

Last
month at

The Federal Circuit

FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLPWashington, DC
202.408.4000Atlanta, GA
404.653.6400Cambridge, MA
617.452.1600Palo Alto, CA
650.849.6600Reston, VA
571.203.2700Brussels
+ 32 2 646 0353Taipei
+ 886 2 2712 7001Tokyo
+ 03 3431 6943**COURT AFFIRMS EQUIVALENTS OF
"MYSTERY SWINE DISEASE" VACCINE
PATENT**

Substantial evidence supports jury verdict that Schering-Plough method to prepare vaccine is equivalent to claimed method. *Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp.*, No. 02-1026 (Fed. Cir. Feb. 21, 2003)1

**NO FORM OF WORDS IS NECESSARY TO
EVINCE THE RENDITION OF A JUDGMENT**

Whether an order constitutes a final judgment depends upon whether the judge has or has not declared his intention in this respect in his opinion. *Pandrol USA, LP v. Airboss Ry. Prods., Inc.*, No. 02-1067 (Fed. Cir. Feb. 21, 2003)2

**CONTRA PROFERENTEM RESULTS IN
PATENT LICENSE**

When a contract is ambiguous, the principle of *contra proferentem*, under Delaware law, requires that the agreement be construed against the drafter who is solely responsible for its terms. *Intel Corp. v. VIA Techs., Inc.*, No. 02-1212 (Fed. Cir. Feb. 14, 2003) . . .3

**COURT SHIFTS DATE FOR POSTJUDGMENT
INTEREST BY FIVE YEARS**

Plaintiff's failure to seek reformation of appellate court's mandate justifies setting date for postjudgment interest to district court's final judgment following the mandate. *Tronzo v. Biomet, Inc.*, No. 01-1585 (Fed. Cir. Feb. 12, 2003)4

**SUBSTANTIAL EVIDENCE SUPPORTS
FINDING CLAIMS PRIMA FACIE OBVIOUS**

Claims to mutated recombinant collagens were obvious in view of four prior art references. *In re Berg*, No. 02-1120 (Fed. Cir. Feb. 20, 2003)5

**LACK OF SPECIFICITY IN PREVERDICT
JMOL MOTION PROVES FATAL**

Preverdict motion for JMOL on inequitable conduct and on-sale bar do not support post-verdict motion for JMOL on obviousness. *Duro-Last, Inc. v. Custom Seal, Inc.*, No. 02-1218 (Fed. Cir. Feb. 28, 2003)5

**EXAMINER'S REMARKS DO NOT NEGATE
EFFECT OF APPLICANT'S DISCLAIMER**

The public notice function of a patent and its prosecution history requires that a patentee be held to what he declares during the prosecution of his patent. *Springs Window Fashions LP v. Novo Indus., L.P.*, No. 02-1309 (Fed. Cir. Feb. 13, 2003)7

**"FLORAL HOLDING MATERIAL" NOT
PROPERLY CONSTRUED**

Drawing inferences of the meaning of a claim term from an Examiner's silence is not a proper basis on which to construe a patent claim. *Prima Tek II, LLC v. Polypap, S.A.R.L.*, No. 02-1164 (Fed. Cir. Feb. 5, 2003)8

**PARTY AND COUNSEL SANCTIONED FOR
REHASHING PREVIOUSLY DECIDED ISSUES**

After several appeals, Phonometrics and attorney ordered to pay \$3,000 as sanction for making frivolously unmeritorious arguments before the Federal Circuit. *Phonometrics, Inc. v. Westin Hotel Co.*, No. 02-1314 (Fed. Cir. Feb. 12, 2003)9

**COURT CORRECTS CONSTRUCTIONS OF
FIVE CLAIM LIMITATIONS**

Simply because a phrase as a whole lacks a common meaning does not compel a court to disregard the established meanings of the individual words. *Altiris, Inc. v. Symantec Corp.*, No. 02-1137 (Fed. Cir. Feb. 12, 2003)9

EDITED BY | VINCE KOVALICK

Court Affirms Equivalents of “Mystery Swine Disease” Vaccine Patent

Deborah J. Acker

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

In *Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp.*, No. 02-1026 (Fed. Cir. Feb. 21, 2003), the Federal Circuit affirmed the district court’s judgment that U.S. Patent No. 5,476,778 (“the ‘778 patent”) is infringed and not invalid.

The PTO issued *Boehringer Ingelheim Vetmedica, Inc.* (“Boehringer”) the ‘778 patent for methods of growing, isolating, and attenuating the virus responsible for Porcine Reproductive Respiratory Syndrome (“PRRS”) after *Boehringer* discovered a simian (monkey) cell line could be used successfully as a host.

Boehringer filed suit against *Schering-Plough Corporation* and *Schering Corporation* (collectively “*Schering*”), alleging that *Schering*’s vaccine virus, which is grown on a similar simian cell line, infringed the method claimed by *Boehringer*’s ‘778 patent. The district court denied *Boehringer*’s motion for a preliminary injunction when *Boehringer* was unable to show that *Schering*’s obviousness challenge lacked substantial merit or that irreparable harm would result.

Following the denial of various motions for SJ, the district court considered *Schering*’s inequitable-conduct defense separately and held no inequitable conduct during prosecution of the ‘778 patent. At trial, the jury found that *Schering* had infringed the ‘778 patent by equivalence and that the patent was not obvious and, therefore, not invalid. The district court denied *Schering*’s motions for JMOL or new trial and entered judgment for *Boehringer*.

Schering appealed the denial of its motion for JMOL, asserting that the district court had incorrectly construed the claims and the jury’s verdict was not supported by substantial evidence. *Boehringer* cross-appealed, asserting an erroneous claim construction.

The Federal Circuit reviewed the interpretation of the term “isolating” in the context of the preamble claim language: “A method of growing and isolating swine infertility and respiratory syndrome virus, ATCC-VR2332, which comprises inoculating the virus on a full or partial sheet of simian cells” The Court noted that preamble language will limit the claim if it recites not merely a context to which the invention may be used, but the essence of the invention, without which performance of the recited steps is nothing but an academic exercise. In other words, the PRRS virus is “isolated” each time the virus is propagated into a fresh tissue culture bottle, not just when the virus is initially isolated from an infected pig. The Court concluded that the district court had properly recognized “isolating” as part of the definition of the claimed subject matter and was, therefore, a limitation of the claim.

The Federal Circuit disagreed with the district court’s construction that the claim language “until . . . CPE is observed” means “until there is a significant degree of CPE” (cytopathic effect). Rather, the Federal Circuit held that the limitation merely defines the minimum period for incubation of the inoculated cell sheet. Given the infringement analysis, however, this difference in construction was considered harmless error.

Concerning the finding of infringement, the Federal Circuit agreed that *Schering*’s VR2525 strain is equivalent to the claimed strain. *Schering* argued for no equivalence because, when administered to a pig, its virus will generate a protective immune response to PRRS, while a pig inoculated with *Boehringer*’s virus develops PRRS. According to *Schering*, this effect underscored differences in function, way, or result and precluded a finding of insubstantial differences between the strains. The Federal Circuit concluded, however, that what happens when the virus is administered to a pig is irrelevant to the assessment of whether the two viral strains are equivalent in the in vitro culture method defined by the claim. Therefore, the Federal Circuit agreed that substantial evidence supported the jury’s verdict of equivalence.

The second issue of equivalence concerned the phrase “until . . . CPE is observed.” The Federal Circuit relied upon expert testimony that Schering’s practice of incubating a viral culture for a defined period of time performs the same function, way, and result to support the jury’s verdict of equivalence.

Finally, the Federal Circuit agreed with the district court’s analysis of the obviousness issue. Noting that a showing of obviousness requires a motivation or suggestion to combine or modify prior art references, coupled with a reasonable expectation of success, the Court concluded that the jury was entitled to conclude that such a showing had not been made. In particular, the Court pointed to references reporting failure of attempts to isolate PRRS viruses with monkey-kidney cells, thus negating an expectation of success.

No Form of Words Is Necessary to Evince the Rendition of a Judgment

Elizabeth M. Burke

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

In *Pandrol USA, LP v. Airboss Railway Products, Inc.*, No. 02-1067 (Fed. Cir. Feb. 21, 2003), the Federal Circuit affirmed the district court’s claim construction and grant of SJ of infringement of claim 3 of U.S. Patent No. 5,110,046 (“the ‘046 patent”), reversed the district court’s ruling that the Defendants waived their affirmative defenses of invalidity, vacated the district court’s award of damages and an injunction, and remanded for further proceedings.

Plaintiff, Pandrol Ltd., is the owner of the ‘046 patent, and Plaintiff, Pandrol USA, LP, is an exclusive licensee of the ‘046 patent. The ‘046 patent relates to a railroad-track fastening system and is directed to a rail-seat assembly that interposes an abrasion-resistant plate and a layer of adhering material between the rail

pad and the rail to reduce corrosion.

Pandrol Ltd. alleged that Defendant, Airboss Railway Products, Inc.’s three-piece railroad-track fastening system directly infringed the ‘046 patent and that Defendants, Airboss of America Corporation (parent company) and Robert M. Magnuson (company President) and Jose R. Mediavilla (company Vice President) induced infringement. The Defendants denied infringement, raised affirmative defenses, including patent invalidity, and filed counterclaims for a DJ that the ‘046 patent was invalid.

The district court construed the phrase “adhering material” in claims 1 and 3 of the ‘046 patent to be a layer of adhesive that bonds the plate to the tie and granted the Defendants’ motion for SJ of noninfringement of the ‘046 patent. In a previous appeal, the Federal Circuit held that the district court had erroneously construed the “adhering material” recitation, stating that “bonding” was not necessary for adhering, and reversed and remanded.

On remand, the Defendants filed a motion for SJ of noninfringement but did not raise their affirmative defenses or counterclaims of invalidity and did not contest the Plaintiffs’ title to the patent. Defendants, Magnuson and Mediavilla, also moved for SJ dismissing them as Defendants. Plaintiffs filed a cross-motion for SJ of infringement as to claim 3 but did not request SJ of liability or seek SJ as to the affirmative defenses and counterclaims of invalidity previously asserted by the Defendants.

The district court granted the Plaintiffs’ motion for SJ of infringement as to claim 3 and denied the Defendants’ motions for SJ. In construing the meaning of the phrase “adhering material,” the district court found that the term must include a closed cell-foam pad and that, as a result, “adhering” must include at least the type of adherence that results from the combined use of a metal-abrasion plate, polyethylene-foam pad, and concrete tie under a railroad rail. The Court also denied Defendants Magnuson and Mediavilla’s motion for SJ dismissing them as Defendants.

The Defendants subsequently argued that they were entitled to try the issues of patent invalidity, ownership, and the liability of the individual Defendants. The district court found that the Defendants had waived their defenses by failing to raise them in opposition to the Plaintiffs' motion for SJ of infringement and limited the trial to the issue of damages. A jury awarded the Plaintiffs lost-profits damages and the district court entered a final injunction against the Defendants.

The Federal Circuit began its review by establishing its jurisdiction over the appeal. Since the parties had stipulated to a dismissal of the Defendants' counterclaims without prejudice to the Defendants' right to assert all defenses, the Court found that an appealable final judgment had been entered.

The Defendants appealed the construction of claim 3 with regard to the "adhering material" limitation. The Federal Circuit found that the district court's claim construction was correct and, therefore, the Plaintiffs were entitled to SJ of infringement as a matter of law.

The Defendants also appealed the district court's ruling that they had waived the right to a trial on the issue of invalidity by failing to raise it in opposition to the cross-motion for SJ as to the issue of infringement. The Federal Circuit stated that patent infringement and patent validity are treated as separate and distinct issues and that an alleged infringer's failure to raise invalidity in opposition to a motion for SJ of infringement is not a waiver. The Federal Circuit held, therefore, that the case must be remanded to allow the Defendants to try their invalidity defense and counterclaim.

The Defendants also appealed the district court's ruling that they were not entitled to a trial on the lack of responsibility of one or more of the Defendants. The Federal Circuit stated that while the alleged nonliability of the secondary Defendants is not an affirmative defense, failure to raise the issue in opposition to the Plaintiffs' motion for SJ did result in waiver. The Federal Circuit reasoned that the Plaintiffs' motion for SJ specifically sought a finding of infringement as to all Defendants

and, thus, the individual Defendants were obligated to oppose this motion with their arguments as to the secondary Defendants' nonliability for infringement.

The Federal Circuit also held that the Defendants waived the right to contest the Plaintiffs' title to the patent, insofar as lack of ownership is viewed as a defense to the claim of infringement. The Federal Circuit stated that when the Plaintiffs moved for SJ of infringement, they implicitly asserted ownership of the patent. Thus, the Federal Circuit held that it was incumbent upon the Defendants to raise the issue of lack of patent ownership in their opposition to the motion for SJ of infringement and that the Defendants' failure to do so constituted a waiver of that issue as a defense.

The Federal Circuit sua sponte raised the issue of standing, stating that Defendants' waiver of the defense of lack of patent ownership did not preclude their ability to challenge the Plaintiffs' standing to sue under Article III of the Constitution. The Court concluded, however, that the record on appeal contained sufficient evidence to support the Plaintiffs' standing.

The Federal Circuit also addressed the issue of damages, holding that the jury instructions were sufficient and that the judgment may be reinstated if the issue of patent validity is resolved in Plaintiffs' favor.

***Contra Proferentem* Results in Patent License**

Vince Kovalick

[Judges: Michel (author), Mayer, and Clevenger]

In *Intel Corp. v. VIA Technologies, Inc.*, No. 02-1212 (Fed. Cir. Feb. 14, 2003), the Federal Circuit affirmed a district court's SJ of noninfringement because the accused infringers were licensed. The Federal Circuit also affirmed the district court's judgment of no

invalidity, finding sufficient structure in the patent specification corresponding to a means-plus-function limitation such that the claims were not indefinite.

In 1996, Intel Corporation ("Intel") promulgated a new industry standard related to a graphics-interface specification called Accelerated Graphic Port ("AGP") interface specification, revision 1.0 ("AGP 1.0"). Then, in 1998, Intel published revision 2.0 of the AGP specification ("AGP 2.0"). Intel's royalty-free license under these specifications covers any patent claims that must be infringed in order to comply with these specifications.

In 1996, VIA Technologies, Inc., California and Taiwan (collectively "VIA"), signed a license agreement for AGP 1.0 and in 1998, signed a license agreement for AGP 2.0.

In 2000, Intel sued VIA for infringing U.S. Patent No. 6,006,291 ("the '291 patent"). VIA conceded that its products practiced certain claims of the '291 patent, but argued that it was licensed to practice the '291 patent under the AGP 2.0 license agreement. The issue turned on whether a "fast write" function covered by the '291 patent is required within the meaning of the AGP license, as the district court had so held.

On appeal, Intel argued that the fast-write feature of the '291 patent is an optional protocol and, therefore, although it is disclosed in the AGP 2.0 specification, it is not "required by" that specification, as stated in the AGP 2.0 license. VIA countered that although the fast-write feature may be optional, when it is performed, it is required by the fast-write protocol of the AGP 2.0.

The Federal Circuit concluded that both interpretations of the license agreement were reasonable and, because the agreement is fairly susceptible to such different interpretations, there is an ambiguity as to whether the fast-write optional protocol is licensed. By analogy, the Court stated that books "required by a school" could be books needed for required (nonoptional) classes or any class taken, including optional classes. Given the ambiguity in the agreement, the Federal Circuit agreed with the district court that SJ was proper, relying on *contra proferentem*, which,

under Delaware law, requires that an agreement be construed against the drafter who is solely responsible for its terms. Intel had drafted the license agreement and offered it on "take it or leave it" terms. Thus, the Court agreed that the fast-write feature was covered by the AGP license.

VIA cross-appealed the district court's decision that the '291 patent was not invalid for indefiniteness. Specifically, VIA argued that the specification did not provide sufficient structure corresponding to the functional recitations of certain means-plus-function limitations in the asserted claims. The claim limitations in question included "a selection device adapted to determine whether data is able to be written directly to [a] peripheral device." The district court concluded that the core logic, as described in the specification and adapted both to write directly to and react to a write buffer full signal, is the structure corresponding to the functions in dispute. However, circuitry to adapt the described core logic was not disclosed in the specification, and VIA contended that the generic core logic was inadequate to show how that core logic should be modified. The Federal Circuit disagreed, concluding that the disclosure was not inadequate solely because no circuitry to modify the core logic was disclosed. The Court concluded that one of ordinary skill in the art could modify the core logic to perform the fast-write function, although Intel and VIA's experts disagreed on this issue.

04 | page

Court Shifts Date for Post-Judgment Interest by Five Years

Vince Kovalick

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

In *Tronzo v. Biomet, Inc.*, No. 01-1585 (Fed. Cir. Feb. 12, 2003), the Federal Circuit ruled that postjudgment interest on a punitive-damages award should run from the date of the district court's final judgment

entered after the Court had reversed the reduction in punitive damages in a previous appeal.

This case relates to two previous appeals that resulted in compensatory and punitive damages awarded to Dr. Raymond G. Tronzo. *See, e.g., Tronzo v. Biomet, Inc.*, 236 F.3d 1342 (Fed. Cir. 2001). After these decisions, the parties disputed the calculation of interest on the punitive damages. Dr. Tronzo argued that interest should run from the initial judgment in 1996, while Biomet, Inc. (“Biomet”) argued that it should run from the date of the district court’s action after the last Federal Circuit mandate, July 27, 2001. The district court agreed with Dr. Tronzo.

The Federal Circuit disagreed, however, concluding that the appropriate date was that on which the district court had entered judgment on return of the mandate from the Federal Circuit. The Federal Circuit concluded that its previous decision was flawed in that it failed to instruct the district court as to interest in accordance with Fed. R. App. P. 37(a). However, neither party pointed out the oversight when it occurred or requested remedial action. Since the responsibility and authority for the interest determination is assigned to the appellate tribunal, the district court had no authority to set the date of interest. Accordingly, the Court vacated the award of postjudgment interest from the August 6, 1996, date and, because Dr. Tronzo had failed to timely seek to reform the mandate under Fed. R. App. P. 37, ruled that interest should accrue from the date of the final judgment entered in the district court after the mandate, i.e., July 27, 2001.

Substantial Evidence Supports Finding Claims Prima Facie Obvious

Gordon P. Klancnik

[Judges: Bryson (author), Plager, and Prost]

In *In re Berg*, No. 02-1120 (Fed. Cir. Feb. 20, 2003), the Federal Circuit affirmed two related decisions by the Board that found the

claims of two applications to be prima facie obvious and, thus, unpatentable.

The applications, the first of which was filed in 1994 by Richard A. Berg et al., claimed a particular recombinant procollagen polypeptide chain, i.e., a protein, and the nucleic acid that encodes the protein. The claimed protein can be used as a precursor for synthesizing collagen, a natural protein having a wide range of applications. In particular, the claimed protein enables proper folding of the synthesized collagen. The Examiner rejected both applications as prima facie obvious over various references, and the Board upheld the rejections.

On appeal, the Appellants did not challenge the findings that procollagens and genes that encode them were well-known in the art. Rather, their arguments focused solely on the teachings of one reference, Carter, which the Examiner held provided the motivation to combine the other references. The Federal Circuit noted with approval the great detail in which the Examiner explained that the claimed protein, which was a simple fusion of two known proteins, would have been obvious to a person of ordinary skill in the art.

The Court, furthermore, rejected the Appellants’ attempts to read Carter more narrowly and highlighted their failure to rebut the Examiner’s conclusions regarding the more general teachings of Carter. The Federal Circuit also rejected an argument that the references taught away from the claims, because the Appellants did not explain how the prior art taught that the claims would be unlikely to produce the desired result, i.e., a properly folded procollagen molecule.

Lack of Specificity in Preverdict JMOL Motion Proves Fatal

Dustin T. Johnson

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

In *Duro-Last, Inc. v. Custom Seal, Inc.*, No. 02-1218 (Fed. Cir. Feb. 28, 2003), the Federal Circuit reversed a postverdict JMOL that the patents-in-suit were not invalid for obviousness.

The Court ruled that the patentee had waived its rights to make a postverdict motion for JMOL on the issue of obviousness because it had not been sufficiently specific in identifying that issue in its preverdict motions for JMOL based on inequitable conduct and the on-sale bar.

Duro-Last, Inc. (“Duro-Last”) brought a patent-infringement action against Custom Seal, Inc. (“Custom Seal”) for infringement of U.S. Patent Nos. 4,652,321 and 4,872,296 (“the ‘296 patent”). At the close of evidence, Duro-Last made a preverdict motion for JMOL directed to the defenses of inequitable conduct and the on-sale bar. The district court denied these motions. Duro-Last did not make a preverdict JMOL motion specifically directed to the issue of obviousness. The jury returned a verdict that the patents had both been infringed, but were invalid for obviousness.

After the district court entered judgment on the jury verdict, Duro-Last filed a motion for JMOL that the patents were not invalid for obviousness. Custom Seal objected to the motion on the ground that the issue had not been properly raised in a JMOL motion at the close of evidence, as required by Fed. R. Civ. P. 50. The district court, however, determined that obviousness was a component of the timely JMOL motions made by Duro-Last before the case was submitted to the jury. Accordingly, the district court concluded that the JMOL motion was proper and granted JMOL that Custom Seal had failed to prove obviousness of either patent. Custom Seal appealed, arguing that Duro-Last did not properly raise the obviousness issue in the preverdict JMOL motion.

Noting that a postverdict JMOL motion may not be made on grounds not raised in an earlier motion, the Federal Circuit analyzed whether Duro-Last’s preverdict JMOL motion raised the obviousness issue with enough specificity to meet the requirements of Rule 50 and to avoid a waiver. Duro-Last argued that its preverdict motions for a JMOL on the issues

of on-sale bar and inequitable conduct preserved its right to make the postverdict motion on the issue of obviousness. The Federal Circuit rejected this argument because the various unenforceability and invalidity defenses that may be raised by a defendant—inequitable conduct, the several forms of anticipation and loss of right under § 102, and obviousness under § 103—each require different elements of proof.

Specifically, the Court ruled that Duro-Last’s inequitable conduct and on-sale bar JMOL motions failed to address several of the specific obviousness issues that Duro-Last raised in its postverdict Rule 50(b) motion on obviousness, including whether there was a motivation to combine the asserted prior-art references. Since its postverdict JMOL motion was not supported by the required preverdict Rule 50(a) motion on obviousness, Duro-Last had waived its right to challenge any factual findings underlying the jury’s obviousness verdict. Accordingly, in reviewing the jury’s verdict for obviousness, the Federal Circuit presumed that the jury had resolved all the underlying factual disputes in Custom Seal’s favor. Under this presumption, the Federal Circuit affirmed the jury’s obviousness verdict, finding it supported by the presumed factual findings. As such, the Federal Circuit reversed the district court’s judgment to the contrary.

The jury had also found, with an advisory verdict, that Duro-Last had failed to inform the PTO of material art during prosecution of the ‘296 patent with the intent to mislead or deceive the PTO. Despite this finding, the district court concluded that the prior art was “only marginally material” and there was “little or no intent to deceive.” On this basis, the district court refused to find inequitable conduct. Giving deference to the district court’s credibility determination on the issue of intent to deceive, the Federal Circuit ruled that the district court did not abuse its discretion in finding no inequitable conduct and, therefore, affirmed the judgment.

Examiner's Remarks Do Not Negate Effect of Applicant's Disclaimer

Stephanie S. Conis Gauthier

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

In *Springs Window Fashions LP v. Novo Industries, L.P.*, No. 02-1309 (Fed. Cir. Feb. 13, 2003), the Federal Circuit affirmed a district court's SJ of noninfringement and SJ dismissing counterclaims of tortious interference and disparagement.

The patent-in-suit, U.S. Patent No. 6,178,857 ("the '857 patent"), relates to a method of trimming window blinds. The patent was assigned to Shade-O-Matic, Ltd. ("Shade-O-Matic"), who licensed it to Springs Window Fashions LP ("Springs Window"). Because windows vary in size, a retail store may either order custom-sized blinds from a factory or order stock sizes of blinds and then cut them to the appropriate size when the blinds are purchased. The asserted claims recite a method of trimming the width of venetian blinds having a head rail, a plurality of slats, and a bottom rail using, inter alia, "cutting means including a first cutter for cutting said head rail and a separate second cutter for cutting at least said slats."

Springs Window filed suit against Novo Industries, L.P. ("Novo"), asserting that Novo infringed claims 1, 2, 8, and 10 of the '857 patent. In Novo's device, a single plate with multiple blades cuts the head rail, bottom rail, and slats. The plate has a series of openings for the rails and slats, and has blades that correspond to the openings. When the plate is moved, the blades cut the rails and slats.

In the district court, Novo moved for SJ, arguing that its device did not employ "separate" cutters within the meaning of the asserted claims. Springs Window countered that the term "separate" did not require the cutters to be independently movable, but only requires that the machine have distinct cutting

edges. The district court agreed with Novo, construing the term "separate" to mean capable of independent movement.

The Federal Circuit confirmed the district court's construction, relying on the prosecution history of the '857 patent. During prosecution, the Examiner had rejected the claims based on a patent issued to Pluber having three blades mounted on one sliding support plate. The Pluber configuration is similar to the accused configuration. In response, the applicant amended the claims, distinguished Pluber, and argued that Pluber was not prior art because it postdated the grandparent application. The applicant argued that Pluber does not provide two separate cutters and shows only one movement arm that has to move all three cutting blades.

In the second Office Action, the Examiner maintained the rejections based on Pluber. The Examiner rejected the applicant's contention that Pluber lacked two separate cutters, noting that each of Pluber's cutters is separately mounted to the plate and separately cuts a portion of the blinds. In response to that action, the applicant argued that Pluber was not a prior art reference and adhered to its argument distinguishing its invention from Pluber. The Examiner then issued a Notice of Allowance without further comment.

Springs Window conceded that the applicant had amended the claims to include the word "separate" to distinguish the invention from Pluber. The Federal Circuit found that, in distinguishing Pluber, the applicant had disclaimed a single plate with multiple blades or cutting edges on that single plate.

Springs Window argued that the Examiner did not agree that the amended claims distinguished over Pluber and, therefore, that the claims should not be limited based on the applicant's argument that they did. The Federal Circuit found that although it was not clear why the Examiner allowed the claims, the Examiner's remarks did not negate the effect of the applicant's disclaimer. The Federal Circuit stated that a reasonable competitor, reviewing the amendments and statements made by the applicant to distinguish

the invention from Pluber, would conclude that the claimed invention did not cover a device like that disclosed in Pluber.

With respect to the counterclaims of tortious interference and disparagement, Novo alleged that Springs Window made wrongful accusations of infringement against Novo to Novo's prospective and current customers and that Springs Window was either aware of, or acted with reckless disregard for, the noninfringement or unenforceability of the '857 patent.

During the SJ proceedings, Novo had requested a continuance and discovery pursuant to Fed. R. Civ. P. 56(f) to pursue deposition testimony on the counterclaims. The Federal Circuit found that the district court did not abuse its discretion in denying Novo's Rule 56(f) request because Novo had failed to pursue its counterclaims diligently and there was no reason to believe any pending discovery would reveal evidence of Springs Window's bad faith.

As to the merits of the grant of SJ with respect to tortious interference and disparagement, the Federal Circuit found that the evidence negated, rather than supported, bad-faith enforcement of the patent. Novo's evidence of alleged bad-faith enforcement included a June 2001 opinion letter procured by Springs Window that supported Springs Window's claim that Novo infringed the '857 patent claims and a license agreement between Shade-O-Matic and Novo.

With respect to the opinion letter, the Federal Circuit agreed with the district court, which found that all evidence indicated that Springs Window believed their proposed interpretation was correct and that Novo was infringing. With respect to the license agreement, the Federal Circuit disagreed with Novo's argument that Springs Window should have known that the '857 patent might be covered by the license agreement when it communicated with the customers. The Federal Circuit stated that the '857 patent appears to claim a method that applies to horizontal, and not vertical, blinds, while the license agreement appears to limit itself to the cutting of vertical blinds.

"Floral Holding Material" Not Properly Construed

Vince Kovalick

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

In *Prima Tek II, LLC v. Polypap, S.A.R.L.*, No. 02-1164 (Fed. Cir. Feb. 5, 2003), the Federal Circuit vacated a SJ of noninfringement of U.S. Patent Nos. 5,410,856 ("the '856 patent") and 5,615,532 ("the '532 patent"), because the district court had based the judgment on an erroneous construction of the phrase "floral holding material."

Southpac Trust International, Inc. owns the two patents-in-suit, and Prima Tek II, LLC is a licensee of the patents, which describe a decorative assembly for flowers, comprising a floral-holding material and a decorative sheet of material. Each claim in question contains a limitation calling for "floral holding material." The district court construed this phrase to mean a three-dimensional solid, semisolid, or granular material capable of giving support to individual flowers when their stems are inserted into the material. Based on this construction, the district court concluded that the accused product did not infringe, because its flowers and stems are not actually inserted into and through the floral-holding material but, rather, are inserted into a hole formed at the top of the material.

The Federal Circuit concluded that this construction was wrong because the claims at issue only require that the floral-holding material be material capable of receiving a portion of the floral grouping and supporting the floral grouping without any pot means. The claim language does not require that the stem end of the flower be inserted into and through the floral-holding material. The Federal Circuit rejected Polypap, S.A.R.L.'s ("Polypap") argument that statements made by the Examiner during prosecution history ascribed a special meaning to the phrase, concluding that the Examiner never made a conclusive statement and that drawing inferences from an Examiner's silence is not a proper basis on which to construe a patent claim.

Polypap also argued that the district court had erred in construing the claim term “substantially bonded.” Polypap argued that, under common dictionary definitions, the term “substantially bonded” means “composed of two or more layers or the same or different fabrics held together by an adhesive.” The Federal Circuit affirmed the district court’s construction, however, because the claim language required that the bonding occur via a means for forming a crimped portion and not an adhesive.

Having reversed the district court on one claim-construction limitation, the Federal Circuit also vacated the SJ of noninfringement and remanded for further proceedings.

Party and Counsel Sanctioned for Rehashing Previously Decided Issues

Vince Kovalick

[Judges: Lourie, Schall, and Bryson (per curiam)]

In *Phonometrics, Inc. v. Westin Hotel Co.*, No. 02-1314 (Fed. Cir. Feb. 12, 2003), the Federal Circuit affirmed a SJ of noninfringement of Phonometrics, Inc.’s (“Phonometrics”) U.S. Patent No. 3,769,463 (“the ‘463 patent”) and ordered Phonometrics and its attorney to pay Westin Hotel Company (“Westin”) \$3,000 as a sanction for making frivolously unmeritorious arguments.

Phonometrics has attempted to enforce the ‘463 patent against several companies, with little success, and this is one of many appeals. The ‘463 patent relates to a long-distance telephone call cost computer apparatus with a digital display. The Federal Circuit has construed several claim limitations in its previous opinions and warned Phonometrics that it would not welcome further appeals seeking to relitigate the meaning of certain phrases.

Phonometrics argued that its appeal is appropriate because two of the Federal

Circuit’s previous decisions are contradictory and a third decision cannot resolve the difference because that opinion is nonprecedential.

The Federal Circuit reviewed its prior decisions, *Intellicall, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384 (Fed. Cir. 1992), and *Phonometrics, Inc. v. Northern Telecom, Inc.*, 133 F.3d 1459 (Fed. Cir. 1998), and concluded that they were not contradictory as to whether or not the phrase “digital display” in the claims encompasses machine-readable information. The Court also indicated that it has twice previously held that the claim phrase “substantially instantaneous” does not mean “during the call.” Because it has twice so held previously and has rejected Phonometrics’s present contrary suggestions in a previous appeal, the Federal Circuit sanctioned Phonometrics and ordered payment of \$3,000 to Westin.

The Federal Circuit then agreed that the evidence concerning Westin’s alleged infringement was insufficient to defeat SJ of noninfringement because Phonometrics had failed to produce any evidence that Westin used any particular model of telephone that contained the claimed features or any evidence of when any particular model existed during the alleged infringement.

Court Corrects Constructions of Five Claim Limitations

Donald D. Min

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

In *Altiris, Inc. v. Symantec Corp.*, No. 02-1137 (Fed. Cir. Feb. 12, 2003), the Federal Circuit vacated a SJ that U.S. Patent No. 5,764,593 (“the ‘593 patent”) was not infringed after finding error in the district court’s constructions of five claim limitations germane to the SJ.

The ‘593 patent relates to methods and systems for controlling the normal startup (or “booting”) process of a computer and putting the computer through an alternate “automation boot sequence” to execute commands

that, for example, update or install software on the computer.

Claim 1 recites a method for gaining control of a computer prior to the normal boot sequence. The computer operates in a digital-computer system that includes, among other things, a “means for connecting” the digital-computer system to an external source of commands. The method of claim 1 comprises testing automatically for “automation boot sequence data.” If the testing indicates an automation-boot sequence, the computer transfers control to “automation code,” the digital-computer system is connected to an external source of commands, and the computer performs external commands. The method of claim 1 further recites setting a “boot selection flag” and booting normally, if the testing indicates a normal boot sequence.

Claim 8 recites a digital-computer system programmed to perform a method of gaining control of the boot procedure of a digital computer. The digital computer comprises, among other things, a “means of booting” the computer. Claim 8 recites that the means of booting includes a first set of commands that reside on a storage device of the digital computer for booting the digital computer, and a second set of commands that reside on a storage device external to the digital computer for also booting the digital computer.

The system of claim 8 performs a method that comprises testing automatically for a source of the means of booting; transferring control of the computer system to the source of the means of booting; performing external commands, if the testing indicates a boot sequence stored external to the digital computer; setting a boot-selection flag; and booting normally, if the testing indicates a boot sequence stored internal to the digital computer.

In January 1999, Altiris, Inc. (“Altiris”) sued Symantec Corporation (“Symantec”) for infringement of the ‘593 patent. In August 2001, the district court issued an order construing the claims of the ‘593 patent. In view of that order, the parties stipulated to Symantec’s noninfringement and the district

court entered a SJ of noninfringement. Altiris then appealed and Symantec cross-appealed.

On appeal, the Federal Circuit reviewed the district court’s construction of: (1) whether claims 1 and 8 required a specific order of steps; (2) whether the preamble of claim 1 was a limitation that imposed a specific order of steps; (3) the “boot selection flag” in claims 1 and 8; (4) the “automated boot sequence data” in claim 1; (5) the “automation code” in claim 1; (6) the “means of booting” in claim 8; and (7) the “means for connecting” in claim 1.

The district court had held that the steps recited in claims 1 and 8 must occur in the specific order described in the preferred embodiment. On appeal, Altiris argued that the setting step can occur at any time, because the language of claims 1 and 8 did not impose an order. The Federal Circuit agreed and noted that steps recited in a claim can be performed in any order unless the claim language, as a matter of logic or grammar, requires that the steps be performed in the order written.

As to the significance of the preamble of claim 1, in its claim-construction order, the district court had held that the preamble was a limitation that imposed a specific order of steps in the method of claim 1. The Federal Circuit disagreed, however, finding that the preamble of claim 1 merely recited a purpose for the claim and did not give life or meaning to the claim.

As to the interpretation of “boot selection flag,” the district court had held that this feature was limited to the preferred embodiment described in the specification because the phrase “boot selection flag” lacked a common meaning. The Federal Circuit noted, however, that even if a phrase as a whole lacks a common meaning, the common meaning of individual words in the phrase must still be considered. The Court ruled that the district court had improperly limited “boot selection flag” to the preferred embodiment and construed “boot selection flag” to mean one or more bits of data or information indicating which boot cycle has been selected.

As to “automation boot sequence data,” the district court had also held that this feature was limited to what was described in the preferred embodiment, i.e., a particular value assigned to a system ID byte. The Federal Circuit found that “automation boot sequence data” was not described in the specification, and thus, the specification did not support the district court’s construction. The Federal Circuit instead found that “automation boot sequence data” referred to one or more bits of data in a boot-selection flag that indicates the computer should boot in automation mode.

As to the claim term “automation code,” the Federal Circuit agreed that the district court had properly resorted to the specification to construe this feature. The Federal Circuit found that an analysis of “automation code” as individual words failed to provide a clear meaning, and, therefore, resorting to the specification was necessary.

Concerning the phrase “means of booting,” the district court had construed this feature as a means-plus-function limitation. Altiris argued on appeal that this was not a

means-plus-function limitation because claim 8 also included language referring to first and second sets of commands as the corresponding structure in the form of software. The Federal Circuit agreed that this was a means-plus-function limitation, but, when reviewing the specification, found that the district court had improperly limited the range of structures that correspond to the claimed “means of booting.”

As to the phrase “means for connecting,” the Federal Circuit disagreed with the district court that this limitation excluded network interface cards with bootROMs.

DISCLAIMER:

The case summaries reflect the understanding of the authors only and are not meant to convey legal opinions or advice of any kind. The firm disclaims any liability for any errors or omissions in these summaries. This promotional newsletter does not establish any form of attorney-client relationship with our firm or with any of our attorneys.

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
SJ	Summary Judgment
SM	Special Master