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EDITED BY VINCE KOVALICK

Change of Terminology in Scientific Community Does Not Broaden Claim Scope

Howard W. Levine

[Judges: Rader (author), Archer & Gajarsa]

In *Schering Corp. v. Amgen Inc.*, No. 99-1251 (Fed. Cir. Aug. 1, 2000), the Federal Circuit affirmed a SJ of noninfringement based on a claim construction that would not permit Schering Corp. and Biogen, Inc. (collectively “Schering”) to prevail at trial. The dispute centered on U.S. Patent No. 4,530,901 (“the ‘901 patent”), which claims DNA inserts encoding “leukocyte interferon” microorganisms containing such DNA inserts and a method for producing interferon by transforming microorganisms with such DNA inserts. The DNA inserts claimed by the ‘901 patent were isolated from human cells and encode naturally occurring leukocyte interferon.

Amgen Inc.’s (“Amgen”) interferon product, however, is a synthetic protein that does not correspond to any naturally occurring interferon protein. After reviewing the amino acid sequences of naturally occurring interferon, Amgen designed a DNA sequence that does not duplicate the amino acid sequence of any single natural interferon protein.

During a pretrial *Markman* hearing, the district court construed the claims of the ‘901 patent as limited to only DNA sequences that encode the naturally occurring leukocyte interferon described by the patent and not all interferon proteins. Based on the district court’s claim construction, Schering moved for SJ in Amgen’s favor, arguing that it could not possibly win at trial based on the district court’s narrow claim interpretation.

Thus, the question on appeal was whether the claims of the ‘901 patent directed to a naturally occurring DNA sequence could be interpreted to cover Amgen’s DNA sequence encoding a synthetic interferon.

In answering this question, the Federal Circuit first focused on the effect of an amendment to the claims that changed the term “leukocyte interferon” to “IFN- α .” Schering argued that because the claim language was directed broadly to “IFN- α ,” the claims covered all DNA sequences encoding any IFN- α protein—whether natural or synthetic. In contrast, Amgen argued that the amendment to the claims improperly constituted the addition of new matter pursuant to 35 U.S.C. § 132 (1994).

The reason underlying the claim amendment was that approximately six months after the patent had

been filed, a committee of scientists abolished the term “leukocyte interferon” in favor of the term “IFN- α .” The Applicant then amended the claims to reflect the changed terminology.

While the district court had found that the amendment constituted the addition of new matter, the Federal Circuit disagreed. The district court had interpreted the term “IFN- α ” in light of the patent’s written description and held that the patentee did not attempt to broaden his invention to cover polypeptides not discovered at the time of his patent application. Instead, the amendment merely acknowledged that leukocyte interferon claimed by the patent now has a new scientific name. The Federal Circuit agreed with the district court, however, that the claims covered no more than what the specification had supported at the time of filing. Although the scientific community had learned subsequent to the filing of the patent that there were more than a single “IFN- α ” protein, the term “IFN- α ” in the patent has a specialized meaning limited to the particular leukocyte interferon protein that the patentee supported in his original application. The Federal Circuit ruled that the term could not enlarge the scope of the patent to embrace technology arising after its filing date.

Schering also argued that one of the original isolated DNA sequences deposited included codes for a different interferon protein and thus the claims should be interpreted broadly. This evidence, however, had been presented to the district court after the *Markman* hearing, and once the district court had denied Schering’s motion to reopen the record, excluding the evidence as untimely. On appeal, Schering asked the Federal Circuit to reverse the district court’s determination to exclude the evidence. In the alternative, Schering asked the Federal Circuit to consider the evidence as it was publicly deposited as part of the “public record.” The Federal Circuit rejected both of Schering’s requests, holding that the district court did not abuse its discretion in excluding the evidence and that, irrespective of whether the DNA inserts were deposited, the evidence was not part of the appellate record and could not be reviewed.

Finally, Schering argued that the claims of the ‘901 patent cover “mature IFN- α ” protein. A mature protein does not contain certain amino-acid sequences that function in the transport of the protein in the cell and are ultimately removed by the body. Scientists engineer DNA sequences such that they do not encode these unwanted amino acid sequences. As the DNA sequences described by the ‘901 patent only encoded the immature protein, the Federal Circuit held that the claims did not cover DNA sequences encoding the mature protein.

Colleague's Recognition of Invention's Utility Does Not Inure to Benefit of Inventor

Robert F. Shaffer

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

In *Genentech, Inc. v. Chiron Corp.*, No. 99-1506 (Fed. Cir. Aug. 4, 2000), the Federal Circuit reversed the district court's award of priority to the junior party's assignee ("Genentech"), holding that Genentech had failed to establish that the inventors had reduced the invention to practice prior to the senior party's ("Chiron") earlier effective filing date. The Federal Circuit determined that Genentech could not rely on a noninventor's recognition of a growth-promoting activity fusion protein to inure to the benefit of the inventors, for the purpose of obtaining an earlier reduction to practice date.

The subject matter of the interference related to the recombinant production of human insulin-like growth factor-I ("IGF-I"). IGF-I is a growth-promoting protein that works by binding to receptors located in cell membranes, which triggers growth-related processes within the cell. Both Genentech and Chiron wanted to use *Saccharomyces* to make IGF-I recombinantly. Each sought to adapt the yeast alpha-factor DNA to IGF-I.

The interference count defined the invention as a "DNA construct comprising a sequence coding for human insulin-like growth factor-I joined in proper reading frame with *Saccharomyces* alpha-factor secretory leader and processing signal sequences." The Court interpreted the count as requiring: (1) a DNA sequence coding for the yeast alpha-factor secretory leader sequence; (2) a processing signal sequence; and (3) a DNA sequence coding for IGF-I.

In the interference proceeding, Genentech, as junior party, had the burden of establishing by a preponderance of the evidence that they had reduced the invention to practice prior to the filing date of Chiron's application ("the critical date"). Even though the Board had determined that Genentech had made a construct that comprised DNA encoding the alpha-factor secretory leader sequence, the panel had held that there was not a reduction to practice prior to the critical date because the fusion protein assay tests did not establish biological activity with any reasonable certainty.

Under 35 U.S.C. § 146, Genentech challenged the Board's determination, arguing to the district court that although the inventors may not have recognized the practical utility of the invention prior to the critical date, their colleague, Dr. Hintz, had. The district court agreed, and in reversing, the Board determined that Chiron's date of conception was later than Genentech's

reduction to practice. The district court had concluded that Dr. Hintz's apprehension of the significance of the results of his tests inured to the benefit of the Genentech inventors for purposes of establishing a reduction to practice.

On appeal, the Court reviewed the evidence concerning reduction to practice and concluded that Genentech's inventors had not appreciated the utility of the fusion protein and thus could only prevail as the junior party, if Dr. Hintz's recognition of the growth-promoting activity of the fusion protein inured to its benefit.

In reversing the district court's decision granting priority to Genentech, the Federal Circuit mapped out a three-part requirement that must be met before a noninventor's recognition of the utility of an invention can inure to the inventor's benefit. First, the inventor must have conceived of the invention. Second, the inventor must have had an expectation that the embodiment tested would work for the intended purpose of the invention. Finally, the inventor must have submitted the embodiment for testing for the intended purpose of the invention.

In short, the Court reversed the district court based on the third requirement because the inventors did not submit the fusion protein samples to Dr. Hintz for specifically testing for growth-promoting activity and thus Dr. Hintz's uncommunicated recognition that the fusion protein had growth-promoting activity did not inure to Genentech's benefit.

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Prozac[®] Claim Invalid for Obviousness-Type Double Patenting

Gregory A. Chopskie

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

In *Eli Lilly & Co. v. Barr Laboratories, Inc.*, No. 99-1262 (Fed. Cir. Aug. 9, 2000), the Federal Circuit affirmed the district court's SJ that the patents-in-suit were not invalid for failure to disclose the best mode of carrying out the invention, but reversed the district court's holding that one of the asserted claims was not invalid for double patenting.

Eli Lilly and Company ("Lilly") charged Barr Laboratories, Inc. ("Barr") with infringement of its U.S. Patent Nos. 4,314,081 ("the '081 patent") and 4,626,549 ("the '549 patent") by Barr's filing of an Abbreviated New Drug Application with the Food and Drug Administration seeking approval to market a generic version of Lilly's Prozac[®]. The '081 patent claims the compound fluoxetine hydrochloride, the active ingredient in Lilly's Prozac[®] pharmaceutical. The '549 patent claims a method of blocking the uptake of

serotonin by brain neurons comprising the administration of fluoxetine hydrochloride.

The district court had granted Lilly's motions for SJ that the patents-in-suit were not invalid for failure to disclose the best mode of practicing the invention and not invalid for double patenting.

On appeal, Barr argued that Lilly had violated the best mode requirement by failing to disclose the preferred method of synthesizing the starting material used to make fluoxetine hydrochloride and by failing to disclose the preferred recrystallization solvent used to remove impurities during the manufacturing process. With regard to the former method, the Federal Circuit held that since neither of the patents-in-suit claimed the starting material or a method of synthesizing the starting material, and that the method of making the starting material was not necessary to carry out the claimed invention, Lilly was not required to disclose its preferred method. With regard to the recrystallization solvent, the Federal Circuit held that the recrystallization solvent was both an unclaimed element as well as a routine detail and thus did not need to be disclosed.

Barr also asserted that claim 7 of the '549 patent was invalid for obviousness-type double patenting over claim 1 of Lilly's U.S. Patent No. 4,018,895 ("the '895 patent"). Claim 1 of the '895 patent claims a method of treating depression in humans by administering a member of a large class of compounds. The class included fluoxetine. Construing the claims, the Federal Circuit held that both claim 1 of the '895 patent and claim 7 of the '549 patent covered the use of fluoxetine hydrochloride. The Federal Circuit next considered whether the differences between the two claims were patentably distinct. Finding that the only differences between the claims was that claim 1 of the '895 patent addresses the treatment of depression in humans while claim 7 of the '549 patent addresses the treatment of animals with fluoxetine hydrochloride, the Federal Circuit reversed the district court's grant of SJ and held that claim 7 of the '549 patent was invalid for obviousness-type double patenting.

35 U.S.C. § 295 Can Shift Burden of Proving Noninfringement on to Alleged Infringer

Wayne W. Herrington

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

In *Nutrinoa Nutrition Specialties & Food Ingredients GmbH v. ITC*, No. 99-1293 (Fed. Cir. Aug. 25, 2000), the Federal Circuit affirmed the U.S. International Trade Commission's ("the Commission") final determination concerning certain artificial sweeteners in which the Commission had found no violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) because

inter alia the Complainants, Nutrinoa Nutrition Specialties & Food Ingredients GmbH and Nutrinoa, Inc. (collectively "Nutrinoa") had failed to prove that the named Respondents had infringed U.S. Patent No. 4,695,629 ("the '629 patent"). The appeal required the Federal Circuit to address, as a matter of first impression, 35 U.S.C. § 295, which can shift the burden for proving infringement for certain process patents.

The '629 patent covers a process for producing an artificial sweetener, acesulfame potassium ("ASK"). The process, known as the sulfur trioxide process, produces a product with high levels of sulfate by-products and, at most, minute amounts of fluoride by-products.

Nutrinoa had obtained and tested samples of ASK which had been imported from the People's Republic of China and found that they contained high levels of sulfate and minute amounts of fluoride, characteristic of the '629 process. Accordingly, Nutrinoa filed its complaint. The Commission instituted an investigation based on the complaint, naming as Respondents Hangzhou Sanhe Food Co.; Hangzhou Sanhe Food Additives Factory; JRS International, Inc.; Dingsheng, Inc.; and WYZ Tech, Inc. (collectively "Sanhe").

During discovery, Sanhe was slow to produce or allegedly failed to produce documents and information relating to its process for manufacturing ASK. It also refused to permit a plant inspection. After an ALJ compelled such discovery, however, Sanhe agreed to permit a plant inspection. During an inspection, Nutrinoa personnel noticed that the plant's walls had been freshly painted, causing Nutrinoa to speculate that the plant had been recently converted from use of one ASK manufacturing process to another one. Nutrinoa obtained and tested samples from the plant and found that they had very low levels of sulfate and a significant amount of fluoride, unlike the samples Nutrinoa had obtained and tested prior to filing its complaint.

Nutrinoa also took the deposition of Sanhe's chief chemist and learned that Sanhe had failed to produce certain responsive documents.

Nutrinoa then filed a motion for sanctions against Sanhe for failure to comply with discovery orders. At that point, Sanhe began to produce its documents, producing over 1,300 pages from the close of discovery up to three days before the trial. Nutrinoa declined the ALJ's offer to consider a motion to reopen the record at Sanhe's expense because of the late production, preferring to stand on its objection to the admission of the late-provided evidence.

After the trial, the ALJ issued an initial determination that there was no infringement of the '629 patent by the Respondents and that another patent was invalid and not infringed. He also denied Nutrinoa's motion for sanctions. Nutrinoa sought the Commission review of the ALJ's rulings only with respect to the '629 patent. The Commission decided

not to review the ALJ's rulings, which became the final determination of the Commission.

The primary issue on appeal was whether the ALJ had properly applied 35 U.S.C. § 295 to the case before him, a question of law that the Court described as one of "first impression." Section 295, added by the 1988 Omnibus Trade and Competitiveness Act, applies to actions alleging infringement of a process patent based on the importation, sale, offer for sale, or use of a product that is made from a process patented in the United States. It provides for a presumption that an accused product was made by a patented process, providing that two criteria are met. First, the tribunal must find that there is a substantial likelihood that the product was made by the patented process. Second, the tribunal must find that the plaintiff has made a reasonable effort to determine the process actually used in the production of the product and was unable to so determine.

On appeal, Nutrinova had argued that the ALJ should have ruled prior to the evidentiary hearing, *i.e.*, during discovery, on whether 35 U.S.C. § 295 applied and that he erred in waiting to rule until after the trial. The Federal Circuit rejected this argument, stating that courts are given broad discretion as to when to decide procedural matters and that the specific point at which a court should decide whether 35 U.S.C. § 295 applies will vary with the facts and circumstances of each case.

The Federal Circuit also rejected Nutrinova's argument that the ALJ had erred in making his factual finding that Nutrinova had failed to satisfy the second prong of 35 U.S.C. § 295, stating that there was substantial evidence that a reasonable plaintiff would be able to determine the process used. The Court noted that Nutrinova's own testing determined that the sample it had collected during its tour of Sanhe's plant did not contain the characteristic by-products of the '629 process.

Finally, the Federal Circuit declined to reverse the ALJ's denial of evidentiary sanctions against Sanhe or to find that it had made other alleged errors, stating that it was being asked again to review the ALJ's fact-finding and to "second-guess" his administration of the trial process, a matter over which the Court stated, he has considerable discretion.

Court Critical of Attempt to "End-Around" Rule 54(b)

Eyal H. Barash

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

The Federal Circuit affirmed a SJ finding of noninfringement in *CAE Screenplates Inc. v. Heinrich Fiedler GmbH & Co. KG*, No. 99-1278 (Fed. Cir. Aug. 24, 2000). CAE Screenplates Inc. ("CAE") had filed suit

against Heinrich Fiedler GmbH & Co. KG ("Fiedler") in the Northern District of Georgia asserting claim 1 of U.S. Patent No. 4,529,520 ("the '520 patent") directed to cylindrical screenplates for removing contaminants during the production of cellulose-based products.

Fiedler manufactures two types of screen cylinders involved in the lawsuit under the names "Bar Screen" and "Top Screen." At the close of discovery in the lower court, Fiedler moved for SJ on the validity of the '520 patent and that the Bar Screen cylinders did not infringe the patent either literally or under the DOE.

At issue in the lower court's infringement analysis was the meaning of the claim term "bottom plane." Claim 1 defined the "bottom plane" as a physical structure making up part of the grooves of the screen plate. CAE asserted that the term was not meant to be a structural limitation but rather "definitional" serving to locate the perforations in the screen at the bottom of the groove. The lower court had agreed with Fiedler, however, that the term was a structural limitation on the claim. It also found that the Bar Screen cylinders had no physical bottom plane. Therefore, the district court had concluded that no reasonable jury could have found Fiedler's device literally infringed claim 1 of the '520 patent.

The Court also ruled that despite CAE's assertion that it had amended the claims to introduce the bottom plane limitation during prosecution to overcome an indefiniteness rejection, reasonable competitors viewing the prosecution history could conclude that CAE had relinquished coverage of screenplates without physical bottom planes. Thus, the lower court had also found that Fiedler's screenplates did not infringe under the DOE.

After entry of partial SJ for Fiedler on the issue of noninfringement, CAE requested the Court to certify the order under Rule 54(b). The parties submitted a joint motion for entry of final judgment, and the appeal followed.

On appeal, the Federal Circuit first addressed the issue of jurisdiction and concluded that the lower court's entry of SJ was not a final judgment because the district court had not entered a decision on the Top Screen devices and CAE had made no concession regarding infringement of those screenplates. In fact, through careful wording in the joint motion for entry of final judgment, CAE explicitly reserved its right to challenge infringement of the Top Screen devices. Although the Court was critical of what it perceived as an "end-around" of the specific requirements of Fed. R. Civ. P. 54(b), because at oral argument counsel for CAE conceded that the lower court's claim interpretation resolved the issue of noninfringement for the Top Screen cylinders, the Federal Circuit ruled that it had jurisdiction.

In construing the claims, the Federal Circuit found that the language of claim 1 defined the bottom plane structure and that the district court's interpretation

was further supported by the written description, figures, and prosecution history. That interpretation required the presence of a physical structure containing perforations constituting the bottom plane. In applying this interpretation for literal infringement, the Court concluded that the accused device did not contain a physical structure for the grooves' bottom plane. Accordingly, the Federal Circuit affirmed the finding of no literal infringement.

The Court also affirmed the lower court's finding of noninfringement under the DOE. During prosecution, CAE had argued that the invention's uniquely positioned perforations were in a physical structure and constituted the bottom plane of the grooves. CAE also argued over a prior art reference, distinguishing it structurally. The prior art reference did not teach a physical structure in the bottom plane. Instead, the bottom plane consisted of a gap between the two side planes. The Court concluded that CAE's arguments abandoned any claims to a bottom without physical structure and estopped CAE from relying on the DOE. Accordingly, the Court concluded that the accused device, which lacked a physical bottom plane, did not infringe CAE's patent under the DOE.

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"License to License" Does Not Give Standing to Sue

Michelle E. O'Brien

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

In *Prima Tek II, L.L.C. v. A-Roo Co.*, No. 99-1581 (Fed. Cir. Aug. 17, 2000), the Federal Circuit found that Appellees, a group of licensees of the patents-in-suit, did not have standing to bring an infringement action, and therefore reversed a district court's decision awarding attorney fees to Appellees.

The patent owner, Southpac International, Inc. ("Southpac"), licensed six patents relating to decorative flowerpot sleeves to Prima Tek I, L.L.C. ("Prima Tek I") under an agreement ("the Agreement") that granted Prima Tek I the exclusive right to make, use, and sell the products and processes covered by the patents, but only to the extent necessary to grant a license to make, use, and sell the patented products and processes to Prima Tek II, L.L.C. ("Prima Tek II"). The Agreement also contained a termination clause, whereby the license automatically terminated at either the end of an initial two-year period or the end of any year thereafter, unless Southpac notified Prima Tek I of its intent to renew the Agreement for another year. The Agreement also contained an enforcement provision granting Prima Tek I the sole right to enforce the patents, wherein Southpac agreed to be bound by any judgment regarding validity, infringement, and enforceability of any of the licensed patents.

Prima Tek I did subsequently transfer exclusive rights to Prima Tek II under the six patents, subject to the right of Prima Tek II to grant additional licenses in the same territory to Highland Supply Co. ("HSC") and Highland Manufacturing & Sales Co. ("HMSC").

A-Roo Co. ("A-Roo") filed two motions to dismiss, contending that the original Plaintiffs (Prima Tek II, HSC, and HMSC) did not have standing. The district court had denied A-Roo's motions, but holding sua sponte that Prima Tek I was a necessary party, joined it as an involuntary Plaintiff. After A-Roo filed a motion for judgment in which it conceded infringement and validity and agreed to an injunction, the district court had awarded attorney fees for what it referred to as "egregious" conduct by A-Roo.

The Federal Circuit reversed the district court's finding that Appellees had standing to sue, reiterating the general rule that a patent owner should be joined in an infringement suit brought by an exclusive licensee, except when the patentee has transferred "all substantial rights" under the patent to the licensee, thereby effectively making the licensee the "effective patentee."

In looking for the exception, the Court disagreed with A-Roo's argument that simply because the license from Southpac to Prima Tek I covered less than the full term of the patent and was terminable at will by Southpac, it did not transfer all substantial rights to Prima Tek I. Following the Supreme Court's holding in *Waterman v. Mackenzie*, 138 U.S. 252 (1891), the Federal Circuit concluded that a reversionary right left in the patent owner is not determinative of whether all substantial rights in the patent have been transferred, and does not alone make a patent owner an indispensable party to an infringement suit.

The Court did agree with A-Roo, however, that the license from Southpac was not effective in transferring all substantial rights in the patents to Prima Tek I. Specifically, the Court noted that although the Agreement purported to transfer exclusive rights to Prima Tek I to make, use, and sell the patented products, those rights were, in fact, never transferred. The only right that was actually transferred was the right to license Prima Tek II to make, use, and sell the patented products—a "license to license" Prima Tek II. Prima Tek I had not received all rights to exclude others from making, using, or selling the patented products; such rights were outside the scope of the license. Further, the Court pointed to the fact that Prima Tek I had no control over its ability to sublicense. Prima Tek I had only received the right to sublicense to Prima Tek II, and any other sublicense would have been outside the scope of the license. Such diminished rights over the ability to sublicense clearly indicated to the Court that less than all substantial rights in the patents were transferred to Prima Tek I.

Finally, Appellees argued that Southpac was not a necessary party because the Agreement between

Southpac and Prima Tek I, obligating Southpac to be bound by any judgment against Prima Tek I, was sufficient to satisfy the underlying policy of keeping an accused infringer from being subjected to multiple suits and therefore confer standing on Prima Tek I. The Court disagreed, pointing out that no contractual agreement can grant a right to sue to a party who has no proprietary interest in the patent.

Thus, as Prima Tek I had not received all substantial rights under the patents-in-suit, the Court held that Prima Tek I did not have standing to sue. Further, since the original Plaintiffs had derived their rights from Prima Tek I, they too lacked standing to sue, since Prima Tek I never had this right to transfer. Thus, Southpac was a necessary party to any infringement suit involving these patents. Accordingly, the Court held that the district court had erred in denying A-Roo's motions to dismiss for lack of standing, and reversed the award of attorney fees to Appellees.

Court "Lets the Air Out" of Air Mattress Patent

Vince Kovalick

[Judges: Rader (author), Plager, and Cleverger]

In *KCJ Corp. v. Kinetic Concepts, Inc.*, No. 99-1248 (Fed. Cir. Aug. 18, 2000), the Federal Circuit affirmed a SJ of noninfringement concerning U.S. Patent No. 4,631,767 ("the '767 patent") which is owned by KCJ Corp. ("KCJ") and covers a therapeutic mattress for preventing bed sores.

The district court's noninfringement decision had turned on its claim construction. In particular, the district court had interpreted the phrase "a . . . continuous . . . chamber" to mean "one noninterrupted inflatable chamber."

On appeal, the dispute centered on whether the article "a" limited the number of chambers to only one. The Federal Circuit, citing its own precedent, noted that it has repeatedly emphasized that the indefinite article "a" carries the meaning of "one or more" and receives a singular interpretation only in rare circumstances when the patentee evidences a clear intent to so limit the article. According to the Federal Circuit, in the present case, neither the claim nor its context suggested any exceptional meaning for the article. Thus, the Federal Circuit affirmed the interpretation to mean "one or more."

Because the accused device includes three chambers, the Federal Circuit concluded that this limitation was met by the accused devices. However, the Court found other limitations missing from the accused products. In particular, the claims include the phrase "continuous passage of air," which the Court agreed was not found in the accused device. Agreeing that this

language in the asserted claim required uniformity in both space and time, the Federal Circuit concluded that no literal infringement existed, given the patentees concession that under such a construction, the limitation was not met by any of the accused devices.

The Federal Circuit also found that statements made by KCJ during the prosecution history reflected a clear and unmistakable surrender of mattresses without airflow throughout the entirety of a lower chamber, such that this subject matter could not be recaptured through the DOE.

Inequitable Conduct Concerning Inventorship Renders Patents Unenforceable

Steven P. O'Connor

[Judges: Cleverger (author), Plager, and Newman (dissenting)]

In *PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.*, No. 98-1325 (Fed. Cir. Aug. 29, 2000), the Federal Circuit affirmed the district court's judgment that U.S. Patent Nos. 5,019,270 ("the '270 patent"); 5,228,989 ("the '989 patent"); and 5,384,042 ("the '042 patent") are unenforceable due to inequitable conduct before the PTO. The Federal Circuit agreed with the district court's finding that during prosecution of the patents in suit the named inventors made material misrepresentations regarding inventorship with intent to deceive the PTO.

PerSeptive Biosystems, Inc. ("PerSeptive") sued Pharmacia Biotech, Inc. ("Pharmacia") for infringing the '270, '989, and '042 patents. The patents, which derived from a single application, concern "perfusive" chromatography, a technique for rapidly separating biological materials. The same three inventors, Drs. Afeyan, Regnier, and Dean, are listed on each of the patents.

Pharmacia raised as one defense that the patents were unenforceable due to inequitable conduct on the part of the named inventors. After a ten-day hearing, the district court determined that Pharmacia had proven by clear and convincing evidence that the named inventors made five intentional misrepresentations to the PTO concerning the relationship between themselves and researchers at Polymer Laboratories, a British company that supplied materials and data allegedly critical to the inventors' understanding of the perfusion chromatography process.

On appeal, PerSeptive argued that the district court had clearly erred in finding that the named inventors acted with an intent to deceive the PTO. Because the named inventors had disclosed the use of Polymer Labs' chromatography particles and Dr.

Regnier had consulted with Polymer Labs before conception of the invention, PerSeptive argued that the totality of the disclosures manifest the named inventors' objective good faith. Noting that this evidence had been considered by the district court to be supportive of a finding of intent to deceive the PTO, the Federal Circuit found no clear error in the district court's decision.

PerSeptive also argued on appeal that the district court had erred in concluding that two Polymer Labs researchers should have been named as inventors on the patents-in-suit. Accordingly, there could be no basis for holding the patents unenforceable. In other words, because the inventorship on the issued patents was correct, any misstatements or omissions concerning inventorship were immaterial.

The Court rejected this argument, stating that irrespective of whether the inventorship was incorrect, a persistent course of intentional misrepresentations, omissions, and half-truths to the PTO are highly material. Whether or not the inventorship was correct on the issued patents, the Court stated, does not determine the materiality of statements made to the PTO. Rather, the Court reiterated the test for materiality focuses on whether a reasonable Examiner would consider the information important in deciding whether to allow the application to issue as a patent.

In addition, the Court observed that the materiality of intentional false statements may be independent of the claims of a patent. According to the Court, PerSeptive's argument that narrowing the claims during prosecution rendered the false statements immaterial missed the point: at issue was misinformation about inventorship, and not inventorship per se. Having found that the district court's findings concerning materiality and intent to deceive were not clearly erroneous, the Federal Circuit concluded that the district court had not abused its discretion in determining that the actions of the named inventors constituted inequitable conduct.

In her dissenting opinion, Judge Newman focused on the facts that the inventors were correctly named and the origin of the patented inventions was fully disclosed to the PTO. Because the patents correctly identified the inventors of the claimed subject matter, Judge Newman concluded that the information that the district court felt should have been disclosed to the PTO was not material.

Trade Secrets Misappropriated

Scott R. Mosko

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

In *C & F Packing Co. v. IBP, Inc.*, No. 99-1312 (Fed. Cir. Aug. 25, 2000), the Federal Circuit affirmed the district court's judgment for trade secret misappropriation brought under the Illinois Uniform Trade Secret Act ("ITSA"). In addition, the Court reversed a pre-

judgment interest award. C & F Packing Co. Inc. ("C & F") developed and patented a process for making and freezing precooked sausage for pizza toppings. Thereafter, consistent with an agreement between C & F and Pizza Hut, Inc. ("Pizza Hut") and pursuant to a confidentiality agreement, C & F disclosed its specification and formula to IBP, Inc. ("IBP"), a supplier. IBP then hired a former C & F employee familiar with the C & F process. After a dispute developed, C & F sued IBP for patent infringement, misappropriation of trade secrets, and several other misappropriation-related claims. Pizza Hut was later added as a Defendant to the misappropriation counts.

The district court had found the patent-in-suit invalid under 35 U.S.C. § 102(b). C & F's remaining misappropriation of trade secret count against IBP was tried, with the jury returning a \$10.9 million verdict.

On appeal, the Federal Circuit affirmed the judgment by interpreting the ITSA and common law. In Illinois both the common law and the ITSA agree as to the factors for identifying trade secrets: (1) the extent to which the information is known outside the employer's business, (2) the extent to which it is known by employees and others involved in the business, (3) the extent of measures taken by the employers to guard the secrecy of the information, (4) the value of the information to the employer and his or her competitors, (5) the amount of effort or money expended by the employer in developing the information, and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

Citing testimony about the time, expense, and effort C & F expended in developing the process, and the difficulty competitors had in attempting to duplicate the process, the Federal Circuit found substantial evidence to support the trade secret misappropriation verdict.

Concerning the damage award, the Court also found substantial evidence to support the \$10.9 million award. Under the ITSA, a person is entitled to recover damages for misappropriation. Damages can include both the actual loss caused by misappropriation and the unjust enrichment caused by misappropriation that is not taken into account in computing the actual loss. The jury heard IBP's experts testify that C & F's trade secret information was only about 30% of that needed to make precooked sausage, and that these trade secrets gave IBP only a ninety-day head start on making its own process operational. Conversely, the jury heard C & F's experts attribute all of IBP's profit to the trade secrets. The Court affirmed the damage award because there was no evidence that the jury's award resulted from passion or prejudice. The jury was instructed to deduct IBP's costs in calculating IBP's profits, and there was no evidence to suggest that the jury had ignored this instruction.

Concerning the district court's prejudgment interest award, the Court of Appeals reversed the finding because under Illinois law such an award was available only when authorized by statute, by an existing agree-

ment between the parties, or in the event of a fiduciary relationship between the parties. The Court found no such evidence to support the prejudgment interest award.

Corroboration of Conception Determined by “Rule of Reason”

Vince Kovalick

[Judges: Lourie (author), Schall, and Gajarsa (concurring)]

In *Singh v. Brake*, No. 99-1259 (Fed. Cir. Aug. 4, 2000), the Federal Circuit vacated a decision of the PTO Board awarding priority of invention to Anthony J. Blake.

Arjun Singh and Brake are parties to an interference including a count corresponding to thirty-seven claims of Brake’s U.S. Patent No. 4,870,008 (“Brake II”) and claims 8 and 19-21 of Singh’s application serial no. 07/552,719 (“Singh’s application”), both of which relate to a DNA construct.

Singh claims that he conceived the claimed DNA construct around October 1, 1982. Specifically, he claims that he realized that he would need to remove eight unwanted codons (twenty-four nucleotides) from the p60 DNA construct, and that he planned to accomplish this deletion by use of a technique known as “loop deletion mutagenesis.” On November 4, 1982, Singh wrote a lab notebook entry setting forth the undesired codons and the twenty-four nucleotides. Several entries in Singh’s lab notebook over the next few months concerned Singh’s efforts to experiment with the twenty-four nucleotide and eight codon segment. Singh alleges that these entries corroborate his testimony that he conceived the DNA construct before January 12, 1983, the filing date of Brake’s application serial no. 06/457,325 (“Brake I”).

The APJ granted motions rendering Brake the senior party to the interference based on the Brake I application. Singh argued that the Brake I application did not comply with 35 U.S.C. § 112, ¶ 1, and hence, the APJ erred in awarding Brake priority. The Board also concluded that Singh had failed to prove that he had formulated a clear and complete picture in his mind of the invention within the scope of the count prior to the Brake I filing date.

On appeal, the Federal Circuit reviewed its precedent concerning proof of conception and concluded that there is no particular formula that an invention must follow to corroborate his or her testimony of conception. Rather, whether an inventor’s testimony has been sufficiently corroborated is determined by a rule of reason analysis in which an evaluation of all pertinent evidence must be made so that a sound determi-

nation of the credibility of the inventor’s story may be reached.

The Court concluded as an initial matter that Singh had failed to prove that he conceived the claimed construct prior to December 1, 1982, given that his notebook entries prior to that date only articulated the problem but did not document a solution. A December 1, 1982, entry, however, appeared to link Singh’s proposed solution to the claimed construct. Thus, after reviewing the evidence in light of this standard, the Federal Circuit concluded that substantial evidence did not support the Board’s key finding that no evidence links the nucleotide Singh had ordered on December 1, 1982, with a plan to design the claimed construct prior to January 12, 1983.

The Federal Circuit also concluded that although the witnessing of the laboratory notebook entries was made several years later, under a rule of reason analysis, the fact that a notebook entry has not been promptly witnessed does not necessarily disqualify it in serving as corroboration of conception. The Court distinguished cases that require corroboration to prove reduction to practice, as being a more stringent standard than required to corroborate conception. Accordingly, the Court vacated the Board’s holding and remanded the case for consideration of the December notebook entries.

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Space Systems/Loral, Inc. v. Lockheed Martin Corp.

Houtan K. Esfahani

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

In *Space Systems/Loral, Inc. v. Lockheed Martin Corp.*, No. 99-1255 (Fed. Cir. Aug. 23, 2000) (non-precedential decision), the Federal Circuit affirmed a district court’s SJ that Lockheed Martin Corp. (“Lockheed Martin”) does not infringe Space Systems/Loral Inc.’s (“Space Systems”) U.S. Patent Nos. 4,767,084 (“the Chan patent”) and 5,100,084 (“the Rahn patent”). The Federal Circuit also affirmed the district court’s decision denying Lockheed Martin’s motion for SJ that claim 3 of the Rahn patent is invalid under 35 U.S.C. 112, ¶ 2 as being indefinite.

The Chan patent is directed to an apparatus for autonomously performing stationkeeping maneuvers for geosynchronous satellites. Stationkeeping is the process by which a satellite maintains its designated position in orbit around the earth, and it is typically accomplished through the use of small thrusters located on the surface of the satellite.

Satellites may also use one or more momentum wheels to maintain a proper attitude (*i.e.*, the direction in which the satellite is oriented in space). A spinning

momentum wheel creates angular momentum, thereby providing resistance to the twisting forces that can affect a satellite's attitude.

Claim 1 of the Chan patent recites, among other limitations, a means for performing desaturation of a momentum wheel "while automatically and simultaneously accomplishing a preselected compensation of the spacecraft's east-west position." On Lockheed Martin's motion for SJ of noninfringement, the district court construed the term "automatically" to mean autonomously, *i.e.*, performing multiple east-west changes in position over a substantial period of time without further commands from a ground control. Based on this construction, the district court had determined that there was no genuine issue of material fact that the two accused Lockheed Martin satellites do not infringe claim 1, either literally or under the DOE.

On appeal, Space Systems challenged the district court's construction, arguing that the term "automatically" does not preclude changes in positions that are manually initiated by a ground control operator.

The Federal Circuit affirmed the district court's construction, emphasizing that the summary of the invention section of the specification explicitly states that one of the advantages of the invention is that "[a]ll manual east-west stationkeeping maneuvers are eliminated." The Court also noted that the abstract used the word "autonomously," thereby confirming that the terms "automatically" and "autonomously" are used interchangeably in the specification.

Given this construction, the Court determined that there was no genuine issue of material fact that the two accused Lockheed Martin satellites do not literally infringe claim 1 of the Chan patent because they require a ground control operator, rather than an automatic means, to manually initiate and select which thrusters to fire in order to perform each east-west change in position. In rejecting Space Systems' argument that claim 1 does not preclude manual initiation of simultaneous east-west change in position and desaturation maneuver by a ground operator, the Court determined that although the specification discloses that a ground operator may determine the frequency of thruster firings and the duration of the firing period, it discloses that the satellite, and not the ground operator, initiates the simultaneous east-west change in position and the desaturation maneuver. Because Space Systems also failed to provide any evidence of equivalency that would support the contention that equivalent elements are in fact used in the accused satellites, the Court also affirmed the district court's determination that the accused satellites had not infringed under the DOE.

The second patent-in-suit, the Rahn patent, is directed to a method and apparatus for controlling the attitude of a satellite that has drifted into an inclined orbit, for example, after its thruster propellant is substantially exhausted. Claim 1 recites, among other limitations, "a momentum biasing attitude control

apparatus for effecting attitude control in response to roll commands, pitch commands, and yaw momentum commands." Pitch and yaw represent the rotation of a satellite about its lateral axis and vertical axis, respectively.

On Lockheed Martin's motion for SJ of noninfringement, the district court had construed the term "yaw momentum commands" to mean instructions to at least two nonparallel momentum/reaction wheels in a pitch/yaw plane of a spacecraft concerning the relative rates of speed of the wheels. Based on this construction, the district court had determined that there was no genuine issue of material fact that the accused Lockheed Martin satellites do not infringe claim 3 of the Rahn patent, either literally or under the DOE.

On appeal, Space Systems argued that the district court had erred in construing the "yaw momentum commands" limitation in claim 3 to mean instructions to at least two nonparallel momentum/reaction wheels in a pitch/yaw plane of a spacecraft, thereby improperly reading limitations from the specification into the claims and violating the doctrine of claim differentiation.

In affirming the district court's construction, the Federal Circuit relied on the express language of the specification, which states that "at least two nonparallel momentum/reaction wheels in a pitch/yaw plane of a spacecraft" are required to store momentum along a pitch axis and a yaw axis of the spacecraft. Furthermore, the Court determined that the district court's construction does not limit the claim to only a V-wheel system as recited in other claims.

Given this construction, the Court determined that there was no genuine issue of material fact that the first accused satellite does not infringe claim 3, either literally or under the DOE, because it uses a pivot wheel system with a single momentum wheel, and thus, does not have at least two nonparallel momentum/reaction wheels. With respect to the second accused satellite, the Court held that there was no genuine issue of material fact that the accused satellite does not literally infringe claim 3 because, although it includes four momentum wheels, the momentum wheels are not located in a pitch/yaw plane of the accused satellite. Moreover, the second accused satellite performs attitude control by redistributing angular momentum in a substantially different way than the claimed invention, which explicitly requires separate roll commands and yaw momentum commands to affect the roll angle of a satellite.

As to the validity of the Rahn patent, Lockheed Martin argued on appeal that the district court had erred in denying its motion for SJ that claim 3 is invalid under 35 U.S.C. § 112, ¶ 2 for indefiniteness. The Federal Circuit rejected this argument, concluding that Lockheed Martin had failed to provide any factual evidence as to whether one of ordinary skill in the art would understand the scope of the claim when read in light of the specification. In the absence of such evidence, the Court declined to find claim 3 indefinite.

Zachariah v. Commissioner of Patents & Trademarks

Susanne C. Tinker

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

In *Zachariah v. Commissioner of Patents & Trademarks*, No. 00-1061 (Fed. Cir. Aug. 8, 2000), the Federal Circuit ruled against a challenge to an adverse action by the PTO regarding an applicant's national stage application of an international application.

Dr. Chacko P. Zachariah had filed an international application under the PCT. However, when Dr. Zachariah filed the national stage application in the PTO, the national stage application contained five more claims than the international application and additional written description. Moreover, the oath that Dr. Zachariah had filed with the national stage application did not apply to the international application.

The PTO refused to accept Dr. Zachariah's national stage application, asserting that it differed from the international application.

Although the PTO offered Dr. Zachariah options to either proceed with the national phase using the original international application, or to proceed with the national application as if it were a newly filed application; Dr. Zachariah elected to sue the PTO. In his complaint, Dr. Zachariah sought a DJ that the actions of the PTO violated the law, a writ of mandamus directing the PTO to withdraw its refusal to accept the national stage application, a writ of prohibition preventing the PTO from selectively prosecuting the national stage application, and an injunction preventing the PTO from altering the original filing status of the application.

On appeal, the Federal Circuit affirmed the district court's dismissal of the third and fourth counts because they were not ripe for review. The Federal Circuit agreed with the district court's decision that the action by the PTO was not a final action. Under 5 U.S.C. § 704, agency acts are reviewable only when the act is made reviewable by statute or when it is final. With respect to the first and second counts, the Federal Circuit affirmed the district court's grant of SJ, asserting that there existed no genuine issue of material fact even after drawing all reasonable inferences in favor of Dr. Zachariah. The Federal Circuit found that because Dr. Zachariah's national and international applications differed, and because the oath supported only the national stage invention and no oath existed for the international stage application, the PTO was barred by statute (namely 35 U.S.C. § 371(c)(4) and 37 C.F.R. §1.63) from accepting the national stage application.

Eisenberg v. Alimed, Inc.

Elizabeth M. Burke

[Judges: Archer (author), Newman, and Skelton]

In *Eisenberg v. Alimed, Inc.*, No. 98-1317 (Fed. Cir. Aug. 8, 2000) (nonprecedential decision), the Federal Circuit affirmed-in-part and reversed-in-part a district court's judgment of invalidity of the asserted claims in U.S. Patent Nos. 4,445,507 ("the '507 patent") and 4,653,490 ("the '490 patent"), and affirmed the district court's decision that claim 6 of the '507 patent was not infringed.

The '490 and '507 patents are directed to a glove with a thumb restraint designed to protect the thumb by preventing radial movement of the ulnar collateral ligament ("UCL"). Joel Eisenberg alleged that Alimed, Inc.'s ("Alimed") Freedom Thumbkeeper and SportsFit Orthosis infringed his '490 and '507 patents, but a jury found that the patents were not infringed and were invalid.

Independent claim 1 of the '507 patent, for example, is drawn to a glove for preventing injury to the thumb's UCL comprising, "a hand covering having a thumb portion, said thumb portion having a retainer means disposed at least in part on the radial side of said thumb portion, said retainer means being inflexible in the radial direction . . . so as to generally immobilize the bones with respect to the joint in the radial direction."

In construing the term "retainer means," the Court examined the specification and the prosecution history to supply context for understanding the claim language. At issue was whether a "retainer means" must allow for normal movement of the thumb, or movement toward the palm of the hand. Eisenberg argued that the "retainer means" was not limited only to those structures that allow normal movement, while Alimed argued that the "retainer means" must allow for normal movement of the thumb, or movement toward the palm of the hand. Relying upon the preferred embodiment of the glove set forth in the specification, the summary of the invention, and a declaration made by Eisenberg found in the prosecution history stating that "[n]ormal movement of the bones and joint, however, is not hindered, and the thumb can be used to grasp," the Court construed "retainer means" to be limited to structures that, while restricting radial movement of the UCL, allow normal movement toward the palm of the hand.

Claims 1-3 of the '507 patent and claim 1 of the '490 patent were found invalid in view of radial gutter splints made by occupational therapist Colleen Lowe at Massachusetts General Hospital during 1975-77. She testified that she made radial gutter splints to immobilize the metacarpal phalangeal ("MP") joint in patients who had suffered from UCL injuries. These

splints contain each limitation set forth in claims 1-3 of the '507 patent and claim 1 of the '490 patent and were used more than one year prior to Eisenberg's first application for the patents.

Eisenberg argued that Ms. Lowe's testimony, without corroboration, was insufficient as clear and convincing evidence of anticipation. The Federal Circuit disagreed, however, concluding that the corroboration rule did not apply because Ms. Lowe was not an interested party testifying about an unpatented invention.

Thus, the Court found that substantial evidence supported the jury's finding that claims 1-3 of the '507 patent and claim 1 of the '490 patent are invalid as anticipated. The Court did not find, however, that the evidence of record supported the jury's conclusion that claim 6 of the '507 patent was invalid as anticipated or obvious. Claim 6 further required that the retainer means must fit around the entire thumb portion. The record did not contain any suggestion of this limitation, and consequently, the Court reversed the district court's judgment that claim 6 was invalid.

Because the Court determined that claim 6 of the '507 patent was not invalid, it further considered the infringement question. The Court found, however, that both Alimed's accused devices, the Freedom Thumbkeeper and SportsFit Thumb Orthosis, immobilize the thumb in all directions and thus, these products did not infringe claim 6 because they cannot allow for normal movement of the thumb or MP joint toward the palm of the hand.

Phonometrics Inc. v. Northern Telecom Inc.

Christopher W. Day

[Judges: Plager, Archer, and Lourie (per curiam)]

In *Phonometrics Inc. v. Northern Telecom Inc.*, No. 99-1546 (Fed. Cir. Aug. 3, 2000) (nonprecedential decision), the Federal Circuit held that the district court had abused its discretion by awarding attorney fees to Northern Telecom, Inc. and United Telephone Company of Florida, Inc. (collectively "NTI") based on the clearly erroneous finding that Phonometrics Inc.'s ("Phonometrics") decision to pursue an infringement suit involving U.S. Patent No. 3,769,463 ("the '463 patent") was exceptional under 35 U.S.C. § 285. Accordingly, the Federal Circuit vacated the award of attorney fees against Phonometrics, remanded for further proceedings to make adequate findings as to other facts that might support a finding of an exceptional case, and denied NTI's motion for damages and costs under Federal Rule of Appellate Procedure 38.

In the early 1990s, Phonometrics filed a number of suits against several manufacturers and sellers of telephone switching equipment, alleging infringement

of the '463 patent, which is entitled "Electronic Long-Distance Telephone Call Computer and Recorder." The '463 patent includes a single independent claim 1, which is drawn to a computer apparatus comprising a "call cost register means, including a digital display, for providing a substantially instantaneous display of cumulative call cost."

In prior decisions, the district court had granted NTI's motion for SJ of noninfringement and the Federal Circuit affirmed. See *Phonometrics, v. Northern Telecom, Inc.*, 133 F.3d 1459 (Fed. Cir. 1998) (*Phonometrics I*).

After the appeal, the district court had granted NTI's motion for attorney fees and costs, concluding that Phonometrics' decision to bring the present suit made the case exceptional. Specifically, the district court had ruled that in light of certain claim construction decisions rendered in other cases on the claim limitations, Phonometrics knew or should have known that its cause of action could not succeed. As such, the district court had concluded that Phonometrics filed the present action in bad faith, thereby warranting the award of attorney fees and costs pursuant to 35 U.S.C. § 285 and Rule 54(d)(2) of the Federal Rules of Civil Procedure.

The Federal Circuit recognized, however, that these collateral claim constructions related to only certain claim limitations, not the ones at issue in this case. Consequently, the Federal Circuit held that the district court's decision had been clearly erroneous because the collateral decisions could not have put Phonometrics on notice that its present claim was frivolous.

Messagephone, Inc. v. SVI Systems, Inc.

Frank A. DeCosta

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

In *Messagephone, Inc. v. SVI Systems, Inc.*, No. 99-1471 (Fed. Cir. Aug. 11, 2000) (nonprecedential decision), the Federal Circuit held that the district court had misconstrued certain claim terms and vacated the jury finding of infringement by SVI Systems, Inc. ("SVI"). The Court also held certain claims of one patent asserted by Messagephone, Inc. ("Messagephone") invalid for failing to satisfy the written description requirement and, accordingly, vacated the district court's award of treble damages and attorney fees after the jury had found willful infringement. Also, the Court ruled that the assignment granting Messagephone rights in the patents limited Messagephone's ability to sue for past damages.

Messagephone sued SVI and Tharaldson Property Management, Inc. ("Tharaldson") for infringement of U.S. Patent Nos. 5,323,448 ("the '448 patent") and 5,475,740 ("the '740 patent"). Both patents relate to a system that allows hotel guests to order amenities,

such as movies, in their rooms without incurring charges on their hotel bills. A November 7, 1996, assignment assigned title in the patents to Messagephone, but did not expressly grant Messagephone the right to sue for infringement that had occurred prior to the assignment date. SVI moved to limit recovery of potential damages only to infringement that occurred after the date of the assignment. Messagephone subsequently received a nunc pro tunc assignment on February 8, 1999, granting Messagephone the right to sue for infringement that had occurred prior to the original assignment date. The district court then denied SVI's motion.

The Federal Circuit, however, held that precedent clearly establishes that a nunc pro tunc assignment executed after filing of a lawsuit cannot retroactively cure standing that was deficient at the time of filing, and therefore, Messagephone did not have the standing to sue for infringement that had occurred prior to November 7, 1996.

SVI appealed the denial of its JMOL seeking to invalidate certain claims of the '448 patent for failing to satisfy the written description requirement of 35 U.S.C. § 112, ¶ 1. SVI asserted that the claims in the '448 patent using the term "central distribution computer" are invalid because the specification fails to describe this term. In its analysis, the Federal Circuit noted that even though the term central distribution computer does not appear in the specification, that alone is not fatal because the invention can use drawings and other descriptive words to describe the term. The Court held, however, that the portions of the specification alleged by Messagephone to support the term were inconsistent with the way in which the term is used in the claims, and therefore, no reasonable jury could find that the '448 specification complies with the written description requirement with regard to the term "central distribution computer." Accordingly, the Federal Circuit reversed the district court's denial of SVI's JMOL and held the asserted claims of the '448 patent using the term in question invalid.

Finally, the Court addressed SVI's assertion that the SM had erroneously construed claim terms in the '740 patent. The Federal Circuit held that the SM's claim construction improperly ignored arguments made by the patentee during prosecution to distinguish the claimed invention from prior art. The Court held that the SM's claim construction was also erroneous because it accorded the same meaning to two distinct claim terms. Accordingly, because the jury's findings of infringement by SVI and noninfringement by Tharaldson were based on erroneously construed terms, the Federal Circuit vacated those findings and remanded the case for a determination of infringement in accordance with the Court's claim construction. The Federal Circuit also vacated the district court's award of treble damages and attorney fees.

In re Huene

Anthony A. Dreux

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

In *In re Huene*, No. 99-1514 (Fed. Cir. Aug. 11, 2000)(nonprecedential decision) the Federal Circuit affirmed a decision by the Board that had sustained the Examiner's obviousness rejection of the appealed claims of a U.S. patent application. The major issue on appeal was whether the Examiner, and subsequently the Board, had properly combined certain prior art references and were the references from a nonanalogous field of art.

The claims at issue related to an absorbable bone screw and associated insertion tool used in surgery to attach bones. During prosecution, the Examiner had rejected claim 1 for obviousness in view of either U.S. Patent No. 5,275,601 ("Gogolewski") and U.S. Patent No. 4,466,314 ("Rich"), or U.S. Patent No. 4,973,333 ("Treharne") and the Rich patent.

In affirming the Examiner's rejections, the Board determined that both Gogolewski and Treharne directly related to the rejected claims because each reference disclosed features of absorbable bone screws. Although determining that the Rich patent did not directly relate to surgical screws, the Board refused to accept Huene's argument that Rich constituted nonanalogous, and therefore nonapplicable prior art. On appeal, Huene again took issue with the Examiner's and Board's reliance on the Rich patent because its teachings related to titanium screws in the aerospace industry.

The Federal Circuit held that the Board had committed no error in combining the references to reject Huene's application. According to the Court, prior art is analogous when it either (1) hails from the same field of endeavor, regardless of the problem addressed; or (2) reasonably relates to the particular problem the inventor is attempting to solve, if not in the same field of endeavor. The Court determined that the Rich patent and Huene's application attempted to solve the same problem, *i.e.*, maintaining screw alignment. This factor, despite the Rich patent's references to aerospace technology, supported the Board's use of the reference in its obviousness rejection.

Reiker Enterprises, Inc. v. Fan Brace, Inc.

Catherine M. Pries

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

In *Reiker Enterprises, Inc. v. Fan Brace, Inc.*, No. 99-1428 (Fed. Cir. Aug. 16, 2000) (nonprecedential decision), the Federal Circuit affirmed the district court's

judgement that Fan Brace, Inc., and Jack R. Kerr, Jr. (collectively "Fan Brace") did not infringe the Reiker Enterprises, Inc.'s ("Reiker") U.S. Patent No. 4,463,923 ("the '923 patent"). The Court further affirmed the district court's denial of Reiker's motions for JMOL and a new trial, and held that the district court had adopted the correct claim construction of the Reiker patent.

The '923 patent is directed to a heavy-duty expansible junction box hanger which allows a user to insert a new, heavy-duty hanger assembly through an existing junction box. The patented hanger obviates the need to cut a large hole in the ceiling or have access to the space above the ceiling to hang a heavy fixture, such as a ceiling fan, in the same location that a lightweight fixture was previously installed. The district court had construed the claim limitation of "a support means . . . for supporting the interconnecting brace means above and in parallel alignment *clear of* the nonremoved end portions . . . and for also providing vertical load bearing capability," (emphasis added) to mean that there is no physical contact between the support means and the nonremoved end portions. Reiker had requested a modification of the *Markman* ruling, asserting that the "clear of" limitation requires only that there be no interference between the support means and the nonremoved end portions, but the district court had refused to modify its ruling, proposing instead to submit the claim construction issue to the jury. Both parties agreed. The jury found a similar construction of the "clear of" limitation to that of the district court, and returned a general verdict of noninfringement.

Reiker appealed the district court's ruling, arguing that the district court had erred in its interpretation of the "clear of" limitation by improperly reading a "method step" into an apparatus claim. Reiker asserted that, because the "clear of" clause refers to a particular method of installation, it cannot, as a matter of law, limit an apparatus claim. The Federal Circuit dismissed this argument, stating that the "clear of" limitation was a functional limitation rather than a "method step," as the claim appeared to invoke the means-plus-function format.

Reiker also argued that if the claim is interpreted as requiring the patented device to be installed "clear of" the nonremoved end portions, then infringement of the '923 patent could never be determined until an accused device is actually installed. Thus, meaningful injunctive relief against a manufacturer could never be obtained. The Federal Circuit rejected this argument, stating that the accused device may be found to infringe if it is reasonably capable of performing the claimed function, even though it may also be capable of noninfringing modes of operation. The Court found that the question of infringement, however, including the question of whether an accused device is reasonably capable of performing a claimed function, was resolved by the jury. The Court upheld the district court's decision, stating that Reiker had not shown that, given the construction of the "clear of" limitation articulated by the district court, the jury's finding of noninfringement was unsupported by substantial evidence.

Go Medical Industries PTY, Ltd. v. C.R. Bard, Inc.

Mark D. Sweet

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

In *Go Medical Industries PTY, Ltd. v. C.R. Bard, Inc.*, No. 99-1397 (Fed. Cir. Aug. 1, 2000) (nonprecedential decision), the Federal Circuit vacated the district court's grant of SJ that U.S. Patent No. 4,652,259 ("the '259 patent") is unenforceable based on inequitable conduct. The Federal Circuit vacated the order granting SJ because genuine issues of material fact remained with respect to materiality and an intent to deceive the PTO.

The '259 patent, titled "Catheter Assembly," is owned by the inventor, Dr. Alexander O'Neil, and exclusively licensed to Go Medical Industries PTY, Ltd. ("Go"). The '259 patent issued from the fourth in a series of patent applications, and Go sought to obtain the benefit of a September 12, 1979, filing date under 35 U.S.C. § 120, which requires that there be no "gap" in the copendency of each of the four applications. In August 1992, John C. Linderman, an attorney engaged by Go's litigation expense insurance carrier reviewed the file histories of the '259 patent and the prior applications, and discovered what appeared to be two unintentional gaps in copendency.

Go's attorneys then sent Dr. O'Neil a letter stating that Linderman was concerned about whether or not the patent was actually entitled to the filing date of the preceding U.S. applications. During fall 1992, Go took steps to correct the second apparent gap, which has been the result of a PTO clerical error that was easily correctable.

In November 1992, Dr. O'Neil and Go retained B.J. Powell as patent counsel. During a March 5, 1993, conversation with Powell, Linderman discussed the first gap, and stated that he had previously told Go's attorneys about the first gap. On June 8, 1993, Powell filed a petition under 37 C.F.R. § 1.183 on behalf of Dr. O'Neil to revive the first-filed application and waive the one-year deadline of 37 C.F.R. § 1.137(b) to correct the first gap in copendency. However, the June 8, 1993, petition was not filed within one year of the abandonment of the first-filed Application, so Dr. O'Neil therefore requested a suspension of the one-year requirement under 37 C.F.R. § 1.183.

Section 1.183 requires that petitions to revive must be filed within a strictly limited three-month period after the date Applicant is notified by the PTO or otherwise becomes aware of the true abandoned status of the application. Dr. O'Neil so stated, and the PTO granted Dr. O'Neil's petition, reviving the first-filed application for the limited time period necessary to eliminate the first gap in copendency.

To support its allegation of inequitable conduct, Bard argued that Dr. O'Neil or his attorneys became aware of the abandonment of the first-filed application in August 1992, and again on March 5, 1993, and that both dates are more than three months before

June 8, 1993, the date that the petition was filed. In response, Go argued that Lindermann did not tell Go's attorneys about both gaps during the phone conversations in August 1992, and therefore there was no way Go's attorneys could have told Dr. O'Neil about the first gap at that time. Instead, Go asserted that Dr. O'Neil and his lawyers only learned of the second gap at that time, and learned about the critical first gap in March 1993.

C.R. Bard, Inc. ("Bard") moved for SJ alleging that the '259 patent was unenforceable for inequitable conduct based upon Go's alleged misrepresentation before the PTO. Bard did not contest on appeal that Go properly corrected the second gap. Rather, Bard alleged that Go's conduct before the PTO when correcting the first gap rendered the '259 patent unenforceable for inequitable conduct based on the allegation that Dr. O'Neil and his attorneys misrepresented the date on which they became aware of the first gap in copendency.

The district court had reviewed the evidence and found, as a matter of law, that it supported the conclusion that Dr. O'Neil and his attorney had personal knowledge of the abandonment of the first-filed application in August 1992, more than nine months before the petition was filed. The district court then had determined that Dr. O'Neil's misrepresentation, *i.e.*, that the petition was timely filed, was highly material because the PTO requirement states that the petition must be filed within three months of the date that the applicant became aware of the abandoned status of the application. The district court had decided that the evidence showed by clear and convincing evidence that Dr. O'Neil intended to knowingly mislead the PTO about his personal knowledge of the first gap in August 1992, and Powell's knowledge, which was imputed to Dr. O'Neil, of the first gap on March 5, 1993. The district court then had concluded that Bard showed inequitable conduct by Dr. O'Neil.

On appeal, the Federal Circuit noted that the district court had failed to give any weight to the fact that Dr. O'Neil took rapid steps to correct the second gap in the fall of 1992, or to Powell's testimony that he believed, at the time the petition had been filed, that the phone call with Linderman occurred on March 8, 1993, rather than March 5.

The Federal Circuit believed that Dr. O'Neil's lack of action in the fall of 1992 to correct the first gap, in view of the rapid steps taken to correct the second gap at that time, entitled Go to an inference that Dr. O'Neil had been unaware of the first gap in August 1992. Based on this inference, the Federal Circuit concluded that the other facts in the case did not support a finding of deceitful intent by clear and convincing evidence. Moreover, with respect to Powell's testimony in which he stated he believed the petition was

timely filed, the Federal Circuit concluded that it could not say with confidence that all the evidence supported an inference of knowing deceit rather than mere negligence. Lacking the clear and convincing evidence that is needed to support the inference that Dr. O'Neil and Powell acted with knowing deceit, the Federal Circuit vacated the grant of SJ and remanded the case to the district court for trial.

Go also appealed a judgment of invalidity by the district court. This judgment of invalidity was based on an intervening publication of Dr. O'Neil's UK patent application that would qualify as prior art under 35 U.S.C. § 102(b) if the '259 patent were not granted the benefit of the filing date of the first-filed application. The Federal Circuit noted that the district court's judgment of invalidity was tied to the district court's judgment that it was error for the Commissioner to grant Go's petition. The Federal Circuit then stated that the correctness of the Commissioner's grant of Go's petition must be measured as of the date of the action by the Commissioner. Under this standard, the Federal Circuit held that, as of the date the petition was granted, it cannot say that the Commissioner acted in an unlawful manner in granting the petition, and reversed the district court's judgment of invalidity.

Tate Access Floors, Inc. v. Maxcess Technologies, Inc

Edna Vassilovski

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

In *Tate Access Floors, Inc. v. Maxcess Technologies, Inc.*, No. 99-1347 (Fed. Cir. Aug. 1, 2000)(nonprecedential decision), the Federal Circuit affirmed the district court's finding of infringement as to certain asserted claims and an award of lost profits. The Court remanded the case, however, for the district court to further consider the issues of enhanced damages and attorney fees.

Tate Access Floors, Inc. ("Tate") owns U.S. Patent No. 4,625,491 ("the '491 patent") directed to laminates for elevated floor panels. The '491 patent describes only one embodiment, a three-part structure having a trim. The three-part structure is comprised of a top or "decorative exposed layer," inner layers or an "inner body portion" of a color that contrasts with that of the top layer, and backing layers. According to the illustrated sole embodiment, the inner layers are a uniform black color, the backing layers one made from less expensive brown kraft paper having a mottled, nonuniform appearance. The trim, or "integral contrasting border" is formed by routing away the edges

of the decorative layer to expose one of the black layers while avoiding exposing the brown kraft layers.

By contrast, Maxcess Technologies, Inc. (“Maxcess”) produced floor panels having only a two-part structure and trim. The two-part structure is comprised of a top decorative layer and backing layers of brown kraft paper. The trim is formed by routing away the edges of the decorative layer to expose one of the brown kraft layers and then painting the exposed brown layer a uniform black color.

Maxcess argued that because its product includes only top and backing layers, its product could not infringe Tate’s patent because it lacked an element of the claims, the “inner body portion” or “inner layer.” Maxcess also argued that because it necessarily had to paint its trim to get the desired uniform appearance, its product did not have the claimed “integral . . . border.”

The Federal Circuit disagreed, however, and construed “inner” to mean “rearward.” The Court concluded that the specification supported its construction because the term “rearward” was used in several instances to indicate layers beneath the decorative top layer. In construing the term “integral,” the Federal Circuit again referred to Webster’s Dictionary and the specification, ruling that the claimed integral border is an edge or trim formed by removing the edges of the decorative surface layer to uncover or reveal the inner body portion.

Accordingly, in assessing infringement, the Court concluded that although Maxcess’s product lacked a three-part structure, because Maxcess had layers of paper rearward from the decorative layer, it literally infringed the “inner body portion” and “inner layer” limitation. Furthermore, the Court also concluded that

a trim formed from brown kraft layers, although painted, literally met the “integral . . . border” limitation. The Court thus affirmed infringement of claims 1-11 of the ‘491 patent. The Court reversed the finding of infringement on claim 12, however, because claim 12 explicitly requires a black inner layer, which is not found in the accused product.

The Federal Circuit found substantial evidence to support the jury’s award of lost profits. In particular, the evidence showed a lack of acceptable noninfringing alternatives.

The Federal Circuit found fault, however, with the district court’s failure to grant a permanent injunction and its failure to provide any reasons for denying enhanced damages or attorney fees after the jury had found willful infringement. Accordingly, the case was remanded on these issues.

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Beginning with this issue of **Last Month at the Federal Circuit**, certain terms, titles, and names of federal agencies that are frequently used will appear only in abbreviated form or as acronyms. These abbreviated forms and acronyms are listed below.

ALJ	Administrative Law Judge
APJ	Administrative Patent Judge
Board	Board of Patent Appeals and Interferences
Commissioner	Commissioner of Patents and Trademarks
DJ	Declaratory Judgment
DOE	Doctrine of Equivalents
JMOL	Judgment as a Matter of Law
MPEP	Manual of Patent Examining Procedure
PCT	Patent Cooperation Treaty
PTO	United States Patent and Trademark Office
SM	Special Master
SJ	Summary Judgment