

Last month at

# The Federal Circuit

Month at a Glance



**FINNEGAN  
HENDERSON  
FARABOW  
GARRETT &  
DUNNER LLP**

Washington, DC  
202-408-4000

Palo Alto  
650-849-6600

Atlanta  
404-653-6400

Tokyo  
011-813-3431-6943

Brussels  
011-322-646-0353

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## Refusal to Sell or License Patents or Copyrights Not an Antitrust Violation

*Lawrence F. Galvin*

**[Judges: Mayer (author), Archer, and Plager]**

In *CSU, L.L.C. v. Xerox*, No. 99-1323 (Fed. Cir. Feb. 17, 2000), the Federal Circuit affirmed a district court decision granting summary judgment (“SJ”) to Xerox Corp. (“Xerox”) dismissing Plaintiffs’ antitrust claims based on Xerox’s refusal to sell or license its patented inventions and copyrighted works to Plaintiffs.

Xerox sells and services high-volume copiers. A number of independent service organizations (“ISOs”) also service Xerox’s copiers. Beginning in the 1980s, Xerox restricted the sale and licensing of its patented copier parts and copyrighted manuals and diagnostic software to ISOs. As a result of these restrictions, one ISO, CSU, L.L.C. (“CSU”) filed an antitrust suit against Xerox in the United States District Court for the District of Kansas. The district court, however, granted SJ to Xerox, dismissing CSU’s antitrust claims, holding that the unilateral refusal to sell or license a lawfully acquired patent or copyright is not an antitrust violation, and finding irrelevant the patent or copyright owner’s intent in refusing to sell or license.

On appeal, the Federal Circuit applied its own law to the patent/antitrust issues, ruling that although a patentee’s right to exclude is not unlimited, “[i]n the absence . . . of illegal tying, fraud in the Patent and Trademark Office, or sham litigation, [a] patent holder may . . . exclude others from making, using, or selling the claimed invention free from liability under the antitrust laws.” *CSU*, slip op. at 10. As long as any anticompetitive effect was not illegally extended beyond the statutory patent grant, the Court found, the patent holder’s subjective motivation is irrelevant. In doing so, the Court declined to follow the Ninth Circuit’s contrary ruling on remand from

the Supreme Court in *Image Technical Services, Inc. v. Eastman Kodak Co.*, 125 F.3d 1195 (9th Cir. 1997).

The Federal Circuit applied regional circuit law to the copyright/antitrust issues, concluding that the Tenth Circuit would follow the First Circuit’s approach in *Data General Corp. v. Grumman Systems Support Corp.*, 36 F.3d 1147 (1st Cir. 1994). The Court held that absent any evidence that the copyrights were obtained by illegally or used to gain monopoly power beyond the statutory copyright granted, a copyright holder may refuse to sell or license its protected works. Once again, the Court refused to examine the copyright holder’s subjective motivation.

Finding Xerox’s refusal to sell or license its patented inventions and copyrighted works within the rights granted by Congress, the Federal Circuit affirmed the district court’s decision.

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## Doctrine of Equivalents Reaches Preexisting Technology for Nonmeans-Plus-Function Claims

*Robert A. Matthews, Jr.*

**[Judges: Michel (author), Smith, and Rader]**

In *Kraft Foods, Inc. v. International Trading Co.*, No. 99-1240 (Fed. Cir. Feb. 14, 2000), the Federal Circuit affirmed a summary judgment (“SJ”) of no literal infringement but reversed a SJ of no infringement under the doctrine of equivalents (“DOE”) because the district court misapplied the precedent of *Chiuminatta Concrete Concepts, Inc. v. Cardinal Industries, Inc.*, 145 F.3d 1303 (Fed. Cir. 1998) by ruling that the DOE could not reach preexisting technology.

Kraft Foods, Inc. (“Kraft”) sued International Trading Co. (“ITC”) for infringement of U.S. Patent No. 5,657,873 (“the ‘873 patent”). The patent claimed a multicompart-

ment food packaging tray such as that used in Oscar Mayer's "Lunchables" products. Independent claim 1 of the patent required "a protecting back panel adhered immovably" to the bottoms of at least two compartments of the tray. ITC manufactured and sold a multi-compartment food tray that had flexible labels made from a polypropylene laminate adhered to the bottom of its compartments.

The district court determined that the claim term "a protecting back panel" had special meaning as used in the '873 patent. Based on statements made in the written description and the prosecution history, the district court construed the term as requiring that the back panel be a relatively rigid structure. Because ITC used flexible labels in its tray as opposed to a relatively rigid structure, the district court granted SJ of no literal infringement. Relying on its reading of *Chiuminatta*, the district court then ruled that, as a matter of law, the DOE could not reach the flexible labels used by ITC because the labels were preexisting technology to the '873 patent. The district court reached this conclusion despite the fact that the disputed claim term was not written in means-plus-function format as was the claim term at issue in *Chiuminatta*.

On appeal, Kraft argued that the district court had erred in limiting the protecting back panel to only panels made of a relatively stiff material, premising its argument on the fact that a dependent claim expressly recited the relatively stiff characteristic. According to Kraft, the doctrine of claim differentiation precluded interpreting the "protecting back panel" in independent claim 1 as requiring a relatively stiff panel because a dependent claim expressly recited that characteristic.

The Federal Circuit rejected Kraft's argument and affirmed the district court's claim construction that the "protecting back panel" required a relatively rigid structure. The Federal Circuit instructed that claim differentiation only creates a rebuttable presumption that each claim in the patent has a different scope.

The Federal Circuit affirmed the district court's granting of SJ of no literal infringe-

ment, finding that no genuine dispute existed that ITC's product used flexible labels, and therefore, the product did not literally meet the "protecting back panel" limitation. In so doing, the Court rejected Kraft's argument that the ITC tray literally infringed because the flexible labels became relatively rigid after they had been affixed to the tray bottom.

The district court had also granted SJ of no infringement under the DOE based on its reading of *Chiuminatta* as barring the assertion of equivalents to preexisting technology.

The Federal Circuit held this was error and reversed the SJ of no infringement under the DOE. The Court explained that *Chiuminatta's* preclusion of finding equivalents for preexisting technology only applies to means-plus-function claim elements, which by statute incorporate a structural equivalence analysis. The Court noted that the basis for the *Chiuminatta* rule, preventing the patentee from having two bites at the equivalence apple, does not exist when a patentee asserts equivalents for claim limitations not written in the means-plus-function format. Thus, no reason exists to prevent a patentee from seeking to cover with the DOE alleged equivalents solely because the alleged equivalent predates the patent.

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## Substantial Evidence Standard Applies to PTO Findings on Review

*Vanessa B. Pierce*

**[Judges: Lourie (author), Clevenger, and Rader]**

In *In re Gartside*, No. 99-1241 (Fed. Cir. Feb. 15, 2000), the Federal Circuit affirmed the final decision of the United States Patent and Trademark Office ("PTO") Board of Patent Appeals and Interferences ("Board") holding that various claims of U.S. Patent Application

Serial No. 07/798,627 (“the ‘627 application”) were unpatentable as obvious under 35 U.S.C. § 103. The Federal Circuit affirmed the holding because the factual findings of the Board were based on substantial evidence, and because the Board did not err in concluding that the claims were unpatentable as a matter of law.

The inventions concern a cracking process for breaking down impure, high molecular weight hydrocarbon feed oil into purified, low molecular weight hydrocarbons. Robert J. Gartside and Richard C. Norton (“Gartside”), the inventors named in the ‘627 application, copied claims from U.S. Patent No. 5,043,058 (“the ‘058 patent”) by Forgac to provoke an interference. The Administrative Patent Judge (“APJ”) declared the interference and designated Gartside as the senior party. The APJ determined that one count, claim 47 of the ‘627 application encompassed all of the interfering subject matter. The APJ also determined that the interfering subject matter included claims 34-47 of the ‘627 application and claims 1, 2, and 13 of the ‘058 patent.

The APJ denied Gartside’s motion to designate claims 36, 41, 45, and 46 of the ‘627 application outside the count. Forgac filed a motion for summary judgment that all Gartside’s claims corresponding to the count were unpatentable as obvious under section 103. Because Gartside had argued separately the patentability of claims 36, 41, 45, and 46, and because Forgac limited his obviousness analysis to claim 47, the APJ determined that claims 36, 41, 45, and 46 did not rise or fall with claim 47, but that the remaining claims corresponding to the count did.

Thus, the APJ concluded that claims 34, 35, 37-40, 42-44, and 47, were unpatentable as obvious over a combination of Gartside’s U.S. Patent No. 4,288,235 (“the ‘235 patent”) and U.S. Patent No. 4,552,645 (“the ‘645 patent”). The APJ also concluded that claims 36, 41, 45, and 46 were unpatentable as obvious over the ‘645 and ‘235 patents in view of U.S. Patent No. 4,419,221 by Castagnos (“Castagnos patent”).

Forgac subsequently requested cancellation of claims 1, 2, and 13 from the ‘058

patent, but the APJ denied this request, concluding that as a matter of public interest the issues surrounding the patentability of Gartside’s claims had been fairly placed at issue, fully developed during the interference, and should therefore be resolved. The Board concluded that continued jurisdiction of the patentability issues was proper, and that the APJ had not abused his discretion in deciding that claims 34, 35, 37-40, 42-44, and 47 were obvious.

On appeal, Gartside argued that the Board had erred in retaining jurisdiction in permitting the interference to proceed after Forgac had removed the interfering subject matter. The Federal Circuit disagreed, reiterating the positions of the APJ and the Board that when a party attempts to terminate the interference by disclaiming all of its claims relating to the count, the Board should decide priority when priority issues have been fairly raised and fully developed at the Board. Thus, the Federal Circuit held that the Board had not abused its discretion in deciding the patentability of Gartside’s claims. To the extent that the Board’s decision with respect to claims 36, 41, 45, and 46 was discretionary, the Federal Circuit determined that the Board had not abused its discretion based on the public interest. The Federal Circuit also agreed that the Board had not erred in finding the claims obvious under section 103.

The Federal Circuit clarified the standard of review to be applied in reviewing PTO findings. The Court reasoned that, under the substantial evidence standard of review, a reviewing court asks whether a reasonable fact finder could have arrived at the agency’s decision. Under the arbitrary and capricious standard of review, a reviewing court considers whether there is a rational connection between the agency’s fact findings and the ultimate action, and defers to the agency unless there has been a clear error of judgment. The arbitrary and capricious standard, which courts have recognized as one of default, applies when the substantial evidence standard is deemed inapplicable. Substantial evidence review is applicable to agency fact finding performed in a case reviewed on the record of an agency

hearing provided by statute. The plain language of 35 U.S.C. §§ 7 and 144 indicates that the Federal Circuit reviews decisions of the Board that are “on the record of an agency provided by statute.” Thus, the Federal Circuit determined that “substantial evidence” is the appropriate standard for reviewing decisions of the Board.

With respect to claims 34, 35, 37-40, 42-44, and 47, the Federal Circuit determined that substantial evidence supports the Board’s fact finding and that the Board correctly concluded that the claims were unpatentable under section 103. In particular, the Board found that all of the limitations of claims 34, 35, 37-40, 42-44, and 47 were found in the ‘645 patent, except for a missing limitation found in the ‘235 patent, and that one of ordinary skill in the art would have been motivated to combine the teachings of these patents.

With respect to claims 36, 41, 45, and 46, the Federal Circuit concluded that substantial evidence supports that the motivation to combine the ‘645, the ‘235, and the Castagnos patents arose from the teachings of the references themselves and the problem to be solved. Thus, the Board did not err as a matter of law in finding claims 34-47 unpatentable as obvious under section 103.

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## Court “Reels” in Fishing Reel Patent

*Anthony M. Gutowski*

**[Judges: Rader (author), Friedman, and Archer]**

In *Cortland Line Co. v. Orvis Co.*, No. 99-1081 (Fed. Cir. Feb. 14, 2000), the Federal Circuit affirmed the district court’s summary judgment (“SJ”) of noninfringement, but vacated-in-part and remanded the district

court’s SJ of no trademark infringement on the grounds that the district court had ignored disputed issues of material fact regarding fair use and had failed to consider the issue of genericness.

Cortland Line Company, Inc. (“Cortland”) sued The Orvis Company, Inc. (“Orvis”) for infringement of U.S. Patent No. 5,120,003 (“the ‘003 patent”) and for infringement of a registered trademark, “CASSETTE.” The only independent claim in the ‘003 patent, claim 1, recites a fishing reel including the combination of a housing, an interchangeable line-bearing spool, and a spool-mounting arrangement.

The claimed spool mount has a first end plate with an attached first spool axle, a “second end plate,” and “means for connecting said second end plate to said first spool axle.” The ‘003 patent discloses a male-threaded coupling on the first spool axle and a complementary female-threaded coupling on the second end plate. In the reel of the ‘003 patent, the interchangeable spool mounts on the first spool axle and the threaded couplings engage one another to sandwich the spool between the first and second end plates.

Orvis’s accused fishing reel includes the combination of a housing with a plastic insert, a removable cartridge spool, and an end plate having a spool mounting axle with two prongs that engage with the plastic insert of the housing. The cartridge spool has a sleeve that mounts on the mounting axle to position the cartridge spool between the housing and the end plate. An annular rubber grommet is positioned in an end of the sleeve facing the housing to provide a friction fit of the cartridge spool on the spool mounting axle.

To construe the claim term “second end plate,” the Federal Circuit reviewed both the disclosure of the ‘003 patent and the prosecution history and determined that this term requires a flat disk structure abutting the cartridge spool. With respect to the “connecting means” claim language, the Federal Circuit reviewed the specification and interpreted this term in accordance with 35 U.S.C. § 112, sixth paragraph, to require the ‘003 patent’s disclosed threaded couplings or their equivalents.

Comparing the constructed claim with Orvis's fishing reel, the Federal Circuit found no literal infringement. Cortland contended that either the Orvis reel's grommet alone or the combination of the plastic housing insert and grommet correspond to the claimed second end plate. The Court rejected these arguments because this structure is not a flat disk abutting a face of the Orvis cartridge and because the grommet is a fixed part of this cartridge. With regard to the connecting means, Cortland asserted that the Orvis reel meets this limitation because it includes either the friction fit of the grommet on the mounting axle or the friction fit in combination with the engagement of the mounting axle to the plastic housing insert. In rejecting these arguments, the Federal Circuit noted that the Orvis fishing reel does not incorporate the threaded couplings disclosed in the specification of the '003 patent.

In addition, the Federal Circuit determined that the Orvis fishing reel does not contain the equivalent of the threaded couplings under section 112, sixth paragraph, because the grommet friction fit and the axle engagement provide the claimed "connecting" function in a substantially different way to obtain a substantially different result.

The Federal Circuit also affirmed the district court's determination of no infringement under the doctrine of equivalents ("DOE"). In comparing the claimed second end plate and connecting means with the corresponding structure in the Orvis fishing reel, the Court determined that these structural arrangements differ substantially. The Court further noted that the prosecution history of the '003 patent supports a finding of no infringement under the DOE because arguments presented during prosecution to distinguish prior art similar to the Orvis fishing reel evinced a "clear and unmistakable surrender" of fishing reels constructed like the Orvis reel.

Cortland also sued for infringement of the "CASSETTE" trademark. Orvis denied infringement on the grounds of genericness and fair use. The district court had found no trademark infringement on the basis of fair use and did not reach the genericness issue. The

Federal Circuit determined that there were genuine issues of material fact on the question of fair use. Accordingly, the court remanded the case to the district court for further proceedings regarding the trademark issues.

## Court Transfers Appeal for Lack of Jurisdiction

*Sanya Sukduang*

**[Judges: Lourie (author), Bryson, and Rader (dissenting)]**

In *Nilssen v. Motorola, Inc.*, No. 99-1223 (Fed. Cir. Feb. 9, 2000), the Federal Circuit reversed the district court's earlier denial of Motorola's motion to transfer the appeal to the Seventh Circuit for lack of appellate jurisdiction.

In 1993, Ole K. Nilssen ("Nilssen") filed a complaint against Motorola, Inc., and Motorola Lighting, Inc. ("Motorola") in the United States District Court for the Northern District of Illinois, alleging patent infringement and various state law claims, including misappropriation of trade secrets, breach of contract, and promissory estoppel. There was no dispute that at the time of filing the complaint, the district court's jurisdiction was based in part on 28 U.S.C. § 1338.

The parties concluded discovery of the state law claims prior to the start of discovery regarding the patent claims, and the district court preferred that the case go to trial on the state law claims without the patent claims. Accordingly, the district court dismissed Nilssen's patent claims without prejudice under Fed. R. Civ. P. 41(b) and granted Nilssen leave to file a new complaint alleging patent infringement. On December 30, 1998, the district court entered judgment against Nilssen on all of the state law claims, and Nilssen appealed.

Motorola argued for transfer of the appeal to the Seventh Circuit because the Federal Circuit lacked jurisdiction, given that the

appeal no longer contained claims arising under the patent laws. Nilssen argued that the jurisdiction issue must be resolved on the basis of the situation at the outset of the suit and that the dismissal of his patent claims was involuntary.

The Federal Circuit held that it no longer had jurisdiction over Nilssen's appeal because the district court had dismissed the patent claims without prejudice, at which time, the district court's jurisdiction ceased to be based either in whole or in part on 28 U.S.C. § 1338. Accordingly, the Federal Circuit could no longer assert jurisdiction under 28 U.S.C. § 1295(a)(1). The Court also noted that Nilssen's argument that jurisdiction must always be resolved based on the situation at the outset of the suit is contrary to its precedent. See *Gronholz v. Sears, Roebuck & Co.*, 836 F.2d 515 (Fed. Cir. 1997).

Judge Rader filed a dissenting opinion stating that he would resolve the jurisdictional issue based on the terms of the complaint as originally filed according to *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422 (Fed. Cir. 1984) (*en banc*). Judge Rader, stating that neither *Atari* nor *Gronholz* controls because each is limited to its facts, found *Atari* more applicable because: (1) *Atari* was an *en banc* decision; (2) *Atari* deals far more thoroughly and convincingly with the statutory language and jurisdictional policies; and (3) the present case is procedurally closer to *Atari* than *Gronholz*.

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## PTO Improperly Awarded Priority

Matthew A. Kaminer

**[Judges: Gajarsa (author), Rader, and Archer]**

In *Eaton v. Evans*, No. 99-1267 (Fed. Cir. Feb. 2, 2000), the Federal Circuit vacated a decision of the U.S. Patent and Trademark Office ("PTO") Board of Patent Appeals and Interferences ("Board") that Joseph T. Evans, Jr.

("Evans") reduced the count to practice by December 1986, and remanded for further findings regarding Evans's date of reduction to practice and S. Sheffield Eaton, Jr.'s ("Eaton") dates of conception and reduction to practice.

Eaton obtained U.S. Patent No. 4,873,664 ("the '664 patent"), which was filed on February 12, 1987. The technology involved a memory cell that can store data after its power is removed without requiring the data to be periodically refreshed. The single count at issue states, among other things, "second complementary bit lines coupled to a sense amplifier." Evans, cofounder of Krysalis Corporation ("Krysalis") and others filed U.S. Patent Application Serial No. 07/057,100 ("the '100 application") relating to the same technology.

The Board declared an interference to determine which party (Evans or Eaton) was the first to invent. It found that Evans had conceived the invention by October 3, 1986, and that Evans actually had reduced the invention to practice by December 1986. In reaching this conclusion, the Board relied on a Krysalis employee's notebook. The notebook mentioned using an oscilloscope in the actual reduction to practice, however, rather than using the specified sense amplifier. The Board also found that Eaton constructively had reduced the subject matter to practice in February 1987 when he filed his application. Based on these findings, the Board awarded priority to Evans.

According to the Federal Circuit, the Board erred in finding that Evans had reduced the count to practice by December 1986. The Court ruled that a party seeking to establish an actual reduction to practice in interferences must satisfy a two-prong test: (1) construction of an embodiment that meets every element of the interference count; and (2) the operation of that embodiment for its intended purpose. The Federal Circuit emphasized that these prongs are two distinct requirements, and a party must satisfy both to establish an actual reduction to practice.

In discussing the first prong, the Federal Circuit observed that Evans had used an oscilloscope and had not used a sense amplifier, an

element specifically recited in the count, in his actual reduction to practice. Therefore, the Federal Circuit concluded that the absence of the sense amplifier in the actual reduction to practice precluded a finding of an actual reduction to practice by December 1986.

Accordingly, the Court vacated the Board's priority award to Evans and remanded the case for further findings as to Evans's date of actual reduction to practice and Eaton's dates of conception and reduction to practice (constructive or actual).

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## General Infringement Contentions Meet Liberal Pleadings Standards

*Gregory A. Chopskie*

**[Judges: Rader, Skelton, and Archer (per curiam)]**

In *Phonometrics, Inc. v. Hospitality Franchise System, Inc.*, No. 99-1086 (Fed. Cir. Feb. 9, 2000), the Federal Circuit reversed the district court's dismissal for failure to state a claim upon which relief could be granted.

Phonometrics, Inc. ("Phonometrics") filed a patent infringement suit in the Southern District of Florida against Hospitality Franchise Systems, Inc. ("Hospitality"), alleging infringement of U.S. Patent No. 3,769,463 ("the '463 patent"). During the pendency of the suit, the Federal Circuit construed the claims of the '463 patent in two unrelated cases. After the Federal Circuit rendered its claim constructions, the district court, *sua sponte*, dismissed Phonometrics's complaint, under Fed. R. Civ. P. 12(b)(6), with twenty days leave to amend the complaint to include express allegations of infringement of each claim.

The Federal Circuit first considered whether it had jurisdiction to hear an appeal that was filed before final judgment was entered by the district court. In keeping with

its practice of following the circuit law of the district court with respect to nonpatent issues, the Federal Circuit applied Eleventh Circuit law, which permits a plaintiff to immediately appeal a dismissal with leave to amend. Thus, the Federal Circuit determined that it had jurisdiction.

The Federal Circuit then considered whether the district court had erred in its dismissal for failure to state a claim. Again following Eleventh Circuit law, which demands high standards for dismissal under Rule 12(b)(6), the Federal Circuit held that federal pleading requirements do not require a patentee to specifically allege infringement of each element of the asserted patent. Rather, the patentee need only plead facts sufficient to place the alleged infringer on notice. Since Phonometrics specifically had identified the alleged infringers, had pled ownership and infringement of the of the '463 patent, had described the means by which the Defendants allegedly infringed, and had specifically recited relevant sections of the patent law, the Federal Circuit reversed the district court and held that Phonometrics had met the pleading requirements of the Federal Rules.

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## Accused Infringer "Insulated" from Infringement of Insulated Panel Patents

*Anthony A. Hartmann*

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

In *Ramp R & D Co. v. Structural Panels, Inc.*, No. 97-1357 (Fed. Cir. Feb. 8, 2000) (non-precedential decision), the Federal Circuit affirmed a decision of the U.S. District Court for the Southern District of Florida finding a claim of U.S. Patent No. 5,086,599 ("the '599 patent") to be valid and enforceable. The Federal Circuit reversed the district court's



finding, however, that the '599 patent and U.S. Patent No. 4,769,963 ("the '963 patent") were willfully infringed.

Both the '963 and the '599 patents are assigned to Structural Panels, Inc. ("Structural") and concern interlocking, insulated building panels. Ramp R & D Co. ("Ramp") and Elite Aluminum Corp. ("Elite") manufacture building panels. Elite had been granted licenses by Structural and Ramp to manufacture their respective panels. After Elite had notified Ramp that it believed Ramp's product infringed Structural's patents, Ramp sought a declaratory judgment that those patents were invalid, unenforceable, and not infringed. Structural counterclaimed for a declaration of infringement of claim 1 of both patents.

The district court held that Ramp and Elite had failed to establish the anticipation of claim 6 of the '599 patent by clear and convincing evidence and declined to hold the patent unenforceable for failure to disclose a prior art manual to the U.S. Patent and Trademark Office ("PTO"). The district court also found that Ramp's panels infringed claim 1 of the '963 and '599 patents under the doctrine of equivalents ("DOE").

The Federal Circuit affirmed the district court's validity decision, noting that the sealant pocket, which had been a key limitation distinguishing the '599 invention over the '963 patent, was missing from the manual. The Federal Circuit affirmed the district court's ruling on unenforceability as well, concluding that the manual was cumulative of the '963 patent, which had been before the Examiner during prosecution of the '599 patent.

As to infringement, the Federal Circuit recognized that the district court had failed to consider prosecution history estoppel in its DOE analysis. After reviewing the prosecution histories of both the '963 and '599 patents, the Court ruled that prosecution history estoppel prevented Structural from reaching the accused products under the DOE.

## Prior Art Limits Means-Plus-Function Equivalents

Anand K. Sharma

[Judges: Mayer, Bryson, and Gajarsa  
(*per curiam*)]

In *Mitek Surgical Products, Inc. v. Arthrex, Inc.*, No. 99-1004 (Fed. Cir. Feb. 22, 2000) (nonprecedential decision), the Federal Circuit affirmed a summary judgment ("SJ") of non-infringement and a SJ of no inequitable conduct and no antitrust violations.

Mitek Surgical Products, Inc. ("Mitek") sued Arthrex, Inc. ("Arthrex") for infringement of Mitek's U.S. Patent No. 4,632,100 ("the '100 patent"). The patent claims a suture anchor medical device for use in orthopedic surgery that includes a drill means on one end for boring into the bone. Arthrex manufactures two suture anchors that, although used for similar purposes, do not include a drill tip. The district court, after construing the claims of the '100 patent granted Arthrex's motion for SJ of noninfringement.

On appeal, Mitek questioned the district court's claim interpretation. Particularly, Mitek argued that the district court erred by (a) limiting "drill means" to exclude prior art devices referenced in the specification, (b) refusing to expand "means for securing" to include undisclosed prior art structures as alternative embodiments of the corresponding disclosed structure, and (c) incorporating limitations to "boring" absent from the specification and claims.

In affirming the district court's decision, the Federal Circuit concluded that the means-plus-function claim terms were correctly limited to cover only the structure disclosed in the specification and its equivalents. The Court noted that the prior art devices referenced in the specification provided inadequate support for Mitek's asserted "drill means" structure, given that the devices lacked particularity of disclosure and could be used with a variety of drill bit structures. In addition, the specification expressly excluded Mitek's asserted struc-

ture as part of the prior art being improved upon. The Court observed that a specification may describe specific means outside of coverage of the means-plus-function claim to delineate the boundary of the claim's scope.

The Court also noted that undisclosed prior art structures may only be used to limit, not broaden the scope of the "means for securing" limitation. As to the claim term "boring," the Federal Circuit concluded that the absence of a definition in the specification and prosecution history warranted the district court's reference to the plain and ordinary meaning, which according to Webster's dictionary, requires the removal of material from the hole.

The Federal Circuit also rejected Arthrex's appeal of the SJ of no inequitable conduct and no antitrust violations. The Court agreed that Mitek's failure to disclose thirteen experimental surgeries, even if gross negligence, was insufficient to justify an inference of an intent to deceive the U.S. Patent and Trademark Office. Similarly, the Federal Circuit agreed with the district court that the suit was not objectively baseless because of the subtle and complex claim construction issues.

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## Dismissal Incorrect Where Service of Complaint Was Improper but Cure Period Had Not Expired

*Christine E. Lehman*

**[Judges: Mayer, Bryson, and Gajarsa (*per curiam*)]**

In *West v. Terry Bicycles, Inc.*, No. 99-1498 (Fed. Cir. Feb. 10, 2000) (nonprecedential decision), the Federal Circuit vacated a district court's decision setting aside a previously entered default judgment in favor of Dr. Robert V. West ("West") and dismissing the complaint. West holds U.S. Patent No.

4,898,422 directed to a bicycle seat. Proceeding *pro se*, West filed a complaint in the Western District of Texas alleging that the Terry "Liberator" bicycle seat, made by Terry Bicycles of New York ("Terry"), infringed the claims of the patent.

West served Terry by personally mailing a copy of the complaint and summons to Terry's address in New York by certified mail, return receipt requested, without a waiver-of-service form or a request that Terry waive service of process. Terry received the summons and complaint and returned the postcard acknowledging receipt, but did not file an answer to the complaint. The district court granted West's motion for a default judgment. Terry then moved to set aside the default judgment and to dismiss the action for improper service of process, lack of personal jurisdiction, and improper venue. The district court granted Terry's motion to set aside the default judgment and dismissed the complaint for improper venue.

The Federal Circuit held that the service of process of the complaint was insufficient. Service by mailing a copy of the summons and complaint is not sufficient under Fed. R. Civ. P. 4, and the knowledge of the defendant of the litigation does not vitiate the requirements of the rule. Rule 4 also allows service pursuant to the law of the state in which the district court is located or in which the service is effective. Fed. R. Civ. P. 4(e)(1). However, neither Texas nor New York law permits service by merely mailing a copy of the summons and complaint by an interested party. Thus, the Federal Circuit affirmed the district court's order setting aside the default judgment. The Court further ruled, however, that the improper service did not justify dismissal of the complaint, because West has 120 days from the filing of the complaint to correctly serve the complaint under Fed. R. Civ. P. 4(m). The 120-day period was tolled by Terry's motion contesting service, thus West could still serve the complaint correctly and proceed with the case.

The Federal Circuit also reversed the district court's order dismissing the case due to improper venue. The district court's venue

analysis limited the residence of the Terry corporation to New York, the state of incorporation. However, 28 U.S.C. § 1391(c), the federal venue statute, defines proper venue for corporations as any district in which it is subject to personal jurisdiction. The venue determination was vacated and remanded for an inquiry into Terry's contacts with the forum in Texas.

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## Court Permits Review Where Jury Found Independent Claims Invalid, but Dependent Claims Valid

Roland G. McAndrews

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

*Cabinet Vision v. Cabnetware*, No. 99-1050 (Fed. Cir. Feb. 14, 2000) (nonprecedential decision), involved a patent claiming a method for designing and detailing cabinets with interactive computer software. The U.S. District Court for the Southern District of California had granted judgment as a matter of law ("JMOL") that the patent claims at issue were invalid as anticipated and obvious. The district court also granted JMOL that the inventor had committed inequitable conduct before the U.S. Patent and Trademark Office in obtaining the patent-in-suit. Further, the district court found the case "exceptional" and awarded attorney fees and costs to the Defendant.

At the end of the jury trial the jury returned several special verdicts. Two of the special verdicts expressed the inconsistent position that the independent claims at issue were valid, however, the dependent claims at issue were invalid as anticipated and obvious. The jury also found that the inventor had not committed inequitable conduct in obtaining the patent-in-suit.

In response to the jury's verdicts, Cabnetware moved for JMOL under Fed. R. Civ. P. 50(b) alleging that there was no legally significant evidentiary basis to support the jury's verdicts. Cabnetware, however, had not met the requirement of Rule 50(b) of moving for JMOL under Fed. R. Civ. P. 50(a) at the end of all of the evidence.

The district court concluded that Cabnetware was not precluded from making a Rule 50(b) JMOL motion on either the validity or inequitable conduct issues, pointing to the inconsistent jury verdicts as justifying the exception to the Rule 50(b) requirement with respect to the validity issues. Regarding the justification for accepting the Rule 50(b) JMOL motion in connection with the inequitable conduct issue, the district court invoked its authority *sua sponte* to consider the legal sufficiency of the inequitable conduct finding. Having so ruled, the district court granted Cabnetware JMOL on both issues.

On appeal, the Federal Circuit first addressed the extent to which it could review the jury's special verdicts in light of Cabnetware's failure to move for JMOL under Rule 50(a). The Court cited the dual purposes of Rule 50(a) as: (1) preserving the sufficiency of the evidence as a matter of law so as to allow the district court to reexamine its first decision not to direct a verdict; and (2) calling attention to the claimed deficiencies in the evidence.

Applying Ninth Circuit law, the Federal Circuit found that Cabnetware had not waived its right to make a Rule 50(b) JMOL motion with respect to the validity issues. The Court applied the Ninth Circuit's narrow exception to Rule 50(b) that when a jury's answers are irreconcilably inconsistent, a reviewing court may review whether the answers support the judgment even absent a motion for directed verdict. The Court's rationale for such an exception was that the postverdict motion does not allege defects in proof, but rather inconsistencies in the answers given in the special verdicts.

Having jurisdiction to review the jury's patent validity and invalidity findings, the

Federal Circuit reviewed *de novo* the district court's grant of JMOL. The Federal Circuit reviewed the district court's claim construction and agreed with the district court that only a narrow interpretation of the disputed claim limitations would preserve validity of the claim under 35 U.S.C. § 112, first paragraph. Cabinet Vision had stipulated that under the narrow interpretation, the claims at issue would be invalid in view of prior art. Accordingly, the Federal Circuit affirmed the district court's grant of JMOL invalidating the claims.

The Federal Circuit, however, did not agree that the district court had authority to enter Cabnetware's Rule 50(b) JMOL motion on the inequitable conduct issue. The Court found that the jury's verdict regarding inequitable conduct was not inconsistent and therefore could not fit within the exception to the requirements of Rule 50(b). By failing to move for JMOL at the close of all the evidence, Cabnetware could not question the sufficiency of the evidence before the district court or on appeal. Accordingly, the Federal Circuit reviewed the jury's verdict regarding inequitable conduct for any supporting evidence, irrespective of its sufficiency, or whether plain error was committed, which, if not noticed, would result in a manifest miscarriage of justice. Under this high standard of review the Federal Circuit found the record supported the jury's verdict.

The Federal Circuit vacated the district court's award of attorney fees and costs because the district court's only stated basis for finding the case "exceptional" was the inequitable conduct, which it had reversed.

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