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ATTORNEY-CLIENT AND WORK-PRODUCT PRIVILEGES ONLY PROTECT CERTAIN DISCLOSURES

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BAT DEVELOPER "STRIKES OUT" ON INFRINGEMENT CLAIM

Worth's external shell tube EST double-walled aluminum softball bat does not infringe Ray DeMarini's patent. *DeMarini Sports, Inc. v. Worth, Inc.*, No. 99-1561 (Fed. Cir. Feb. 13, 2001) 5

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Misappropriation action did not arise under federal patent law; hence, removal from state court was improper. *Uroplasty, Inc. v. Advanced UroScience, Inc.*, No. 00-1185 (Fed. Cir. Feb. 8, 2001). 6

CONTRACTUAL ESTOPPEL BY LICENSEE TRUMPS PUBLIC'S INTEREST IN PATENT'S INVALIDITY

When accused infringer conducts discovery, challenges patent's validity, and, in a prior settlement agreement, expressly undertakes not to challenge the validity or enforceability of the patent in the future, the accused infringer is "contractually estopped" from again raising such challenges in subsequent proceedings. *Flex-Foot, Inc. v. CRP, Inc.*, No. 99-1489 (Fed. Cir. Feb. 2, 2001) 6

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Court Overturns Amazon.com's Preliminary Injunction Against Barnesandnoble.com

Sanya Sukduang

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

In *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, No. 00-1109 (Fed. Cir. Feb. 14, 2001), the Federal Circuit vacated a district court's grant of a preliminary injunction to Amazon.com, Inc. ("Amazon") that had prohibited Barnesandnoble.com, Inc. ("BN") from using a "single action" ordering feature on its website.

Amazon's U.S. Patent No. 5,960,411 ("the '411 patent") covers a method and system by which a consumer can complete a purchase order in a client/server environment, such as the Internet, using a "single action," such as the click of a mouse, after information about the item to be purchased has been displayed. Amazon developed this technology to cope with the frustrations it associated with the "shopping cart model" purchase system, which requires several steps before a purchase order is completed.

Amazon alleged that BN's "Express Lane" feature on its website infringes certain claims of the '411 patent. The district court had concluded that since only a single action is needed to complete a purchase order on the BN website, Amazon had made a showing of likelihood of success on its allegation of patent infringement. The district court had also held that BN's challenges to the validity of the '411 patent lacked sufficient merit to prevent the entry of a preliminary injunction.

In reviewing the district court's entry of the preliminary injunction, the Federal Circuit focused its attention on the "single action" limitation present in all the asserted claims and the prerequisites necessary for entry of a preliminary injunction. Clarifying the district court's construction of the phrase "single action," the Federal Circuit stated that a single-action ordering step must be possible after some display of information, but not necessarily after the first display or every display of information. Under this proper claim construction, the Federal Circuit determined that Amazon had successfully made a showing that BN's "Express Lane" feature infringes the '411 patent, thus satisfying the "likelihood of success" prerequisite necessary for the entry of a preliminary injunction.

Turning to the question of validity, the Federal Circuit held that the district court had committed clear error by misreading the factual content of the prior art references cited by BN and by failing to recognize that BN's prior art references raise a substantial question as to the validity of the '411 patent. According to the Federal Circuit, the district court had improperly limited its validity analysis to whether the references cited by BN recite each and every limitation of the claims-in-suit. The proper inquiry at the preliminary injunction stage, according to the Court, however, is not whether the cited references establish invalidity by clear and convincing evidence, but whether the cited references, alone or in combination, disclose enough to raise a substantial question as to the validity of the asserted claims.

The Federal Circuit ruled that the prior art cited by BN could either anticipate the claims of the '411 patent or render the claims obvious, thereby raising a substantial question of invalidity. According to the Court, for example, the "CompuServe Trend" system appears to have used single-action ordering technology within the claims of the '411 patent. The "CompuServe Trend" system allows a customer to complete the purchase of a stock chart with a single action (a click of a button within the web page) once the item to be purchased has been displayed.

Moreover, the "Web Basket" system uses the Internet Engineering Task Force draft "cookie" specification, which allows for the storage of a customer identifier in a cookie for later retrieval. The Federal Circuit concluded that the district court had failed to recognize that this feature of the "Web Basket" system could anticipate and/or render obvious the step of "retrieving additional information previously stored for the purchaser identified by the identifier in the received request," as recited in claim 1.

BN also cited, as anticipatory prior art, an excerpt from a book copyrighted in 1996 entitled "Creating the Virtual Store." Although the reference, in general, discusses software to create a shopping-cart ordering model, it does disclose an "Instant Buy Option," which, the Court concluded, suggests the elimination of the check-out review step when users already know the single item they want to purchase. The Federal Circuit stated that this reference, viewed in light of the other cited references, could motivate a skilled artisan to modify the shopping-cart ordering software to skip unnecessary steps.

In sum, the Federal Circuit concluded that the prior art had yet to be developed through discovery, but still raised enough questions at this point to make the claims vulnerable to attack.

Accordingly, although Amazon had carried its burden of demonstrating a likelihood of success on infringement, the prior art references cited by BN raised a substantial question as to the validity of the '411 patent, precluding entry of a preliminary injunction. The Federal Circuit clarified, however, that its decision only undermines the prerequisite for entry of a preliminary injunction and in no way resolves the ultimate question of invalidity.

Barred by Amendments, Litton Loses Equivalents Charge Against Honeywell

Lawrence F. Galvin

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

In *Litton Systems, Inc. v. Honeywell, Inc.*, No. 00-1241 (Fed. Cir. Feb. 5, 2001), the Federal Circuit affirmed-in-part, reversed-in-part, vacated-in-part, and remanded a district court's decision granting SJ and JMOL of noninfringement and JMOL on two state law tort claims.

In 1979, Litton Systems, Inc. ("Litton") obtained U.S. Patent No. 4,142,958 ("the '958 patent") covering a sputtering process for making multiple-layer optical films using an ion beam. In 1985, Litton sought reissue because the '958 patent was invalid for obviousness. After Litton amended the claims to limit them to a Kaufman-type ion beam, the Examiner allowed U.S. Reissue Patent No. 32,849 ("the '849 reissue").

Meantime, Anthony Louderback, one of the coinventors of the '958 patent, left Litton in 1981 to start his own optical coating company, Ojai Research, Inc. ("Ojai"). Louderback signed two agreements with Litton, an exclusive consulting agreement ("ECA") and a licensing agreement ("LA"). The ECA, which expired in 1983, gave Litton ownership of any inventions, developments, or discoveries made by Louderback based on the process of the '958 patent. The LA, with a fifteen-year duration, allowed Louderback to use the process of the '958 patent, but prohibited him from using that process to produce mirrors for anyone other than Litton. However, from 1984 to 1990, Louderback used the process of the '958 patent to produce mirrors for Honeywell, Inc. ("Honeywell").

In 1990, Litton sued Honeywell, Ojai, and Louderback in the U.S. District Court for the Central District of California for infringement of the '849 reissue. Litton later added two state law tort claims against Honeywell—intentional interference with contractual relations and intentional interference with prospective economic advantage. Litton and Honeywell went to trial. After several decisions and appeals covering all levels of the federal court system, the Federal Circuit affirmed that ion-beam processes used by Honeywell did not literally infringe the '849 reissue and remanded for consideration of infringement under the DOE.

Upon remand, the district court found that prosecution history estoppel and the all-elements rule precluded infringement under the DOE for all of Honeywell's ion-beam processes. As a result, the district court granted SJ and JMOL of noninfringement of the '849 reissue. The district court also granted JMOL for Honeywell on the state law tort claims.

On appeal, the Federal Circuit relied on *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000) (en banc) to affirm that the district court had correctly granted JMOL of noninfringement under the DOE. Although an earlier Federal Circuit decision related to this case had applied the flexible-bar rule regarding the DOE, the law of the case doctrine did not prevent the Federal Circuit from applying *Festo's* complete-bar rule here. As a result, Litton's patentability arguments and narrowing amendments during prosecution of the '849 reissue completely barred any range of equivalents for the Kaufman-type, ion-beam limitation.

Based on the JMOL of noninfringement, the Court concluded, Litton could not rely on its patent infringement claims to support the wrongful-means element of the state law tort claims, and this factual issue should have been submitted to a jury. However, in granting JMOL for Honeywell on the state law tort claims, the district court had impermissibly decided disputed issues of material fact related to wrongful means. The Federal Circuit, therefore, reversed the grant of JMOL, vacated a previous jury verdict on the state law tort claims, and remanded for further proceedings.

In dissenting, Judge Bryson pointed out that the ECA had expired prior to any alleged tortious conduct and that the conduct alleged or proved by Litton did not breach the LA. Additionally, the evidence at trial did not support the intentional interference with prospective economic advantage claim. Thus, in Judge Bryson's view, the district court had correctly entered JMOL for Honeywell on the state law tort claims.

Factual Issues Concerning Experimental Versus Commercial Sale Negate Summary Judgment of Invalidity Based on On-Sale Bar

Vince Kovalick

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

In *Monon Corp. v. Stoughton Trailers, Inc.*, No. 00-1041 (Fed. Cir. Feb. 7, 2001), the Federal Circuit reversed a grant of SJ of invalidity based on the on-sale bar and affirmed a judgment, following a bench trial, that the patentee did not engage in inequitable conduct before the PTO.

In 1995, Monon Corporation and Rosby Corporation (collectively “Monon”) filed suit against Stoughton Trailers, Inc. (“Stoughton”) for infringement of U.S. Patent No. 4,907,017 (“the ‘017 patent”). The ‘017 patent concerns a new structural configuration for cargo trailers hauled by large trucks, *i.e.*, “tractor-trailers.” Standard trailers are 98.6” wide and are loaded with standard shipping pallets measuring 56” x 44”. Given these dimensions, the shipping pallets must be oriented so that the shorter dimensions are parallel with the trailer’s width. As a result, a trailer cargo space can include only twenty-two pallets. The ‘017 patent discloses a new sidewall and support configuration for a trailer that yields an interior width for cargo of more than 101”. This trailer can accommodate twenty-five pallets.

On December 19, 1983, Continental Can, a tractor-trailer transport company, contracted with Monon to purchase one trailer for \$18,490.00, with the intention of purchasing an additional three hundred once the trailer’s durability had been proven in normal use. Monon constructed the first trailer in January and February 1984, and delivered it in April 1984. In December 1984, after successfully proving its durability, Continental ordered three hundred trailers.

The district court found on SJ that claims 1-4 of the ‘017 patent were invalid as having been offered for sale more than one year prior to the filing date of the application, February 26, 1985. The district court refused, however, to find equitable conduct.

Citing *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1998), the Federal Circuit identified the two conditions necessary to prove the on-sale bar: first, the product must be the subject of a commercial sale or offer for sale; second, the invention must be ready for patenting. The Court concluded that if

Monon had raised a genuine issue of fact material to either of these determinations, SJ would be improper.

The Federal Circuit focused on whether the December 19, 1983, sale of the first trailer to Continental was primarily experimental or commercial. The Court noted that Monon is only a trailer manufacturer and did not routinely operate its trailers. To test its trailers and determine if they were suitable for sale to the public, Monon sought to subject the trailer to conditions of actual use. The inventor specifically asked Continental Can to use the trailer in all loading conditions, light and heavy, and in all haul conditions, short and long.

The Court also pointed to testimony that Monon did not profit from the development and sale of the first trailer. The payment for the first trailer covered only the development costs. Moreover, the trailer was returned after the one year of use in exchange for full credit of the purchase price.

In addition, the Federal Circuit pointed to conflicting witness testimony concerning the control over the experimentation by Monon and/or Continental Can employees. According to the Court, the trial court appeared to resolve credibility determinations against the nonmovant, Monon.

Thus, the Federal Circuit concluded that Monon had raised a genuine issue of material fact as to whether the December 19, 1983, contract with Continental Can reflected a commercial offer for sale, and reversed the SJ of invalidity.

Stoughton also alleged that Monon had committed inequitable conduct by intentionally failing to disclose to the PTO the first sale to Continental Can, a sale of a similar trailer to Kaiser Aluminum, and a prior U.S. patent (“the Jones patent”). When Monon’s attorney had become aware of the sale to Continental during prosecution of the ‘017 patent application, he performed a diligent inquiry to determine the circumstances of the sale, but chose not to disclose it. He also elected not to disclose the other two references. He considered the Kaiser Aluminum trailer to be cumulative and did not appreciate the teachings of the Jones patent.

The Federal Circuit found no error with the district court’s conclusion that the prosecuting attorney did not intend to deceive the PTO, given that the trial court had fully assessed his credibility during testimony. The Court observed that his testimony was a coherent, factually plausible story that was not contradicted by extrinsic evidence. Citing its own and Supreme Court precedents, the Court reiterated that it is “established that credibility

determinations by the trial judge can virtually never be clear error.” *First Interstate Bank of Billings v. United States*, 61 F.3d 876, 882 (Fed. Cir. 1995) (internal quotations omitted).

Accordingly, the Court affirmed the denial of a SJ of unenforceability for inequitable conduct.

Exclusive Licensee Lacked Standing to Sue Without Joining Patent Owner

James J. Boyle

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

In *Mentor H/S, Inc. v. Medical Device Alliance, Inc.*, No. 99-1532 (Fed. Cir. Feb. 12, 2001), the Federal Circuit, on its own motion, determined that Plaintiff Mentor H/S, Inc. (“Mentor”) lacked standing to sue on the infringement, validity, and enforceability of U.S. Patent No. 4,886,491 (“the ‘491 patent”) without joining the apparent legal owner of the patent, Sonique Surgical Systems, Inc. (“Sonique”). The Court invited Mentor to move to join Sonique on appeal.

On appeal from a jury trial on the infringement, validity, and enforceability of the ‘491 patent, the Federal Circuit raised the issue of Mentor’s standing to sue, where none of the Defendants, Medical Device Alliance, Inc.; Lysonix, Inc.; and Misonix, Inc. (collectively “Medical Device”), had previously done so. The Federal Circuit ordered briefing on the issue, and sought to determine whether Mentor, as exclusive licensee of the ‘491 patent, held “all substantial rights” in the patent.

Upon review of documents produced by Mentor, the Court determined that the apparent legal owner of the patent, Sonique, had retained significant ownership rights in the ‘491 patent. Among other rights, Sonique has the first obligation to sue parties for infringement, where failure to take appropriate action against infringers constitutes a breach of the agreement between Mentor and Sonique. Thus, Mentor can sue for infringement only if Sonique fails to do so.

Mentor argued that it had satisfied the constitutional requirements for standing; that standing issues other than those associated with constitutional requirements are “prudential” in nature and cannot be raised for the first time on appeal; and that Defendants had waived such “prudential” requirements by not raising them in district court. The

Federal Circuit agreed that Mentor, as an exclusive licensee, had satisfied the constitutional requirements for standing. It rejected, however, Mentor’s contentions that issues regarding Mentor’s ability to sue in its own name are waivable or beyond the jurisdiction of the Federal Circuit.

Concluding that Mentor does not hold all substantial rights in the ‘491 patent, the Court found that Mentor does not have standing to sue without joining the patent owner. The Court noted that ordinarily, when the plaintiff who brought suit is found to lack standing, the suit is dismissed, but chose instead to consider a motion by Mentor to join Sonique on appeal.

Attorney-Client and Work-Product Privileges Only Protect Certain Disclosures

Laura P. Masurovsky

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

In *In re Pioneer Hi-Bred International, Inc.*, Misc. No. 661 (Fed. Cir. Feb. 5, 2001), the Federal Circuit, by writ of mandamus, vacated the district court’s rulings vitiating the privilege asserted by Defendant Pioneer Hi-Bred International, Inc. (“Pioneer”) concerning merger negotiations and the effect of the merger on intellectual property rights. The Court affirmed the district court’s rulings, however, to the extent that any such information was disclosed as part of a tax opinion relied upon and disclosed by Pioneer in a public document, or to the extent that the information was provided to expert witnesses.

Monsanto Company (“Monsanto”) sued Pioneer for breach of contract, patent infringement, and misappropriation of trade secrets. Monsanto alleged that two license agreements between Monsanto and Pioneer covering Monsanto’s genetic technology to a herbicide terminated when Pioneer merged into a subsidiary of duPont.

Through discovery, Monsanto sought information relating to the merger. Pioneer designated its in-house counsel as a Rule 30(b)(6) witness to respond to Monsanto’s deposition notice. During a deposition, Monsanto sought information relating to analyses of the financial benefits stemming from the merger and its effect on Pioneer’s licenses. In-house counsel invoked the attorney-client privilege in response to certain questions. Monsanto moved to compel based on Pioneer’s disclosures in a SEC

proxy statement.

The district court granted Monsanto's motion to compel, finding that Pioneer's attorney opinions and communications were never privileged because their result was intended to be disclosed in a public filing and was so disclosed. Further, the district court found that if ever privileged, the privilege was waived by (1) disclosure to experts, (2) Pioneer's disclosure of opinions to duPont in the merger negotiations, and (3) by Pioneer's designation of its in-house counsel as its Rule 30(b)(6) representative.

The Federal Circuit rejected each of the district court's findings. First, the Court ruled that while disclosure to a testifying expert waives both the attorney-client privilege and any work product protection because it assumes that the material will be made public, the record in this case did not show the extent of disclosure to experts and absent such a record, could not be a basis for ordering disclosure. Second, the Court ruled that a waiver of privileged information occurs only when a party relies on or discloses privileged communications, *e.g.*, advice of counsel, and that here, such reliance and disclosure was limited to the advice received from counsel concerning the tax consequences of the merger. All documents that formed the basis for that advice and all documents considered by counsel in rendering that advice should be discovered and oral testimony on those matters should be allowed. But Pioneer's disclosure and reliance on tax advice did not waive its privilege with respect to other merger discussions or analyses.

Finally, the Court found that the designation of in-house counsel as a corporate representative did not waive any privilege, unless counsel was specifically offered to testify as to privileged matters.

Bat Developer "Strikes Out" on Infringement Claim

Gregory A. Chopskie

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

In *DeMarini Sports, Inc. v. Worth, Inc.*, No. 99-1561 (Fed. Cir. Feb. 13, 2001), the Federal Circuit affirmed a district court's grant of SJ of noninfringement of U.S. Patent No. 5,415,398 ("the '398 patent"), which claims a double-walled aluminum softball bat with increased hitting capacity.

DeMarini Sports, Inc. ("DeMarini") charged Worth, Inc. ("Worth") with infringement of the '398 patent. Specifically, the '398 patent claims a bat

comprising a hollow tubular "bat frame" with an "insert" positioned within the frame. A preferred embodiment disclosed in the '398 patent, and the embodiment marketed by DeMarini, includes a bat with a large-diameter hitting end, an intermediate tapering portion, and a small-diameter handle end. A smaller cross-sectioned "insert" is disposed within a large-diameter hitting end.

The accused Worth "EST" bat uses an external shell over the hitting end of the bat instead of an insert disposed within the hitting end. In asserting infringement, DeMarini argued that the claimed "bat frame" is a hollow tube covering the end of the bat while the "insert" was a structure with both a hitting end and a handle portion.

On appeal, the Federal Circuit affirmed the district court's construction of the claim terms "bat frame," "large-diameter impact portion," and "insert." The district court had construed the claim term "bat frame" to be a "single piece with the large portion for hitting the ball at one end, tapering to the handle with a knob at the other end."

Looking beyond the ordinary dictionary definition, the Federal Circuit noted first that the specification of the '398 patent distinguished prior art that used inserts within bats to improve their impact response and discussed various ways of placing an insert within a bat frame to achieve greater hitting capacity. Moreover, the preferred embodiments of the invention each used an insert within a structure having both a hitting end and a handle end. According to the Federal Circuit, the prosecution history did not compel a construction of the term "frame" other than a "tubular structure having a large diameter impact portion, a tapered portion, and a small diameter handle."

Turning to the district court's construction of the term "insert," the Federal Circuit agreed with the district court that all three relevant claims make clear that the bat frame, which includes the impact portion and the handle, completely surrounds and is separate from the insert.

Having affirmed the district court's claim construction, the Federal Circuit affirmed the district court's literal infringement analysis. The district court had held, and the Federal Circuit agreed, that the Worth EST bat could not literally infringe the '398 patent because it lacked a structural insert internal to the frame. Instead, the EST bat included an external shell over the hitting end of the bat.

The Federal Circuit then affirmed the district court's finding of noninfringement under the DOE. Distinguishing this case from earlier cases regarding equivalence by devices that merely transpose two elements of the asserted claims, the Federal Circuit agreed that the insert limitation was absent from the

Worth EST bat. Specifically, the claims of the '398 patent require an insert contained within a bat frame that further comprises a handle portion, a tapered portion, and an impact portion.

The Federal Circuit noted that the EST bat did not have such a configuration, instead having an exterior shell in which the insert that is positioned within the shell has a handle portion and a tapered portion. The Court rejected DeMarini's argument as an improper attempt to direct the district court's attention away from the language of the claims and toward a more general comparison of the overall attributes of the accused device with those of the claimed device. Since the accused Worth EST bat lacked the required insert limitation, the Federal Circuit refused to reverse the district court's finding of noninfringement under the DOE.

Mere "Presence of Patent" in Alleged Facts Not Sufficient to Invoke Federal Jurisdiction for Complaint Not Grounded in Patent Law

Vamsi K. Kakarla

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

In *Uroplasty, Inc. v. Advanced UroScience, Inc.*, No. 00-1185 (Fed. Cir. Feb. 8, 2001), the Federal Circuit vacated and remanded a decision from the U.S. District Court for the District of Minnesota with instructions to dismiss for lack of jurisdiction.

This case arises from research conducted by Uroplasty, Inc. ("Uroplasty") and its subsidiary Bioplasty, Inc. ("Bioplasty") to create bulking agents for urinary incontinence. Uroplasty took issue with actions by Timothy Lawin, a former employee of Bioplasty, when he filed a patent application as coinventor for pyrolytic carbon-coated microparticles that later issued as U.S. Patent No. 5,451,406 ("the '406 patent"). While working at Bioplasty, Lawin had executed many agreements in connection with his employment that restricted his use and disclosure of Bioplasty trade secrets. These agreements also contained noncompetition provisions. At the time he filed his application, Lawin was CEO and Chairman of Brennan Medical ("Brennan") and Chairman of Advanced UroScience, Inc. ("UroScience").

In 1994, Lawin sued Bioplasty seeking indemnification for a 1991 lawsuit against Lawin and

Bioplasty. As a settlement, Bioplasty released Lawin and Brennan "from all actions which Bioplasty or its creditors may then or in the future have 'arising out of or in connection with, the prior actions of the parties to the agreement.'"

In this case, Uroplasty originally sued Lawin, UroScience, and Brennan in Minnesota state court, alleging trade secret misappropriation, breach of fiduciary duty, and breach of contract. As part of their defense, UroScience and Lawin removed the case to federal district court, citing an interference filed by Uroplasty against the '406 patent that allegedly called into question whether the application and patent are in any way based upon confidential information and trade secrets.

The district court granted SJ, finding no trade secret misappropriation and finding that UroScience did not breach its contracts with or fiduciary duties to Uroplasty because those claims relied on proof of trade secret misappropriation. Uroplasty appealed.

The issue before the Federal Circuit was whether the asserted claims can invoke federal jurisdiction. The Court stated the familiar rule on removal: "A case may only be removed from state to federal court if it originally could have been brought in federal court." 28 U.S.C. § 1441 (1994). Citing *AT&T Co. v. Integrated Network Corp.*, 972 F.2d 1321 (Fed. Cir. 1992), the Court ruled that the mere existence of a patent that resulted from misappropriation of trade secrets, breach of fiduciary duty, or breach of contract was not sufficient to invoke federal jurisdiction. Those claims and elements can be decided without requiring the resolution of a substantial issue of patent law. Thus, the district court did not have jurisdiction, and the Court remanded with instructions to dismiss.

Contractual Estoppel by Licensee Trumps Public's Interest in Patent's Invalidity

York M. Faulkner

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

In *Flex-Foot, Inc. v. CRP, Inc.*, No. 99-1489 (Fed. Cir. Feb. 2, 2001), the Federal Circuit affirmed the district court's entry of judgment confirming an arbitration panel's award in favor of the patentee, Flex-Foot, Inc. ("Flex-Foot") and also affirmed the district court's holding that CRP, Inc. d/b/a Springlite ("Springlite") was estopped from chal-

lenging the validity of Flex-Foot's patent under terms of a prior settlement agreement.

This was the third litigation between Flex-Foot and Springlite concerning U.S. Patent No. 4,822,363 ("the '363 patent"), which covers prosthetic foot devices. The first lawsuit, an infringement action brought by Flex-Foot in 1989 against Springlite, was settled and dismissed by way of settlement agreement ("SA1") and a corresponding license agreement under the patent.

In 1993, Springlite initiated the second lawsuit by seeking a declaration that the '363 patent was invalid. After completing discovery, and while a fully briefed motion for SJ concerning the validity of the '363 patent was pending, the parties settled the lawsuit with yet another settlement agreement ("SA2") and corresponding license agreement. This time, SA2 required Springlite to expressly waive any future right to challenge the validity and enforceability of the '363 patent. SA2 also required the parties to submit any future disputes concerning infringement of the '363 patent to arbitration.

In 1997, Flex-Foot again filed suit against Springlite alleging that one of Springlite's new prosthetic devices infringed the '363 patent. In accordance with the parties' SA1, the case went to arbitration. In 1999, Flex-Foot obtained an award from the arbitration panel after it had found that Springlite's product literally infringed two claims of the '363 patent. The district court had confirmed the award, granted a permanent injunction against Springlite, and ruled that Springlite was collaterally estopped from challenging the patent's validity.

On appeal, the Federal Circuit explained that the Arbitration Act provides four grounds for vacating an arbitration award: (1) fraud in procuring the award . . . , (2) arbitrator partiality . . . , (3) gross misconduct by the arbitrators . . . , and (4) failure of the arbitrators to render a mutual, final, and definite decision. *See* 9 U.S.C. § 10 (1994). The Federal Circuit further explained that an award may be vacated if it is in "manifest disregard" of the law. *Wilko v. Swan*, 346 U.S. 427, 436-37 (1953). The Federal Circuit noted that Springlite had not alleged fraud or partiality on the part of the arbitrators. Instead, Springlite had raised procedural and substantive challenges that the Federal Circuit concluded did not constitute gross misconduct, manifest disregard for the law, or a failure to render a mutual, final, or definite decision.

In particular, Springlite challenged the sufficiency of the arbitrators' written opinion, alleging that the panel had failed to construe the claims as required by law and SA2. Springlite argued that because SA2 required the arbitrators to "write a formal written opinion" directed to the issue of

infringement, the arbitrators were required to make a written determination of patent scope.

The Federal Circuit noted that the arbitrators had provided a written opinion, and although it lacked a thorough construction of the claims, their opinion defined three significant claim limitations and explained that the disputed '363 patent claims covered only an "assembled" prosthetic foot and not a kit for assembly. The Federal Circuit concluded, therefore, that the district court had not erred in upholding the sufficiency of the arbitrators' written opinion.

Finally, Springlite challenged the enforcement of its waiver of the right to attack the validity of the '363 patent as part of SA2. Relying upon *Lear v. Adkins*, 395 U.S. 653 (1969), Springlite argued that its waiver was void as against the public's interest in the use of ideas that are in the public domain.

The Federal Circuit found that *Lear* did not apply because Springlite had expressly waived its right to challenge the validity of the '363 patent as part of an agreement settling a lawsuit after obtaining full discovery on issues related to the validity of the patent. In contrast, in *Lear* the license did not contain any such promise not to challenge the validity of the patent. The Federal Circuit reasoned that Springlite's waiver of that right in settling the litigation raises competing policy interests in the finality of settlements and judicial economy that were not at issue in *Lear* and that favor enforcing Springlite's waiver. The Federal Circuit, therefore, held that Springlite was "contractually estopped" from challenging the '363 patent's validity and affirmed the district court's judgment on that issue.

Examination of Other Claims in Patent Is Not Wrong When Interpreting Means-Plus-Function Limitations

Jennifer S. Swan

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

In *Wenger Manufacturing, Inc. v. Coating Machinery Systems, Inc.*, No. 00-1121 (Fed. Cir. Feb. 6, 2001), the Federal Circuit reversed the district court's grant of SJ of noninfringement to Coating Machinery Systems, Inc. ("CMS"), ordered judgment of infringement, and remanded the case for further proceedings.

Wenger Manufacturing, Inc. ("Wenger") is the assignee of U.S. Patent No. 5,100,683 ("the '683

patent”) that relates to an apparatus and method for coating and drying food products, such as cereals. The claimed apparatus includes “a combined dryer and spray unit which includes an axially rotatable reel provided with a perforate sidewall.” Inside this reel, “at least one spray nozzle deposits the coating in slurry form onto the product.” The reel is surrounded by a housing that “includes a heat exchanger for heating the air and a circulating fan for forcing air through the perforations in the sidewall of the reel.” As the product passes through the rotating wheel, air is circulated through the reel to dry the product. As a result, the product is coated and dried.

Wenger filed suit against CMS, alleging that several of CMS’s coating and drying machines literally infringed the two claims of the ‘683 patent. CMS moved for SJ of noninfringement, and Wenger cross-moved for partial SJ of literal infringement. After construing the claims, the district court denied CMS’s motion and granted Wenger’s corresponding cross motion. On reconsideration, however, the district court changed its decision and granted CMS’s motion for SJ of noninfringement.

The issue turned on the claim construction of the phrase “air circulating means associated with said dryer housing for circulating through said reel.” The Federal Circuit argued that this limitation met the parameters of 35 U.S.C. § 112, ¶ 6, but disagreed with the district court’s conclusions about the recited function and the corresponding structure. In particular, the Federal Circuit determined that while the district court had correctly identified “circulating air” as the recited function, it had incorrectly required the corresponding structure to have the ability to recirculate the air.

The Federal Circuit noted that the ordinary meaning of the term “circulate” denoted that the “air circulating means” is capable of moving air in a circuit through the reel and dryer housing. Therefore, the term “circulate” neither connoted nor required that the air had to also recirculate. Moreover, a dependent claim expressly recites the additional limitation of recirculating the air. The Federal Circuit ruled that although the statutory claim construction of § 112, ¶ 6, will usually trump the claim differentiation doctrine, the examination of other claims in a patent may provide guidance and context for interpreting a disputed means-plus-function limitation. In this instance, the recited functions of “recirculation” in the dependent claim strengthened the presumption that the independent claim recited only a “circulation” function. In addition, the Federal Circuit noted that nothing in the prosecution history required a recirculation

function in the claim.

Having construed this limitation, the Federal Circuit addressed the infringement issue and determined that the district court had erred in granting CMS’s motion for SJ of noninfringement based on its construction of the “air circulating means” limitation because the accused machines circulate air. Moreover, there was no evidence that Wenger had surrendered coverage of machines that do not recirculate air.

Accordingly, the Court reversed the SJ of noninfringement, ordered entry of judgment of infringement, and remanded.

“Composed Of” Means “Consisting Essentially Of” in This Case

Christopher L. Crumbley

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

In *AFG Industries, Inc. v. Cardinal IG Co.*, No. 00-1285 (Fed. Cir. Feb. 6, 2001), the Federal Circuit vacated the district court’s grant of SJ of noninfringement and remanded the case for further proceedings.

AFG Industries, Inc. and Asahi Glass Co. (collectively “AFG”) sued Cardinal IG Co., Inc. (“Cardinal”) and Andersen Windows, Inc. (“Andersen”) in the Eastern District of Tennessee for infringement of claim 1 of U.S. Patent No. 4,859,532 (“the ‘532 patent”). The district court had severed and stayed the action against Andersen, leaving Cardinal as the sole Defendant. After a *Markman* hearing to construe the language of claim 1, the district court had entered SJ of noninfringement in favor of Cardinal.

The ‘532 patent is directed to low-emissivity coatings for windows. Coatings of this type generally consist of alternating thin layers of metal laminated onto a transparent substrate. The ‘532 patent describes a coating having multiple thin layers of silver, interspersed by thin layers of metal oxide, such as zinc oxide. By interspersing layers between the silver layers, the silver becomes increasingly reflective of radiant heat without sacrificing visible light transmission.

Claim 1 of the ‘532 patent defines a laminated product comprising a substrate and a five-layer coating “composed of” three layers of zinc oxide interspersed with thin layers of silver. The specification states that additionally, interlayers of other materials may be inserted in the coating between

layers or at the interface between the coating and the air in order to improve the adhesion or durability of the coating layers. Claim 1, however, does not specifically refer to any such interlayers.

Cardinal's accused product uses a coating containing layers of zinc oxide and silver, but with "barrier layers" of titanium dioxide either between layers or on top of the coating. If such barrier layers are not used, the silver layers oxidize upon contact with the air, rendering the silver black and unsuitable for use in the coatings.

To determine whether the district court's grant of SJ had been proper, the Federal Circuit first turned to the language of claim 1, specifically the use of "composed of" as a transition phrase. Cardinal argued that "composed of" should be interpreted as a closed transition phrase similar to "consisting of," thereby excluding interlayers. AFG countered that "composed of" was similar to open transition phrases such as "comprising." The Federal Circuit noted that 1942 precedent from the Court of Customs and Patent Appeals defining this term was rather equivocal. It observed, however, that the MPEP, although owed no deference, states that the scope of "composed of" should be interpreted in light of the specification.

Based on the specification and testimony during the *Markman* hearing, the district court interpreted the phrase "composed of" to mean "consisting essentially of," therefore excluding ingredients that materially affect basic characteristics of the composition. Therefore, the coatings of claim 1 could include interlayers as disclosed in the specification, as long as such interlayers did not materially affect the properties of the invention.

The Federal Circuit also overturned the district court's construction of the term "interlayer" to mean "a layer placed between other layers." Cautioning against the use of "non-scientific dictionaries for defining technical words," the Court noted that the district court's construction would eliminate the distinction between the terms "layer" and "interlayer." Instead, the Court turned to expert testimony given during the *Markman* hearing to support its construction and commented that "[t]his case presents a good example of how extrinsic evidence can and should be used to inform a court's claim construction, and how failure to take into account the testimony of persons of ordinary skill in the art may constitute reversible error." *AFG Indus.*, slip op. at 17.

Based on the foregoing, the Federal Circuit arrived at its own construction of the terms "layer" and "interlayer." It construed "layer" as a "thickness of material of substantially uniform chemical

composition," and "interlayers" as having "a thickness not to substantially affect the optical properties" of the coating. When determining whether a layer is optically significant, the focus should be on whether the material itself has optical effects, rather than whether the absence of such a layer would affect the optical properties of other layers (*i.e.*, by allowing oxidation to occur).

Having come to the above claim constructions, the Federal Circuit concluded that it could not determine whether the layers of titanium dioxide in the Cardinal products were optically significant, since the only evidence available was the thickness of the layers. Therefore, the Court reversed the district court's grant of SJ of noninfringement, and remanded for further proceedings.

Court "Nixes" Patentee's Mixes

Matthew J. Mason

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

In *Biovail Corporation International v. Andrx Pharmaceuticals, Inc.*, No. 00-1260 (Fed. Cir. Feb. 13, 2001), the Federal Circuit affirmed a district court's finding of noninfringement in favor of Andrx Pharmaceuticals, Inc. ("Andrx").

Biovail Corporation International and Biovail Laboratories, Inc. ("Biovail") are the exclusive licensees of U.S. Patent No. 5,529,791 ("the '791 patent") directed to a drug to be taken once a day that is prescribed to treat hypertension and angina. Biovail markets the drug described in the '791 patent under the trade name Tiazac®.

In 1998, Andrx filed an Abbreviated New Drug Application ("ANDA") with the United States Food and Drug Administration ("FDA") for a generic version of Tiazac®. Andrx also filed a certification pursuant to paragraph IV of 21 U.S.C. § 355(j)(2)(A)(vii), asserting that its ANDA product does not infringe the '791 patent and that the '791 patent is invalid. The Andrx product comprised a diltiazem salt (the active ingredient in Tiazac®) and sugar as a wetting agent.

Biovail filed suit against Andrx in the U.S. District Court in the Southern District of Florida, alleging infringement of the '791 patent under 35 U.S.C. § 271(e)(2)(A). The district court denied cross motions for SJ and subsequently held a bench trial, conducting both claim construction and infringement analyses.

The district court had construed the claim term “admixture” to describe “two or more items [that] are commingled and interdispersed together to obtain a homogeneous product,” and ruled that claim 1 was limited to admixtures of the active ingredient diltiazem with a wetting agent. The district court had found that because the Andrx product was not mixed during the manufacturing process, it did not literally infringe claim 1. It further concluded that Biovail had failed to prove that an “admixture” forms in vivo following ingestion of Andrx’s product, as claimed. Finally, the district court found that Biovail was estopped from asserting that the Andrx product infringed claim 1 under the DOE because Biovail had amended the claim to add the “admixture” limitation during prosecution.

In affirming the district court’s finding of non-infringement, the Federal Circuit noted that the case turns on whether the admixture limitation must be “homogeneous.” Following a review of the prosecution history of the ‘791 patent, the Court determined that claim 1 was indeed limited to homogeneous mixtures of diltiazem with a wetting agent, based on arguments made by Biovail during prosecution to distinguish a prior art reference. The Federal Circuit then reviewed the district court’s findings that ingestion of the Andrx product does not result in a homogeneous admixture in vivo and concluded that these findings were not clearly erroneous.

Finally, relying on *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.2d 558 (Fed. Cir. 2000) (en banc), the Court determined that Biovail was completely barred from any range of equivalents for the “admixture” limitation because it had been added to claim 1 during prosecution for patentability reasons.

Accordingly, the Court affirmed the judgment of noninfringement.

Court “Administers Relief” to Plaintiff in Affirming Preliminary Injunction for Painkiller Patent

John W. Burns

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

In *Purdue Pharma L.P. v. Boehringer Ingelheim GmbH*, No. 00-1398 (Fed. Cir. Feb. 1, 2001), the Federal Circuit affirmed the district court’s grant of a preliminary injunction enjoining Boehringer Ingelheim GmbH; Roxane Laboratories, Inc.; and

Boehringer Ingelheim Corp. (collectively “Roxane”) from infringing U.S. Patent Nos. 5,549,912 (“the ‘912 patent”); 5,508,042 (“the ‘042 patent”); and 5,656,295 (“the ‘295 patent”).

The patents-in-suit are directed to orally administered, controlled-release formulations of oxycodone for treatment of moderate to severe pain. They have virtually identical specifications and are CIPs to United States Patent No. 5,266,331 (“the ‘331 parent”). Purdue Pharma L.P.; The Purdue Frederick Company; The P.F. Laboratories, Inc.; and The Purdue Pharma Company (collectively “Purdue”) filed suit alleging that Roxane’s Roxycodone™ controlled-release oxycodone product infringed the patents and seeking a preliminary injunction. Roxane filed counterclaims of invalidity, based on anticipation and inequitable conduct. The district court granted the preliminary injunction after an evidentiary hearing with fact witnesses and experts.

The district court’s finding that Purdue would likely prove infringement turned on the construction of the claim term “administration.” Purdue contended that “administration” included single or multiple doses, steady state application of oxycodone. Roxane countered that according to the teachings of the specification, “administration” was limited to single-dose applications.

The Federal Circuit held that the district court had not erred when it found the claim language to be ambiguous and relied on the specification in construing this term to encompass multiple doses. This claim construction, according to the Federal Circuit, was consistent with and furthers the purpose of the invention as described in the specification. With respect to Roxane’s argument that the district court had impermissibly relied on extrinsic evidence to construe the claims, the Federal Circuit found that the district court’s claim construction was reasonable, independent of the extrinsic evidence.

The Federal Circuit also agreed with the district court’s finding that no real dispute existed, under this claim construction, and ruled that Roxane’s product infringes.

Turning to Roxane’s anticipation defense, the Federal Circuit ruled that the district court had not erred in finding that Purdue had made a strong showing that Roxane’s defense lacked substantial merit. Roxane contended that the ‘331 parent, having a different inventive entity than the patents-in-suit, was prior art. Purdue argued that the ‘331 parent was not prior art since the inventions disclosed in the patents-in-suit had been conceived and reduced to practice prior to the ‘331 parent filing date. The Federal Circuit ruled that the district

court had not erred in holding that the '331 parent was not an anticipatory reference, given the declaration testimony of one of the inventors together with three exhibits that demonstrated conception and reduction to practice.

The Federal Circuit also affirmed the district court's ruling that Purdue had adequately shown that Roxane's inequitable conduct defense lacked substantial merit. During the prosecution of the '912 patent, Purdue filed a terminal disclaimer and acquiesced to the Examiner's suggestion that the specification be amended to claim the benefit of the '331 parent filing date. Roxane contended that Purdue had committed inequitable conduct by not advising the Examiner that the '331 parent was prior art.

The Federal Circuit found that there was no evidence that Purdue had actively misled the Examiner, that Purdue had initially claimed priority to the '331 parent, and the claim to priority was logical. The Court stated: "We therefore decline to find inequitable conduct in the mere act of claiming priority to an earlier patent where the specifications, but not the claims, of the later patents are supported by the earlier patent." *Purdue Pharma*, slip op. at 13.

Finally, because Purdue had successfully made a clear showing of a reasonable likelihood of success on the merits, it was entitled, under the prevailing rule in the Federal Circuit, to a rebuttable presumption of irreparable harm, and Roxane had failed to adequately rebut that presumption. Thus, the Federal Circuit affirmed the preliminary injunction order and remanded the case to the district court for further proceedings.

JMOL of Noninfringement Affirmed Given Lack of Substantial Evidence

Vince Kovalick

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

In *Forest Laboratories, Inc. v. Abbott Laboratories*, No. 99-1494 (Fed. Cir. Feb. 13, 2001), the Federal Circuit affirmed a JMOL of noninfringement, following a jury verdict of infringement of U.S. Patent Nos. 4,338,301 ("the '301 patent") and 4,397,839 ("the '839 patent"), owned by Tokyo Tanabe Co., Ltd. ("Tokyo Tanabe").

The patents-in-suit relate to a lung surfactant

composition for treating Respiratory Distress Syndrome ("RDS") in premature babies. Abbott Laboratories ("Abbott") developed a commercial product known as Survant[®] after receiving an exclusive U.S. license to these patents from Tokyo Tanabe. ONY, Inc. ("ONY") developed a competing product for treating RDS, which it called Infasurf[®]. ONY then entered into an agreement with Forest Laboratories, Inc. ("Forest") under which Forest would develop and market Infasurf[®]. In 1996, ONY and Forest (collectively "ONY") sued Abbott, seeking a DJ of noninfringement and patent invalidity. Abbott counterclaimed for infringement.

On appeal, Abbott argued that the district court had erred by construing the claim term "surface active material" as a presuspension powder because the claims were not limited to either solid or liquid form. Abbott also argued that the district court had erred in concluding that the surface-active material is only a part of a subset of the claimed "pharmaceutical composition."

The Federal Circuit concluded that the district court had properly construed a "surface active material" to mean the material containing the prescribed materials in the prescribed percentages, when measured in the dried state, *i.e.*, before being combined with a pharmaceutical carrier. However, the Court continued, the district court had erred in further construing the claim. The Court ruled that when the surface-active material is combined with a pharmaceutically acceptable carrier, it does not necessarily cease to be the claimed surface-active material, as the district court had erroneously found. The material defined in claim 1 may still be present when a pharmaceutical carrier is added to it. Thus, claim 1 does not limit its scope to a material when in dried form; it simply indicates the percentages of the compositions when measured in dried form.

Abbott also argued that the district court had erred in construing the phrase "based on the dry weight" as meaning that the weight of the lung surfactant extract material is measured before it is combined with a pharmaceutical carrier. The Federal Circuit disagreed, however, concluding that Abbott's proposed construction impermissibly ignores certain claimed water percentages. The Court rejected extrinsic evidence as to how one skilled in the art might interpret this phrase, as it contradicted the claim language itself. Accordingly, the Court concluded, the expression "based on the dry weight" means based on the dry weight of the surface-active material before it is combined with a

carrier and that this phrase does not negate the claim limitations to water.

Concerning infringement, the Court concluded that Abbott had failed to prove that the accused product meets all the claimed percentage requirements. Accordingly, the jury's finding of infringement was not supported by substantial evidence, and therefore the JMOL was not in error. The Court rejected Abbott's reference to ONY's international patent application, which did describe certain water percentages, because that evidence was not with respect to the accused product.

All-Elements Rule Prevents Application of Doctrine of Equivalents

Vince Kovalick

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

In *Collett v. Piper's Saw Shop, Inc.*, No. 00-1290 (Fed. Cir. Feb. 9, 2001) (nonprecedential decision) the Federal Circuit affirmed a holding, after a bench trial, of noninfringement, but reversed a finding of invalidity for violation of 35 U.S.C. § 102(b).

U.S. Patent No. 4,889,025 and its reexamined claims ("the '025 patent") concern an improved cutting tooth for a circular saw. The claims at issue define a cutting tip "composed of high impact resistant carbide alloy consisting essentially of a mixture of 83.5% tungsten carbide, 16% cobalt, and 0.5% tantalum carbide." The patentee conceded no literal infringement, but asserted infringement under the DOE.

The district court had found no infringement under the DOE because the patentee had repeatedly cited these three components in distinguishing the prior art during the prosecution history. Because the accused product did not contain tantalum, the district court concluded that infringement under the DOE would violate the all-elements rule.

The Federal Circuit agreed, noting that the separate components of the alloy should be viewed as separate claim elements, and the complete omission of any one of them would violate the all-elements rule.

As to invalidity, the Federal Circuit reversed the district court's finding that the on-sale bar had been violated, concluding that there was no evidence to show that an actual sale or offer for sale had occurred prior to the critical date.

Court Affirms Board, Finding Patent Applicant's Assertions a "Stretch" in Elastic Netting Case

Thalia V. Warnement

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

In *In re Hans O. Cederblad & Jan D. Seppala*, No. 00-1336 (Fed. Cir. Feb. 9, 2001) (nonprecedential decision), the Federal Circuit affirmed-in-part, vacated-in-part, and remanded a decision by the Board that had sustained a final rejection of the appealed claims of a patent application to Hans O. Cederblad as being anticipated under 35 U.S.C. § 102.

The claims at issue related to an extruded plastic netting having unidirectional elasticity, *i.e.*, where the longitudinal extruded strands were formed from a material with different elasticity than the material of the transverse extruded strands, thus permitting the netting to stretch more in one direction than in the other. During prosecution, the Examiner rejected all the claims over a variety of references. On appeal, the Board reversed all of the rejections except a rejection of claims 1, 3, 4, 6, 11, and 13 under section 102(b) over U.S. Patent No. 4,636,419 to Madsen ("Madsen"). The Cederblad application described a fiber-formation process for creating extruded plastic netting, while Madsen teaches variation of a film-formation process. Madsen also disclosed a netting comprising a matrix in which filaments are embedded so that the matrix stretches only in one direction. The materials making up the longitudinal filaments of Madsen's netting differed in elasticity from those making up the transverse filaments.

Cederblad made three basic assertions on appeal: (1) that its process, using fiber formation, differs from and has inherent advantages over Madsen's film-formation process; (2) that its netting has certain characteristics in the crosspoint joints that are not shown in Madsen; and (3) that Madsen's process cannot produce two sets of strands with different compositions since Madsen's "filaments" are not extruded strands.

The Federal Circuit held that none of these assertions justified reversal of the Board's decision. With respect to Cederblad's first assertion, the Federal Circuit found that Cederblad's reliance on the different process used by Madsen was unavailing because all of the rejected claims were product claims, not process or product-by-process claims. The Federal Circuit further found that even if, as

Cederblad urged, the claim term “extruded strands” was construed as reciting a process limitation (thus creating a product-by-process claim), the process of “extrusion” was still anticipated by Madsen.

Cederblad’s second assertion, that the characteristics of its crosspoint joints distinguish the application over Madsen, also failed. The Federal Circuit noted that there was no mention of the strand crosspoints or their characteristics in Cederblad’s claims, and specifically upheld the Board’s finding that any characteristics of the crosspoints inherent in Cederblad were also inherent in Madsen.

Cederblad’s third argument, that Madsen’s filaments were not strands, was held to be unavailing as well. As the Federal Circuit pointed out, Madsen’s filaments were made from a material specifically mentioned by Cederblad and were disclosed as being produced in extrusion streams.

Although it affirmed the rejection of claims 1 and 11, the Court remanded the case to the Board for further consideration of dependent claims 3, 4, 6, and 13, which it held were erroneously treated together with claims 1 and 11 without any additional analysis by the Board.

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Jurisdictional Reach May Be Longer Than District Court Thought

Steven L. Park

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

In *Delta Systems, Inc. v. Indak Manufacturing Corp.*, No. 00-1225 (Fed. Cir. Feb. 2, 2001) (non-precedential decision), the Federal Circuit vacated the district court’s dismissal of Delta Systems, Inc.’s (“Delta”) patent infringement suit for improper venue and remanded the case to determine whether the federal due process requirements for the exercise of general jurisdiction had been met.

Delta initiated the action in the U.S. District Court for the Northern District of Ohio against Indak Manufacturing Corp. (“Indak”) for infringement of its design patent. Delta’s complaint arose from Indak’s manufacture in Illinois of two preproduction prototype plunger switches that allegedly infringed the patent. The record showed that Indak, an Illinois corporation with its principal place of business in Illinois, had never sold or offered for sale any of the allegedly infringing prototype switches in Ohio. Accordingly, Indak argued

that it was not subject to personal jurisdiction in Ohio, and therefore, the action should be dismissed for improper venue.

According to the district court, personal jurisdiction over Indak was dependent on a two-part showing: (1) that Indak was subject to Ohio’s long-arm statute; and (2) that the exercise of personal jurisdiction comported with the requirements of the federal Due Process Clause. The district court concluded that Delta had failed on part one of this showing because Indak simply was not subject to Ohio’s long-arm statute. Accordingly, the Court dismissed the action for lack of proper venue.

Reviewing the case de novo, the Federal Circuit agreed that there were insufficient contacts between Ohio and the alleged infringement to confer personal jurisdiction over Indak under the Ohio long-arm statute. But, the Court determined, the long-arm statute was not the only source of jurisdiction over an out-of-state defendant under Ohio law.

The Court cited *LSI Industries, Inc. v. Hubbell Lighting, Inc.*, 232 F.3d 1369 (Fed. Cir. 2000), where it had recently held that a federal district court in Ohio could use the Ohio long-arm statute to exercise personal jurisdiction in an infringement suit over an out-of-state defendant who does business in the state, but did not commit the allegedly infringing acts in the state. In *LSI*, the Court stated that personal jurisdiction would be proper where the defendant is amenable to process in the forum state and where the exercise of personal jurisdiction complies with federal due process. A defendant would be amenable to service if the defendant could be subject to the jurisdiction of a court of general jurisdiction in the state in which the district is located. According to the Federal Circuit, a defendant conducting activity that meets the federal due process threshold for general jurisdiction is necessarily amenable to process under Ohio’s “doing business” standard as described in Ohio Supreme Court cases and is therefore subject to the district court’s personal jurisdiction.

Based on its decision in *LSI*, the Federal Circuit held that the district court may properly exercise personal jurisdiction over Indak if that company maintains the “continuous” and “systematic” contacts with Ohio sufficient to satisfy the standard for general jurisdiction as set forth by the United States Supreme Court. Accordingly, the district court decision was vacated and remanded to determine whether the federal due process requirements for the exercise of general jurisdiction would have been met.

One Cannot Disclose a Forest, but Claim a Particular Tree

Matthew L. Whipple

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

In *In re Wako Pure Chemical Industries Ltd.*, No. 00-1139 (Fed. Cir. Feb. 1, 2001) (nonprecedential decision), the Federal Circuit affirmed a rejection of several claims in a reexamination application of U.S. Patent No. 5,216,135 (“the ‘135 patent”).

The ‘135 patent is directed to compounds for use in manufacturing semiconductor devices, and claims diazodisulfone compounds useful as photo-sensitive materials. The claims recite these diazo disulfone compounds with specifically defined R_1 and R_2 groups, such as, “wherein R_1 is a branched or cyclic alkyl group having 3 to 8 carbon atoms; and R_2 is a straight-chained, branched or cyclic alkyl group having 1 to 8 carbon atoms.”

In the reexamination, the Board sustained the Examiner’s prior art rejection over U.S. Patent No. 5,338,641 issued to Pawlowski et al. (“the Pawlowski patent”). On appeal, Wako Pure Chemical Industries Ltd. (“Wako”) conceded that the Pawlowski patent disclosed the subject matter of the claims at issue, but argued that it was entitled to claim priority to an earlier Japanese patent application under 35 U.S.C. § 119. The Board rejected this argument, stating that Wako was not entitled to the priority date because the Japanese application lacked sufficient written description of the invention to satisfy the requirements of 35 U.S.C. § 112, ¶ 1.

The Japanese patent application discloses the same compounds found in the ‘135 patent, except that R_1 and R_2 were described differently. In the Japanese application, R_1 and R_2 could be chosen from one of seven categories, one of which categories was C_{1-10} straight-chain, branched, or cyclic alkyl groups, which was broad enough to include the R_1 and R_2 groups of the claims at issue.

Thus, the issue on appeal was whether the written description of the Japanese application, which disclosed seven possible categories for the R_1 and R_2 groups, could support a claim that recited only a narrow subset of one of those categories.

The Federal Circuit reviewed contrasting cases on this issue and concluded that this case was closest to precedent that had found a lack of support. *In re Ruschig*, 54 CCPA 1551 (CCPA 1967). Because only a subset was claimed, and there was no guid-

ance in the Japanese application to make the particular selections chosen by the Appellant, the Court ruled, the Japanese application lacked sufficient written description to support the claims of the ‘135 patent. This was despite the fact that “propyl” (indicating three carbon atoms) and “octyl” (indicating eight carbon atoms) were disclosed in the Japanese application. The Court quoted *Fujikawa v. Wattanasin*, 93 F.3d 1559 (Fed. Cir. 1996), which stated that “just because a moiety is listed as one possible choice of one position does not mean that there is *ipsis verbis* support for every species or subgenus that chooses that moiety.” The Court concluded that “in a patent application, one cannot disclose a forest but then later claim a particular tree as the invention.” *Wako*, slip. op. at 7.

Post Hoc, Litigation-Driven Claim Construction Defeats Public Notice Function of Patents

Vince Kovalick

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

In *Kimberly-Clark Corp. v. Tyco International (US), Inc.*, No. 00-1080 (Fed. Cir. Feb. 20, 2001) (nonprecedential decision), the Federal Circuit affirmed a judgment of noninfringement concerning three of Kimberly-Clark Corporation’s (“Kimberly-Clark”) U.S. patents directed to disposable diapers.

The three patents at issue, U.S. Patent Nos. 4,704,116 (“Enloe I”); 5,415,644 (“Enloe II”); and 5,599,338 (“Enloe III”), concern diapers with elasticized side pockets. The new diaper design contains interflaps on a body-side liner to collect and contain waste. The dispute concerns the material of the interflaps.

Enloe’s original patent application defined the flap material as soft, comfortable, and vapor and/or fluid permeable. In response to a rejection, Enloe abandoned his original application and filed a CIP. In the CIP, Enloe distinguished the prior art on the ground that its flaps were fluid impervious or waterproof. This CIP became Enloe I and specifically claimed fluid-pervious flaps.

On appeal, Kimberly-Clark did not dispute that the claims of Enloe I are limited to fluid-pervious flaps. It contended, rather, that the claims of Enloe I and III are not subject to that limitation. The Federal Circuit disagreed, concluding that the speci-

fication clearly disclaims fluid-impervious flaps, and therefore the asserted claims of Enloe II and III must be read to give effect to that disclaimer. The Court also rejected Kimberly-Clark's argument that the interflaps are pervious under pressure as being unsupported and litigation driven.

Given Kimberly-Clark's admissions that the accused diapers do not infringe if the fluid-pervious limitation applies to the Enloe II and III patents and if fluid pervious means pervious without pressure, the Federal Circuit upheld the district court's judgment of noninfringement.

Amphenol Corporation v. Maxconn Inc.

Amphenol Corporation v. Maxconn Inc., No. 00-1301 (Fed. Cir. Feb. 12, 2001) (nonprecedential decision). The Federal Circuit affirmed a judgment of patent invalidity based on anticipating prior art.

Five Star Manufacturing, Inc. v. Ramp Lite Manufacturing, Inc.

Five Star Manufacturing, Inc. v. Ramp Lite Manufacturing, Inc., No. 99-1573 (Fed. Cir. Feb. 12, 2001) (nonprecedential decision). The Federal Circuit affirmed a judgment, based on a jury verdict, of invalidity of a design patent based on the functionality of the patented design.

Relume Corporation v. Dialight Corporation

Relume Corp. v. Dialight Corp., No. 00-1164 (Fed. Cir. Feb. 8, 2001) (nonprecedential decision). The Federal Circuit affirmed a SJ of invalidity concerning U.S. Patent Nos. 5,661,645 and 5,783,909.

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In **Last month at The Federal Circuit**, certain terms, titles, and names of federal agencies that are frequently referred to in text, appear in abbreviated forms or as acronyms. These abbreviated forms and acronyms are listed below.

ALJ	Administrative Law Judge
APJ	Administrative Patent Judge
Board	Board of Patent Appeals and Interferences
Commissioner	Commissioner of Patents and Trademarks
CIP	Continuation-in-Part
DJ	Declaratory Judgment
DOE	Doctrine of Equivalents
IP	Intellectual Property
ITC	International Trade Commission
JMOL	Judgment as a Matter of Law
MPEP	Manual of Patent Examining Procedure
PCT	Patent Cooperation Treaty
PTO	United States Patent and Trademark Office
SEC	Securities and Exchange Commission
SM	Special Master
SJ	Summary Judgment