the sale of Anipryl and that UTIF's patent, U.S. Patent No. 5,767,164 ("the '164 patent"), was invalid and not infringed by the sale of Anipryl. DAHI also filed an application in Canadian Superior Court, seeking a declaration that the suit was incapable of being the subject of arbitration in Ontario. The Canadian Superior Court ordered the Canadian court and arbitration proceedings stayed pending the outcome of the parties' U.S. proceedings.

In the district court, UTIF filed a motion to dismiss for

lack of personal jurisdiction or, in the alternative, to dismiss pending the Canadian arbitration. The district court granted UTIF's motion on the personal jurisdiction ground without reaching the arbitration issue. The court noted that the Kansas long-arm statute authorizes the exercise of jurisdiction to the full extent permitted by the Constitution. The court also found that UTIF had sufficient minimum contacts with Kansas. Nonetheless, the court held that the exercise of jurisdiction over UTIF would violate fair play and substantial justice. Hence, according to the court, jurisdiction over UTIF would violate due process.

The Federal Circuit reversed. The Court applied the two-part test set forth in *International Shoe Co. v. Washington*, 326 U.S. 310 (1945) and its progeny to determine that due process permitted the exercise of personal jurisdiction over UTIF in Kansas.

Applying the first prong of the *International Shoe* test, the Court found that UTIF had sufficient minimum contacts in Kansas to justify the exercise of specific jurisdiction. The Court determined that UTIF had purposefully directed its activities in Kansas by negotiating and executing the licensing agreement with DAHI. The Court specifically noted that UTIF's president twice traveled to Kansas to negotiate and amend the agreement and that UTIF frequently sent correspondence to Kansas. The Court further found that DAHI's DJ suit related directly to UTIF's contacts with DAHI in Kansas because it sought a declaration that Anipryl is not covered by the license agreement and that the '164 patent is invalid and not infringed by Anipryl.

In response, UTIF argued that courts have declined to exercise jurisdiction where the defendant's contact with the forum consists primarily of negotiating an agreement that contained forum selection or choice of law provisions selecting a foreign state or country. The Federal Circuit was unpersuaded by this argument, noting that none of the cases cited by UTIF involved agreements to license technology protected by a U.S. patent. According to the Court, obtaining a U.S. patent constitutes meaningful contact with the United States and requires a patentee to purposefully avail himself or herself of a significant benefit of U.S. law. Such purposeful availment, the Court determined, is substantial and not diminished by foreign choice of forum and choice of law provisions.

The Federal Circuit also decided that exercise of jurisdiction over UTIF in Kansas would not violate notions of fair play and substantial justice. The Court determined that the burden of subjecting UTIF to litigation in Kansas would be relatively minimal, despite the fact that UTIF was a Canadian corporation, and found that Kansas has a substantial interest in the resolution of the patent-related dispute between the parties. In this regard, the Court opined that a state has a substantial interest in preventing patent infringement within its borders, in protecting its residents from claims of patent infringement that may be unwarranted, and in enforcing patent license agreements into which residents have entered.

As to the issue of the arbitration clause, the Court determined that it was the province of the Canadian court to determine the scope of the arbitration clause in the first instance. Accordingly, the Court remanded to the district court with instructions to stay proceedings pending the outcome of the Canadian arbitration proceedings.

Journal Article Costs Party in Interference

Frank A. Italiano

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

In *Manning v. Paradis*, No. 01-1431 (Fed. Cir. July 12, 2002), the Federal Circuit affirmed a decision by the Board in an interference between James E. Manning and Norman A. Paradis, entering judgment in favor of Paradis.

The invention at issue is directed to a method of delivering oxygen to a subject's heart during cardiac arrest. The count of the interference claims: "A method of treating a subject in cardiac arrest comprising: blocking the descending aorta of said subject; and then perfusing the aortic arch of said subject with an oxygen-carrying protective solution in an amount effective to deliver oxygen to the heart of said subject."

Paradis is the named inventor of U.S. Patent No. 5,334,142 ("the '142 patent"), filed on September 9, 1991. Manning holds U.S. application No. 08/452,527, filed on May 30, 1995, and accorded the benefit of U.S. application No. 07/769,132 ("the '132 application"), filed on September 30, 1991, and now U.S. Patent No. 5,216,032.

Manning filed an affidavit detailing experiments that he performed using dogs in October 1990. During these experiments, a catheter was inserted into a dog and a balloon on a catheter was inflated to occlude the descending aorta and isolate the aortic arch for perfusion. Approximately 500 mL of Oxypherol® and 2 mg of epinephrine were then infused into the dog's aortic arch over one minute. Pressure sensors revealed a pressure gradient of 6-64 mm Hg during perfusion.

Manning averred in his affidavit that a pressure gradient of 15 mm Hg during CPR had been shown to be required to provide sufficient blood flow to the heart to allow for successful resuscitation. In addition, Manning asserted that rising pressure observed in the right atrium had confirmed that the oxygenated solution flowed through the heart.

Manning described the results of the experiment in an article submitted on September 6, 1991, to *Annals of Emergency Medicine* and later published in the September 1992 volume. In the article, Manning stated that he was unsure that perfusion had occurred in an amount effective to deliver a measurable quantity of oxygen to the heart. He also questioned the causes to some of the tested results.

The Board, as Manning contended, construed the count of the interference as only requiring the delivery of oxygen to the heart. Using this interpretation, the Board found that the invention had not been reduced to practice in the October 1990 experiment. The Board found that Manning's affidavit was contradicted by the statements in the journal article and concluded that Manning had failed to definitively establish substantial myocardial perfusion and delivery of oxygen to the heart.

Alternatively, using an alternative construction that required delivery of an amount of oxygen effective for treatment, the Board found insufficient proof that an

effective amount of oxygen was delivered and, therefore, held that the count had not been reduced to practice.

On appeal, since Paradis had conceded that Manning had constructed an embodiment or performed a process that met all the limitations of the interference count, the Court considered whether Manning knew that the invention would work for its intended purpose.

In the Federal Circuit's view, the Board's decision could not be sustained if the count was construed as requiring delivery of any amount of oxygen to the heart, since there was considerable evidence that Manning delivered some oxygen to the heart and that he appreciated such. The Court, however, interpreted the count as requiring delivery of oxygen in an amount sufficient to have a therapeutic effect on a subject's heart during cardiac arrest.

Manning argued that the preamble phrase "treating a subject in cardiac arrest" does not limit the count, and that treatment occurs when any amount of oxygen is delivered, even an infinitesimal amount. The Court, however, concluded that a preamble has the import that the claim as a whole suggests for it. The Court reasoned that the preamble defined the intended purpose of the invention, since the invention would have no purpose unless a therapeutic amount of oxygen was delivered. The Court found that the plain meaning of "treat" requires the invention to be used to achieve a therapeutic effect. In support of this construction, the Court pointed to Manning's specification, which revealed that one of the invention's purposes was to sustain cellular survival of heart tissue.

Using its count construction, the Federal Circuit determined that Manning did not appreciate that the invention worked for its intended purpose. First, Manning's article acknowledged that the observed hemodynamic effects may not have resulted from oxygen. In addition, the article noted that the effects of the epinephrine perfusion may have occurred even if the epinephrine did not enter the heart. The Court was also persuaded by Manning's admission that the experiments were not undertaken to prove the efficacy of selective aortic-arch perfusion.

Accordingly, the Court found that Manning had failed to appreciate that the invention worked for its intended purpose at the relevant time. The Court, therefore, affirmed the Board's decision that Manning failed to reduce the invention to practice prior to Paradis's filing date.

Court Transfers Appeal Arising out of Antitrust Complaint to Eleventh Circuit

Vince Kovalick

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

In *Telcomm Technical Services, Inc. v. Siemens Rolm Communications, Inc.*, No. 00-1579 (Fed. Cir. July 2, 2002), the Federal Circuit transferred an appeal concern-

ing monopolization and attempted monopolization claims under the Sherman Act to the Eleventh Circuit for lack of jurisdiction.

Telcomm Technical Services, Inc. and several other Plaintiffs (collectively referred to as the "ISOs") appealed a SJ in favor of Siemens Rolm Communications, Inc. ("Rolm") on the ISOs' monopolization and attempted monopolization claims under the Sherman Act. Rolm had brought copyright and patent-infringement counterclaims, which resulted in a jury verdict in Rolm's favor.

The Federal Circuit ruled that when the ISOs originally filed this appeal, the Federal Circuit's jurisdiction was predicated on the patent-infringement counterclaims, consistent with Federal Circuit precedent. However, since then, in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, ___ U.S. ___, 122 S. Ct. 1889 (June 3, 2002), the Supreme Court has held that the well-pleaded complaint rule endorses no necromancy that would vest the statutory phrase "arising

under" with a meaning that encompasses appellate jurisdiction for a case to be heard in the Federal Circuit based on a patent-infringement counterclaim. The Federal Circuit concluded, *sua sponte*, therefore, that it lacked jurisdiction over the appeal and transferred the case to the Eleventh Circuit.

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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
APA	Administrative Procedures Act
APJ	Administrative Patent Judge
Board	Board of Patent Appeals and Interferences
Commissioner	Commissioner of Patents and Trademarks
CIP	Continuation-in-Part
DJ	Declaratory Judgment
DOE	Doctrine of Equivalents
FDA	Food & Drug Administration
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