

Last month at

The Federal Circuit

Month at a Glance



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INFRINGEMENT OF DESIGN AND UTILITY PATENTS BY SAME PRODUCT DOES NOT PERMIT DOUBLE RECOVERY

A patentee may not recover infringer's profits and a reasonable royalty when both a design patent and a utility patent have been infringed by the sale of a single product. *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, No. 01-1563 (Fed. Cir. June 28, 2002)1

ORAL TESTIMONY OF SIX WITNESSES FAILS TO PROVE ANTICIPATING PUBLIC USE

Precedent cautions against reliance on oral testimony alone to meet the clear and convincing standard necessary to invalidate a patent for prior public use. *Juicy Whip, Inc. v. Orange Bang, Inc.*, No. 01-1263 (Fed. Cir. June 7, 2002)1

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GOLF CLUB MANUFACTURER GETS ANOTHER "SWING" AT ACCUSED INFRINGER

Court permits litigation of reissue claim with limitations similar to those in claims found to be not infringed on summary judgment. *Vardon Golf Co. v. Karsten Mfg. Corp.*, No. 01-1557 (Fed. Cir. June 21, 2002)6

Infringement of Design and Utility Patents by Same Product Does Not Permit Double Recovery

Ranjeev K. Singh

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

In *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, No. 01-1563 (Fed. Cir. June 28, 2002), the Federal Circuit affirmed a district court's rulings as to infringement, validity, and enforceability of Lamps Plus, Inc.'s ("Lamps Plus") patents, but affirmed-in-part and reversed-in-part the damages award to Lamps Plus.

Lamps Plus is the owner of U.S. Patent No. 5,221,141 ("the '141 patent") and U.S. Design Patent No. 353,904 ("the '904 design patent"). The '141 patent concerns an electric lamp having a general area light source positioned at the top of a stem and a few adjustable light sources connected to the stem for providing lighting directed to specific areas. The '904 design patent is for the ornamental design of such a lamp.

Catalina Lighting, Inc. ("Catalina") manufactured a similar lamp and sold it to Home Depot USA, Inc. ("Home Depot"), which in turn sold the Catalina-made lamps to the public. Catalina sued both.

After a jury found for Lamps Plus, Catalina moved for JMOL that it did not infringe the asserted patents, that the '904 design patent would have been obvious, and that Lamps Plus had failed to prove damages for infringement of the '904 design patent. The district court denied Catalina's motion and found the patents valid, enforceable, and infringed. With respect to the damages, the jury concluded that (1) Catalina infringed the '141 patent and owed damages of \$660,000 (representing a reasonable royalty); (2) Catalina infringed the '904 design patent and owed damages of \$275,194 (equaling Catalina's profits); (3) Home Depot infringed the '141 patent and owed damages of \$630,190 (representing a reasonable royalty); and (4) Home Depot infringed the '904 design patent and owed damages of \$492,748 (equaling Home Depot's profits). The district court modified the damages award for infringement of the '141 patent, replacing the jury's separate damages award for Catalina and Home Depot with a single award of \$660,000 (reasonable royalties under 35 U.S.C. § 284), for which Catalina and Home Depot were jointly and severally liable. The damages award for both patents totaled \$1,636,589.78, including Catalina's profits of \$275,194 and Home Depot's profits of \$492,748 for the infringement of the '904 design patent (under 35 U.S.C. § 289), and interest.

On appeal, the Federal Circuit affirmed each of the judgments concerning infringement, validity, and enforceability of the patents at issue.

Regarding damages, however, the Federal Circuit reversed-in-part and affirmed-in-part. Concerning the damages awarded for the infringement of the '141

patent, having considered the evidence, including testimony by an expert for Lamps Plus and testimony by a former employee of Catalina, the Federal Circuit concluded that the jury's royalty award was not grossly excessive or monstrous, was clearly supported by evidence, and was not based only on speculation or guesswork.

With respect to the damages award for the infringement of the '904 design patent, the Federal Circuit rejected Catalina's argument that the infringer's profits could be awarded under 35 U.S.C. § 289 only when a design patent is willfully infringed.

Finally, the Federal Circuit considered whether Lamps Plus was entitled to recover both a reasonable royalty for infringement of the '141 patent and the infringer's profits for infringement of the '904 design patent.

Focusing on the conduct that damaged Lamps Plus, the sale of infringing lamps, the Federal Circuit observed that each sale of the lamps at issue constitutes an infringement of both the '141 patent and the '904 design patent. The Court ruled that although Lamps Plus is entitled to damages for each infringement, once it receives profits under § 289, Lamps Plus is not entitled to a further recovery from the same sale because the award of infringer's profits under § 289 also constitutes damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer under § 284. Thus, the Court concluded that damages for infringement of the '904 design patent were sufficient to compensate for the infringement of the '141 patent. Accordingly, the Court affirmed the award of damages of infringer's profits plus prejudgment interest against Catalina and Home Depot, but reversed the award based on a reasonable royalty.

Oral Testimony of Six Witnesses Fails to Prove Anticipating Public Use

Aaron L. Parker

[Judges: Linn (author), Lourie, and Mayer (dissenting)]

In *Juicy Whip, Inc. v. Orange Bang, Inc.*, No. 01-1263 (Fed. Cir. June 7, 2002), the Federal Circuit reversed the district court's denial of the patent holder's motions for JMOL on the issues of anticipation by prior public use and inequitable conduct, and remanded the case for a determination of damages.

Juicy Whip, Inc. ("Juicy Whip") filed suit for patent infringement, alleging that Orange Bang, Inc. ("Orange Bang") was making beverage dispensers that infringed Juicy Whip's U.S. Patent No. 5,575,405 ("the '405 patent"). In response to the infringement charges, Orange Bang alleged unenforceability based on inequitable conduct and anticipation due to prior public use. Although a jury found that Orange Bang

had willfully infringed claims 6 and 9 of the '405 patent, it also found that these claims were invalid under 35 U.S.C. § 102(b) based on prior public use and unenforceable for inequitable conduct. The district court denied Juicy Whip's motions for JMOL and for a new trial and awarded costs to Orange Bang. Juicy Whip appealed.

The '405 patent relates to a postmix beverage dispenser that is designed to look like a premix beverage dispenser. During prosecution of the patent, the inventors submitted several declarations from experts in the beverage industry directed toward novelty, commercial success, and long-felt need of the patented invention. These declarations were from a former employee of an Orange Bang distributor owned by the inventors and a former Coca-Cola Company employee who later joined Juicy Whip. The patent issued in November 1996 based on a series of applications.

At trial, Orange Bang focused on the inventor's letter and the two declarations as the basis for the claims that the '405 patent should be unenforceable due to inequitable conduct. The Federal Circuit found that Orange Bang had failed to provide substantial evidence necessary to show that Juicy Whip acted inequitably because none of the evidence met the threshold level of materiality or intent to mislead.

Concerning public use, the evidence consisted of testimony from six witnesses stating that Orange Bang's owner had made and sold anticipatory beverage dispensers in 1983 and 1988. The witnesses testified that they had either seen or used the allegedly anticipatory beverage dispensers. The only other evidence was a sketch of the 1983 dispenser drawn by two witnesses during their depositions and a purchase order for acrylic bowls allegedly used in the 1988 dispenser.

The Federal Circuit clung to its precedent that oral testimony of prior public use must be corroborated to invalidate a patent. *Finnegan Corp. v. Int'l Trade Comm'n*, 180 F.3d 1354 (Fed. Cir. 1999). The Court reviewed the evidence and concluded that the record lacks substantial evidence regarding at least one limitation of each asserted claim, i.e., that a beverage bowl was the principal reservoir of the beverage being dispensed. The Court rejected the deposition sketch because it was not contemporaneous and found the purchase order incomplete because it did not address the claim limitations. Although the Court did not doubt the credibility of the six witnesses, it concluded that precedent cautioned it against relying on oral testimony alone. As such, the record evidence failed to meet the clear and convincing standard of proof on invalidity.

Judge Mayer dissented, stressing the importance of allowing the jury to act as fact finder without unwarranted second guessing by appellate courts.

Failure to Disclose Customer Details for One Implementation Does Not Violate Best Mode Requirement

K. Kevin Mun

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

In *Teleflex, Inc. v. Ficosa North America Corp.*, No. 01-1372 (Fed. Cir. June 21, 2002), the Federal Circuit affirmed the district court's judgment in favor of Teleflex, Inc. ("Teleflex") following a jury's verdict that Ficosa North America Corporation, Fico Cables, S.A., and Ficosa North America S.A. de C.V. (collectively "Ficosa") infringed Teleflex's U.S. Patent No. 5,632,182 ("the '182 patent") and that Teleflex's U.S. Patent No. 4,581,953 ("the '953 patent") and the '182 patent were not invalid.

The '182 patent is directed to a component of a two-piece shift cable installed by General Motors ("GM") in certain sport utility vehicles. The two-piece shift cable connects the shift knob with the automatic transmission of the sport utility vehicle so that when a driver moves the shift knob, the transmission is engaged. The two-piece cable allows GM to wait until an advanced stage of the manufacturing process before putting the two pieces together and permits the cable to be taken apart later for servicing.

Both Teleflex and Ficosa manufactured shift cables for automobiles. In 1997, Teleflex learned of Ficosa's efforts to supply GM with cables for the GMT-800 program. On August 3, 1998, after exchanging letters concerning possible infringement, Teleflex sued Ficosa for infringement of four patents, including the '182 and '953 patents. Ficosa counterclaimed for DJ of noninfringement and invalidity of all of the asserted patents.

The parties filed cross-motions for SJ concerning violation of the best mode requirement in the '182 patent. Ficosa argued that the inventor had admitted during his deposition that he knew of a best mode for practicing the claimed invention that involved specific details of a "clip." Teleflex responded that the inventor clarified in his deposition that the details he referred to were included to satisfy GM's specific requirements, but the invention would work without these customer-specific details. The district court granted Teleflex's motion, finding no violation of the best mode requirement. Concerning claim construction, the district court construed the term "clip" to be limited to "a single pair of legs," based on the embodiment described in the specification. A jury, however, decided the ultimate issue of infringement of the '182 patent in favor of Teleflex. The jury also found claim 1 of the '182 patent and claims 1 and 6 of the '953 patent not invalid.

On appeal, Teleflex contended that the term "clip" should be construed to mean any device, or any

shape, that holds two things together and also performs the functions of being manually insertable into and manually removable from a locked position. The Federal Circuit found that nothing in the intrinsic evidence indicates that “clip” should be limited to “a single pair of legs,” and that the language of asserted claim 1 does not support limiting the claim to a “single pair of legs” because neither “single” nor “pair of legs” appears in claim 1. The Court stated that the district court had erred by importing the “single pair of legs” limitation from the specification into the claim and construed the term “clip” too narrowly. The Court then construed the term “clip” to mean a structure that provides the dual functions of disposing the clip around and holding the female member through the slots in the female member and extending through the slots into the groove in the male member to lock the members together.

The Federal Circuit also concluded that substantial evidence appears in the record to support the jury’s verdict of infringement. The Court reasoned that if a jury could have found literal infringement under a more narrow reading of claim 1, then the same jury could not have avoided finding literal infringement under the correct, broader construction of the claim.

Moreover, Ficosa challenged the decision of the district court granting SJ of no best mode violation in the ‘182 patent. Ficosa argued that the inventor of the ‘182 patent testified that he knew of a “best way” of practicing the invention, including providing the clip with a particular thickness and matching the hardness of the clip and the male member. Teleflex contended that the inventor explained, however, that in the absence of GM’s specific requirements, the invention of the ‘182 patent would work with any particular thickness or hardness. Teleflex argued that the thickness and hardness of the materials of the clip are specific to the particular commercial embodiment of GM’s GMT-800 program and, thus, not the best mode of the invention of the ‘182 patent.

The Federal Circuit concluded that the district court had correctly granted SJ of no best mode violation because the alleged best mode information in this case involves unclaimed subject matter relating to production details dictated by customer requirements.

Withdrawal of Allowed Application Is Within PTO Discretion

William B. Dyer, III

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

In *Blacklight Power, Inc. v. Rogan*, No. 00-1530 (Fed. Cir. June 28, 2002), the Federal Circuit affirmed a district court’s judgment that withdrawal of a patent application from issue following Notice of Allowance, payment of the issue fee, and notification of the issue date is within the scope of the Director’s authority.

Blacklight Power, Inc. (“Blacklight”) conducts

research into new sources of energy. The application at issue, U.S. Patent App. No. 09/009,294 (“the ‘294 application”) relates to new energy technology derived from hydrogen compounds. In addition to the ‘294 application, Blacklight owns several other pending applications and issued U.S. Patent No. 6,024,935 (“the ‘935 patent”) relating to this technology.

The Examiner initially rejected the claims of the ‘294 application on various grounds, including operability under 35 U.S.C. § 101 and enablement and definiteness under § 112. After further prosecution, including discussions of experimental results and the submission of samples, the Examiner withdrew the rejection and allowed the claims.

Shortly before issuance of the ‘294 application, the Director of the Group that had examined the Blacklight applications became aware of both the ‘935 patent and the ‘294 application. The Group Director believed the ‘935 patent and ‘294 application were directed to subject matter contrary to the known laws of physics and chemistry. She then contacted the Director of the Special Program Law Office in the Office of the Deputy Assistant Commissioner for Patents, who issued a notification that the ‘294 application was being withdrawn from issue to permit reopening of the prosecution. Blacklight’s attorneys petitioned the Commissioner, requesting reversal of the withdrawal. Assistant Deputy Commissioner Kunin denied the request, stating that the PTO has an obligation to issue patents that meet the statutory requirements for patentability.

Blacklight also filed suit against the Director of the PTO in the United States District Court for the District of Columbia, charging that the withdrawal was contrary to law and in violation of the Administrative Procedure Act, 5 U.S.C. § 701 et seq. Blacklight argued that § 151 does not allow for withdrawal of an application by the PTO after the issue fee has been paid, and the PTO officials exceeded their authority when they withdrew the ‘294 application. Blacklight also argued that 37 C.F.R. § 1.313, the regulation cited by the PTO in withdrawing the application, violates the mandatory statutory language of § 151.

The district court held that the PTO’s interpretation of its statutory authority is entitled to deference in accordance with *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 842-44 (1984). The court concluded that the PTO’s action in withdrawing from issue the ‘294 application (and subsequently four related applications) was reasonable, concluding that 37 C.F.R. § 1.313(b) functions as a last-chance procedural measure to observe the PTO’s central mandate of issuing viable patents.

The Federal Circuit affirmed the district court’s holding, stating that the mission of the PTO requires the authority to take extraordinary action to withdraw a patent from issue when a responsible PTO official reasonably believes that the subject matter may be unpatentable and that the application may have been allowed in error. In *Skidmore v. Swift & Co.*, 323 U.S. 134, 139-40 (1944), the Court observed that agency

actions are entitled to judicial respect when they are reasonably taken and in accordance with the specialized experience of agency officials and the validity of its reasoning. The Group Director, who is presumed to be knowledgeable in the relevant scientific fields, upon review of the '935 patent and being advised as to the scope of the '294 application, took the only available action to return the '294 application to examination, the Court concluded. The Federal Circuit ruled that summary action was reasonably within the scope of the agency's authority and was not an arbitrary or capricious action.

One Bad Apple Spoils the Whole Barrel

Donald D. Min

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

In *Frank's Casing Crew & Rental Tools, Inc. v. PMR Technologies, Ltd.*, No. 00-1518 (Fed. Cir. June 4, 2002), the Federal Circuit affirmed the district court's assertion of personal jurisdiction over the Defendants, affirmed the district court's holding that the patent at issue was unenforceable due to inequitable conduct, and affirmed the district court's denial of attorney fees.

PMR Technologies, Ltd. and PMR Services, Inc. (collectively "PMR") are the assignees of U.S. Reissue Patent No. 34,063 ("the '063 patent"), a reissue of U.S. Patent No. 4,738,145 ("the '145 patent"). The patents relate to a method and apparatus for monitoring torque while screwing together pipes, such as those used in oil and gas drilling.

In 1980, brothers Darrell and Larry Vincent founded Tubular Makeup Specialists ("TMS") to develop torque monitoring devices. Since they did not have any technical experience, Peter Weiner was hired as a consultant. John Shaunfield was then hired to develop a program for a computer used in a torque mounting device being developed. In 1981, TMS retained a law firm in Dallas, Texas, to work on a patent application related to the device. Weiner met with the Dallas law firm to explain the technical details of the device. Before filing the application, the Vincents discharged the Dallas law firm and retained a law firm in Houston, Texas.

In 1982, the Houston law firm finalized and filed the patent application. The patent application named Darrell and Larry Vincent and John Shaunfield as inventors, but did not name Peter Weiner as an inventor. The Vincents did not tell Weiner or Shaunfield about the patent application. Instead, they filed the application under 37 C.F.R. § 1.47(a), together with declarations attesting that Shaunfield refused to execute an oath or declaration. Just before the application was due to issue, Shaunfield learned about it and filed a petition to suspend the issuance. His petition caused an inquiry by the PTO to investigate whether the Vincents had violated their duty of candor under

37 C.F.R. § 1.56, but the PTO ultimately found no inequitable conduct.

In 1990, the Vincents and Shaunfield applied for a broadening reissue of the '145 patent, which was allowed and resulted in the issuance of the '063 patent on September 15, 1992. PMR obtained a license to the '063 patent and attempted to sell rights to oil and gas companies by sending "cease and desist" letters, several of which contained proposed licenses.

After receiving one of the cease and desist letters, Frank's Casing Crew & Rental Tools, Inc. ("Frank's") filed an action in the United States District Court for the Western District of Louisiana seeking a DJ that the '063 patent was invalid, unenforceable, and not infringed.

PMR moved under Rule 12(b)(2) of the Fed. R. Civ. P. to dismiss for lack of personal jurisdiction, which was denied. PMR then filed an amended Answer, Class-Action Counter-Claim, and First Amended Complaint asserting a new patent-infringement class-action claim, joining six additional defendants as named defendants and seeking to have them certified as representatives of a class of unnamed defendants.

At trial, the district court found that Weiner was an innocent coinventor that should be added to the '145 and '063 patents, but denied a request by Frank's on behalf of Weiner to correct the inventorship to name Weiner as the sole inventor or as a coinventor. The district court also held that the '063 patent was unenforceable because the Vincents had engaged in inequitable conduct.

On appeal, the Federal Circuit agreed that PMR waived its personal jurisdiction defense when PMR filed its Answer, Class-Action Counter-Claim, and First Amended Complaint, asserting infringement claims against new defendants that had not previously been involved in any infringement suit related to the '063 patent. The Federal Circuit reasoned that voluntary invocation of federal jurisdiction waives a personal jurisdiction objection, citing *Lapides v. Board of Regents of University System of Georgia*, No. 01-298, 535 U.S. ____, (U.S. May 13, 2002).

Concerning inventorship, the Federal Circuit noted that the critical question was who conceived the subject matter of the claims at issue. Although the district court never construed any of the '063 patent's claims, the Federal Circuit found that they covered at least the torque monitoring device conceived by Weiner, and, thus, he should have been named on the patent.

In regard to the finding of inequitable conduct, the Federal Circuit agreed that the '063 patent was unenforceable because the Vincents deliberately omitted Weiner. On behalf of Weiner, Frank's argued that because the Vincents were not true inventors of the '063 patent, their conduct could not render the patent unenforceable. Frank's also argued that Weiner should be allowed to enforce the '063 patent as an innocent coinventor.

However, the Federal Circuit noted that it was the Vincents who sought a patent on the invention, regardless of whose invention it was, so their conduct

was at issue. The Federal Circuit noted that misdeeds of coinventors, or even a patent attorney, can affect the property rights of an otherwise innocent individual. Therefore, one bad apple can spoil the entire barrel.

Board Does Not Have “Carte Blanche” in Selecting Representative Claims for Review

Phil N. Makrogiannis

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

In *In re McDaniel*, No. 01-1307 (Fed. Cir. June 19, 2002), the Federal Circuit affirmed-in-part, vacated-in-part, and remanded a decision of the Board rejecting claims 53-64 of C. Steven McDaniel’s U.S. App. No. 08/252,384 (“the ‘384 application”). The Court held that 37 C.F.R. § 1.192(c)(7) does not permit the Board to select a single claim as representative of a group of claims not subject to a common ground of rejection, even if the applicant states that all the claims are of a single group.

The ‘384 application relates to an organophosphorus detoxifying (“opd”) gene and a recombinant organophosphorus acid anhydrase (“OPA”) enzyme derived from that gene. This gene and enzyme are said to be useful in detoxifying organophosphorus compounds, which are commonly found in pesticides and in chemical warfare agents such as nerve gases.

Claims 53-64 of the ‘384 application were finally rejected and an appeal was filed based on the following grounds. Claims 53-54 and 58-63 were rejected under 35 U.S.C. § 102(a), or alternatively under 35 U.S.C. § 103, over “the McDaniel (BY) reference” or over “the Harper reference.” Claims 53, 58, and 60 were rejected under 35 U.S.C. § 102(b) over “the Wild reference.” Claims 53-54 and 60 were rejected under 35 U.S.C. § 102(b) over “the McDaniel (AZ) reference.” Claims 61-63 were rejected under 35 U.S.C. § 102(b), or alternatively under 35 U.S.C. § 103, over Wild or McDaniel (AZ). Claims 53-54 and 59-64 were rejected under 35 U.S.C. § 103 over a combination of references, together with either McDaniel (BY) or Wild. Claims 55-57 were rejected under 35 U.S.C. § 103 over the same combination of references, together with McDaniel (BY) or Wild, and further in view of “the Grot reference.”

McDaniel appealed these rejections to the Board. Based on McDaniel’s statement that claims 53-64 are all of a single group, the Board grouped all the claims together on appeal and selected claim 53 as representative of the entire group. The Board then affirmed the § 102 rejections applied to all of the claims. Having affirmed the § 102 rejections, the Board found it unnecessary to separately consider the rejection of the claims under 35 U.S.C. § 103.

On appeal to the Board from a final rejection, the claims are grouped and considered together unless the appellant explains why the claims of the group are believed to be separately patentable by stating that

the claims do not stand or fall together, and presents arguments why the claims subject to the same rejection are separately patentable. 37 C.F.R. § 1.192(c)(7).

If the brief fails to meet either requirement, the Board is free to select a single claim from each group of claims subject to a common ground of rejection as representative of all claims in that group.

McDaniel failed to meet these requirements; he simply stated that claims 53-64 are all properly of a single group and argued patentability generally. The Board interpreted McDaniel’s statement and general argument to mean that the claims stand and fall together.

The Federal Circuit ruled that the Board did not err in selecting claim 53 as a representative claim for the purpose of deciding the appeal of the rejections under 35 U.S.C. § 102, encompassing claims 53-54 and 58-63. All of these claims share a common ground of rejection with claim 53. The only § 102 rejection that does not include claim 53 is a § 102(b) rejection of claims 61-63 as anticipated by Wild or McDaniel (AZ). However, the Examiner, in separate rejections, also found claim 53 to be anticipated by Wild as well as by McDaniel (AZ) under 35 U.S.C. § 102(b). Because claims 61-63 were rejected over some of the same references and under the same statutory provision as claim 53, they shared common grounds of rejection with claim 53. Therefore, the Board did not err in selecting claim 53 as representative of the § 102(b) rejection of claims 61-63 over Wild or McDaniel (AZ).

The Court ruled that the Board did err, however, in selecting claim 53 as a representative claim for the purpose of deciding the appeal of claims 55-57. Those claims were rejected under 35 U.S.C. § 103 on a different ground than the § 103 rejection of claim 53. The § 103 rejection of claims 55-57 cited Grot in addition to the combination of references cited against claim 53. Thus, claims 55-57 did not share a common ground of rejection with claim 53. According to the Court, 37 C.F.R. § 1.192(c)(7) does not give the Board carte blanche to ignore the distinctions between separate grounds of rejection and to select the broadest claim rejected on one ground as representative of a separate group of claims subject to a different ground of rejection. The applicant has the right to have each of the grounds of rejection relied on by the Examiner reviewed independently by the Board under 35 U.S.C. § 6(b).

Genus Claims Linking Elected and Nonelected Groups May Be Obtained by Reissue

Scott M.K. Lee

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

In *In re Doyle*, No. 01-1439 (Fed. Cir. June 12, 2002), the Federal Circuit reversed and remanded the Board’s decision upholding the Examiner’s rejection of claims 54-71 (“the reissue claims”) of Michael P.

Doyle's U.S. Reissue App. No. 08/601,101 ("the reissue application") on the basis that Doyle was precluded from obtaining reissue claims that encompass subject matter of claims that he had cancelled following the issuance of a restriction requirement during prosecution of his original patent application ("the original application").

Doyle's original application describes a genus of chiral transition metal catalysts and methods of using the catalysts to perform enantioselective reactions with prochiral starting materials.

During prosecution of the original application, the Examiner issued a nine-way restriction requirement. In response, Doyle elected to prosecute claims of a single group directed to a method of using the genus of catalysts to insert carbenes (CR₂ fragments, where R represents a group bonded to the carbon atom) into carbon-hydrogen, oxygen-hydrogen, nitrogen-hydrogen, and silicon-hydrogen bonds. The original application eventually issued as U.S. Patent No. 5,296,595 ("the '595 patent").

After failing to file any divisional applications directed to the cancelled claims during the pendency of the original application, Doyle filed a request for reissue of the '595 patent ("the request") approximately one month before the expiration of the two-year time limit for broadening reissues.

The reissue claims encompassed a genus of methods that included the methods of the original claims, as well as those of three groups of claims that were not elected in the original application. The Examiner of the reissue application allowed the original claims but rejected the reissue claims. The Board agreed with the rejection, concluding that the reissue claims were prohibited because Doyle was impermissibly seeking through reissue to obtain claims directed to nonelected subject matter. The Board also considered the reissue claims to impermissibly encompass additional subject matter that Doyle never intended to claim.

On appeal, the PTO argued that *In re Orita*, 550 F.2d 1277 (CCPA 1977), prevented a patentee from seeking through reissue claims that it had failed to pursue after a restriction requirement. After reviewing *Orita* and other precedent, the Federal Circuit ruled that the so-called *Orita* doctrine precludes a reissue applicant from obtaining substantially identical claims to those of nonelected groups identified in a restriction requirement. The key is that the applicant, in making the election, acquiesces to the restriction requirement and is then bound by that decision. At that point, the applicant is foreclosed from presenting claims directed to the nonelected subject matter, so failing to do so cannot be error. The applicant may well have erred in not filing a new divisional application during the pendency of his original application; however, that error occurs outside of the prosecution of the original application and may not be remedied by application of 35 U.S.C. § 251.

The Court was not convinced that this reasoning should apply to Doyle's reissue claims, however, noting that the reissue claims were neither identical to nor substantially similar to the nonelected, cancelled claims. Instead, the reissue claims were genus claims that read on both elected and nonelected subject mat-

ter and no claims of individually similar scope were presented in the original application. The new claims were thus linking claims—claims that read on both elected and nonelected claims—which could have, and indeed should have, been presented in the original application. On this basis, the Federal Circuit concluded that the failure to file the claims in the original application was indeed an error.

In response to the Solicitor's arguments that Doyle had dedicated the subject matter of his linking claims to the public, the Federal Circuit stated that the public knows that patents can be broadened within two years by reissue; therefore, the public is aware that some subject matter dedicated to the public erroneously may be corrected if caught in time.

Golf Club Manufacturer Gets Another "Swing" at Accused Infringer

James T. Wilson

[Judges: Prost (author), Newman, and Dyk (concurring)]

In *Vardon Golf Co. v. Karsten Manufacturing Corp.*, No. 01-1557 (Fed. Cir. June 21, 2002), the Federal Circuit, applying the law of the Seventh Circuit, reversed a district court's dismissal of Vardon Golf Company's ("Vardon") complaint against Karsten Manufacturing Corporation ("Karsten") because a prior decision involving the same parties was not final and, thus, did not collaterally estop Vardon's subsequent suit against Karsten.

Vardon and Karsten manufacture golf clubs. In 1999, Vardon brought suit against Karsten alleging that Karsten's golf clubs infringed Vardon's U.S. Patent No. 5,301,941 ("the '941 patent") and U.S. Patent No. 5,401,021 ("the '021 patent") ("*Vardon I*"). In *Vardon I*, the district court held that, as a matter of law, Karsten's clubs did not infringe the claims of the '941 patent either literally or under the DOE. The court consequently granted a partial SJ in Karsten's favor on the '941 patent. The district court, however, denied Karsten's motion for SJ regarding the '021 patent.

Prior to bringing suit against Karsten, Vardon had filed a reissue application for the '941 patent. Two months after the court granted partial SJ in Karsten's favor, the reissue patent issued. In order to obtain the reissue, Vardon surrendered the parent patent, thereby mooting *Vardon I*'s SJ on the '941 claims and extinguishing Vardon's right to appeal the court's findings regarding that patent. Vardon subsequently filed a second action against Karsten based on the reissue patent, and the second action was the subject of the appeal ("*Vardon II*").

In *Vardon II*, Vardon alleged that Karsten infringed claims having the same limitation that the district court found to render Karsten's golf clubs noninfringing in *Vardon I*. Karsten argued that Vardon was collaterally estopped from raising claims that included a limitation that Karsten's clubs had already been found

not to possess.

The district court agreed with Karsten, holding that Vardon had failed to take advantage of available means of preserving its right to appeal in connection with the *Vardon I* litigation and that Vardon was therefore estopped from rearguing the *Vardon I* issues.

The Federal Circuit disagreed. First, the Court applied the law of the circuit in which the district court sat because the application of collateral estoppel is not a matter within the exclusive jurisdiction of the Federal Circuit, citing *Bayer AG v. Biovail Corp.*, 279 F.3d 1340, 1345 (Fed. Cir. 2002).

The Court reasoned that the grant of partial SJ in *Vardon I* was not final nor appealable because Vardon's claims regarding the '021 patent were still before the district court. The Court also rejected Karsten's argument that Vardon should have taken certain procedural steps to preserve its right to appeal the decision in *Vardon I*.

Specifically, the Federal Circuit held that the decision in *Vardon I* was not final because it was not immune to reversal or amendment. Because neither party moved to certify the district court's interlocutory decision as final under Rule 54(b), the Federal Circuit held that the decision was subject to revision at any time before the entry of judgment adjudicating all the claims, namely resolution of the remaining '021 patent allegations. Also, the Federal Circuit noted that Karsten conceded that *Vardon I*'s partial SJ was not an appealable final judgment under 28 U.S.C. § 1291 and found it to be undisputed that this decision was rendered moot and, therefore, unappealable when Vardon surrendered the '941 patent.

Karsten argued that *Vardon I* should be deemed final and preclusive because Vardon could have avoided

mooting the court's grant of partial SJ by (1) moving the *Vardon I* court to certify its decision for interlocutory appeal under Rule 54(b), (2) substituting U.S. Reissue Patent No. 36,950 ("the '950 reissue patent") for the '941 patent at an appropriate time, or (3) suspending its reissuance proceedings before the PTO.

The Federal Circuit held Karsten's argument to be without merit. As a preliminary matter, the Court noted the uncertainty of whether the *Vardon I* court would have granted a Rule 54(b) certification motion and whether the district court would have allowed Vardon to substitute the '950 reissue patent into the litigation. The Court stated that the existence of such speculative methods of preserving the right to appeal does not render a nonfinal judgment preclusive for the purposes of collateral estoppel.

Judge Dyk concurred in the majority's opinion because he agreed that the Court was bound by the decision in *Bayer AG v. Biovail Corp.*, 279 F.3d 1340 (Fed. Cir. 2002), to apply regional circuit law to res judicata and collateral-estoppel issues. Judge Dyk, however, stated that he believed uniform Federal Circuit law should apply to determine the effect of previous patent litigation.

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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