

Last month at

The Federal Circuit



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COURT "CONSTRUES" ROLE OF DICTIONARIES, TREATISES, AND ENCYCLOPEDIAS IN CLAIM CONSTRUCTION

It is entirely proper for trial and appellate judges to consult dictionaries, encyclopedias, and treatises at any stage of litigation, regardless of whether they have been offered into evidence or not. *Texas Digital Sys., Inc. v. Telegenix, Inc.*, No. 02-1032 (Fed. Cir. Oct. 16, 2002)1

NONPROFIT STATUS OF ALLEGED INFRINGER DOES NOT MANDATE AN EXPERIMENTAL-USE DEFENSE

So long as an act is in furtherance of an alleged infringer's legitimate business, regardless of whether the entity is engaged in an endeavor for commercial gain, the act will not qualify as "experimental use." *Madey v. Duke Univ.*, No. 01-1567 (Fed. Cir. Oct. 3, 2002)2

DOCUMENTED CONCEPTION ONLY PARTIALLY OVERLAPS WITH SUBJECT MATTER OF COUNT

Priority awarded even though disclosure supporting conception and the scope of the count have some overlap but do not correspond neatly with each other. *In re Jolley*, No. 01-1646 (Fed. Cir. Oct. 29, 2002)3

MULTIPLICITY DOES NOT IMPLY SEPARATENESS

Neither the ordinary meaning of "workpiece" nor the inventor's preferred embodiment limits claim scope. *Electro Scientific Indus., Inc. v. Dynamic Details, Inc.*, No. 02-1010 (Fed. Cir. Oct. 7, 2002)4

DENTAL-IMPRESSION PATENT "LOSES ITS BITE"

Court reverses findings of invalidity based on written description but affirms finding of noninfringement. *All Dental Prodx, LLC v. Advantage Dental Prods., Inc.*, No. 02-1107 (Fed. Cir. Oct. 25, 2002)5

PTO'S PATH TO OBVIOUSNESS WAS CONVOLUTED BUT DISCERNABLE

Court recognizes judicial indulgence toward administrative action to the extent of affirming an order when an agency's path, though convoluted, can be discerned. *In re Huston*, No. 02-1048 (Fed. Cir. Oct. 17, 2002).....6

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Court “Construes” Role of Dictionaries, Treatises, and Encyclopedias in Claim Construction

Gordon Klancnik

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

In *Texas Digital Systems, Inc. v. Telegenix, Inc.*, No. 02-1032 (Fed. Cir. Oct. 16, 2002), the Federal Circuit vacated the district court’s judgment and remanded for a new trial on both liability and damages. In particular, the Court held that the district court had erroneously construed limitations of the asserted claims and, thus, the jury instructions containing the incorrect claim constructions constituted prejudicial legal error.

The patents-in-suit relate to methods and devices for controlling the color of pixels in a light emitting diode (“LED”) display. Within the display, each pixel comprises at least two elements of differing primary colors. Blending the light signal of each primary color yields a composite signal of variable color for the pixel.

Following a jury trial, the district court held that Telegenix, Inc. (“Telegenix”) literally infringed claims in the four asserted patents. The district court also held that the patents were not invalid and that Telegenix had willfully infringed Texas Digital Systems, Inc.’s (“TDS”) patents. Accordingly, it awarded Telegenix a reasonable royalty of 20% on \$30 million of infringing sales as well as enhanced damages of \$6 million.

The Federal Circuit took the opportunity to consider the role of dictionaries, treatises, and encyclopedias in construing claims. The Court stated that a claim term has the full range of its ordinary meaning as commonly understood by persons of ordinary skill in the art. In examining the ordinary meaning, the Court stated, contemporaneous references, such as dictionaries, treatises, and encyclopedias, available prior

to the patent’s issuance, provide reliable sources of the disputed term’s established definition. The Court concluded that in construing claims, the proper analysis is to use such references to determine the ordinary meaning of a term, and to then consult the specification and prosecution history to determine whether the patentee has clearly and explicitly defined a term differently from its ordinary meaning or has manifestly disavowed a claim’s scope of coverage.

With this framework in mind, the Federal Circuit construed several claim limitations, including five means-plus-function limitations. With respect to four non-means-plus-function limitations, the Court reversed all but one of the district court’s constructions, relying on the ordinary meaning as taught, for example, in contemporaneous dictionaries.

As to the means-plus-function limitations, the Federal Circuit ruled that the district court had repeatedly failed to identify the proper function claimed and to identify properly the corresponding structures in the specification. The district court improperly relied on expert testimony in identifying corresponding structure in the specification and incorrectly included “hardware, firmware, and software” when none was disclosed. The Court, therefore, vacated the decision of the district court and remanded for a new trial consistent with the claim constructions provided.

The Federal Circuit further advised that the district court did not abuse its discretion in making two evidentiary rulings. First, the district court properly excluded testimony from a third-party engineer who had developed a variable-color LED display, because this evidence would have been unreliable and potentially confusing to the jury. Telegenix proffered the testimony as evidence of an invalidating prior public use of the invention. Because the testimony was not specific regarding a date of public use, the Federal Circuit found no abuse of discretion in refusing to admit it.

Second, the Federal Circuit found that the district court had properly admitted expert testimony from J. Carl Cooper, because he was competent and qualified as a damages expert as he owned and managed two patent-licensing companies and had worked in the video-display industry.

Nonprofit Status of Alleged Infringer Does Not Mandate an Experimental-Use Defense

Virginia L. Carron

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

In *Madey v. Duke University*, No. 01-1567 (Fed. Cir. Oct. 3, 2002), the Federal Circuit reversed the district court's grant of SJ of no infringement because the district court had erred in its application of the experimental-use defense and reversed the district court's dismissal-in-part of another infringement allegation, ruling that the district court had improperly applied 28 U.S.C. § 1498(a). The Federal Circuit affirmed the district court's ruling that Duke University ("Duke") did not infringe certain patents because it did not own or control the equipment at issue. The Court remanded the case for a proper factual analysis under section 1498(a) and instructed the district court to significantly narrow and limit its application of the experimental-use defense.

Dr. John M. J. Madey was a tenured professor at Duke and served for almost a decade as the director of Duke's free electron laser research lab ("FEL lab"). Based upon a dispute between Madey and Duke, Madey was removed as the FEL lab director, and he therefore resigned from Duke. When Duke continued to operate some of the equipment in the FEL lab, Madey sued Duke for patent infringement of two patents

covering the equipment and a variety of additional claims.

The patent-infringement claims pertain to three devices contained in the FEL lab; (1) the Mark III FEL; (2) the Storage Ring FEL (collectively "the FEL equipment"); and (3) the Microwave Gun Test Stand. The Federal Circuit noted that although it is not clear in the record, Duke seemed to concede infringement. Rather, Duke defended by asserting experimental use and government-license defenses as to the FEL equipment, and, as to the Gun Test Stand, Duke asserted that no one affiliated with Duke had used the equipment during the relevant time period.

Duke moved to dismiss the infringement claims under both Fed. R. Civ. P. 12(b)(1) for lack of subject-matter jurisdiction and Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief can be granted. Duke's position as to 12(b)(1) was that any alleged unauthorized use was in furtherance of an Office of Naval Research ("ONR") grant, and, thus, Duke could not be sued for such use. The district court granted the 12(b)(1) motion as to use in the furtherance of the ONR grant (denying in part the motion as to Duke's private use of the equipment) and denied the 12(b)(6) motion. In determining that partial dismissal was warranted, the district court applied Fourth Circuit law, under which the burden of proving subject-matter jurisdiction rests with the plaintiff, and reasoned that 28 U.S.C. § 1498(a) required Madey to sue the U.S. government in the Court of Federal Claims.

The Federal Circuit explained that a third party's use or manufacture of infringing equipment must be by or for the United States and the government must have consented to being sued based upon such use or manufacture. The Federal Circuit determined that the district court had erred in granting the partial dismissal because it relied upon the Fourth Circuit doctrine of jurisdictional facts when, as between private

parties, section 1498(a) is not jurisdictional but is an affirmative defense to which Federal Circuit law applies. The Federal Circuit remanded the issue because the district court had failed to provide any findings or analysis as to the ONR grant to establish the government's authorization or consent to be sued, nor had the district court discussed or characterized Duke's use or manufacture of the equipment to show how it might be classified as by or for the United States.

Duke also moved for SJ of noninfringement as to the FEL equipment based upon experimental use and moved for SJ of noninfringement as to the Gun Test Stand based upon nonuse. As to Duke's experimental-use defense, the district court acknowledged the defense and concluded that Madey needed to establish that Duke had not used the equipment at issue solely for an experimental or other nonprofit purpose by sufficiently establishing that Duke's use of the patent had definite, cognizable, and not insubstantial commercial purposes.

On appeal, the Federal Circuit ruled that the district court had improperly shifted the burden to Madey to show that Duke's use was not experimental. The Federal Circuit acknowledged that the experimental-use defense is a narrow, limited defense that must be established by the defendant and determined that the district court had applied an overly broad version of the defense. The Federal Circuit concluded that regardless of whether a particular institution or entity is engaged in an endeavor for commercial gain, so long as the act is in furtherance of the alleged infringer's legitimate business and is not solely for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry, the act does not qualify for the very narrow and strictly limited experimental-use defense. The Court cautioned that the profit or nonprofit status of the accused infringer is not determinative in this analysis.

The Federal Circuit affirmed the district court's grant of the SJ motion for noninfringement as to the Gun Test Stand, agreeing that Duke had succeeded in showing that there was no genuine issue of material fact concerning Duke's nonuse of the Gun Test Stand equipment during the relevant time period.

Documented Conception Only Partially Overlaps with Subject Matter of Count

Donald D. Min

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

In *In re Jolley*, No. 01-1646 (Fed. Cir. Oct. 29, 2002), the Federal Circuit found that the Board's factual determinations were supported by substantial evidence and affirmed the Board's award of priority.

On April 25, 1989, Scott T. Jolley filed U.S. Patent Application No. 07/608,600 ("the '600 application"). On October 20, 1989, Phillip W. McGraw, Eldon L. Ward, and Michael W. Edens (collectively "McGraw") filed an application that matured into U.S. Patent No. 4,959,169 ("the '169 patent"). The '600 application and the '169 patent both relate to an ester lubricant composition that is compatible with chlorine-free hydrofluorocarbon ("HFC") refrigerants.

To determine priority of invention, Jolley and McGraw participated in a five-way interference proceeding having a single count. During the interference proceeding, Jolley established a date of conception of June 2, 1988. The Board awarded priority to McGraw, however, because McGraw had established a prior date of conception of May 20, 1988, with diligence extending to a reduction to practice in September or

October of 1988. The Board further found that Jolley's claims were anticipated by U.S. Patent No. 2,807,155 ("the '155 patent").

The interference count was directed to a "two-component" composition: an HFC refrigerant and an ester lubricant. To prove conception, McGraw submitted a May 20, 1988, e-mail that described using only some of the esters within the count limitations in addition to other esters outside of the count limitations. Jolley argued that every limitation of the count must have been known to the inventor at the time of the alleged conception, and thus, the e-mail was not sufficient evidence to establish May 20, 1988, as a date of conception for McGraw.

The Federal Circuit ruled that the determinative inquiry was whether the idea expressed in the evidence was sufficiently developed to support conception of the subject matter of the interference count. The Federal Circuit explained that the evidence of conception should fairly suggest to one of ordinary skill the subject matter of the count, without the need for extensive experimentation to ascertain whether the matter encompassed by the disclosure suggests the desirable features of compositions belonging to the count.

Jolley argued that the evidence submitted by McGraw was legally insufficient, and thus, the Board was precluded from using the evidence. The Federal Circuit ruled that the evidence was legally sufficient, but acknowledged that several inconsistent conclusions could be drawn from McGraw's evidence. However, the Federal Circuit held that, under the substantial evidence standard, the possibility of drawing two inconsistent conclusions from the evidence does not render a Board's findings unsupported by substantial evidence. Thus, the Federal Circuit found that the Board's conclusions were reasonable and refused to second-guess the Board's finding that McGraw had established a prior date of conception.

As to priority, Jolley argued that there was a gap in McGraw's diligence caused by his pursuit of a separate invention that was completely outside of the scope of the count. The Court was not convinced, however, finding that any gaps of inactivity were excusable as reasonable everyday problems and limitations. Therefore, the Federal Circuit affirmed the Board's decision to grant priority to McGraw.

In light of the affirmation of the Board's award of priority to McGraw, the Federal Circuit did not address the Board's determination that the '155 patent anticipated Jolley's claims corresponding to the interference count.

Multiplicity Does Not Imply Separateness

A.J. Moss

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

In *Electro Scientific Industries, Inc. v. Dynamic Details, Inc.*, No. 02-1010 (Fed. Cir. Oct. 7, 2002), the Federal Circuit vacated a district court's grant of SJ of noninfringement based on an erroneous claim construction and remanded for reconsideration of the infringement issue.

Electro Scientific Industries, Inc. ("ESI") is the assignee of United States Patent No. 5,847,960 ("the '960 patent"). The '960 patent teaches a method for accurate high-speed laser drilling of small holes (for vias) in circuit boards. GSI Lumonics, Inc. ("GSI") manufactured and sold a high-speed laser-drilling system to Dynamic Details, Inc. ("Dynamic") that used GSI's laser-drilling system to make circuit boards. ESI asserted the '960 patent against Dynamic for direct infringement and against GSI for indirect infringement.

The '960 patent claims recite processing a plurality of workpieces defined as circuit boards. The '960 patent shows that the circuit boards are separated from each other during processing. In contrast, Dynamic used GSI's laser-drilling system to process one workpiece from which a number of circuit boards were separated after processing. The district court concluded that the circuit boards must be separated during the claimed drilling process and, therefore, granted SJ of noninfringement.

On appeal, GSI and Dynamic argued that the preamble of the claims define circuit boards as workpieces, the preferred embodiment of the patent shows physically separate workpieces, and, therefore, the circuit boards must be separated during the claimed drilling process. The Federal Circuit was not persuaded, concluding that neither the ordinary meaning of workpiece nor the inventor's preferred embodiment limited the claim scope.

The Court was similarly unmoved by arguments based on the prosecution history to read the separation limitation into the claims. Specifically, to overcome a prior art rejection, ESI had explained that all of its claims required multiple elements, including circuit boards, lasers, and laser wavelengths. The Court, however, found that these references to multiple circuit boards did not require separate workpieces or separated circuit boards at the time of processing. Rather, the Court noted that a single workpiece can include multiple circuit boards.

Moreover, the Federal Circuit observed that the ordinary meaning of "multiple" and the specification's treatment of that term show that multiplicity and separateness are not synonymous. Specifically, the Court noted that "multiple" generally means "consisting of or characterized by many parts, elements, or individual components," while the meaning of "separate" is narrower, meaning "parted, divided, or withdrawn from others; disjointed, disconnected, detached, set or kept apart."

Consequently, the Court vacated the district court's SJ of noninfringement and remanded for reconsideration with direction that the circuit boards need not be separated during the claimed drilling process.

Dental-Impression Patent "Loses Its Bite"

Donald D. Min

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

In *All Dental Prodx, LLC v. Advantage Dental Products, Inc.*, No. 02-1107 (Fed. Cir. Oct. 25, 2002), the Federal Circuit reversed-in-part and affirmed-in-part a SJ that U.S. Patent No. 5,213,498 ("the '498 patent") was invalid and not infringed. The Federal Circuit found that the '498 patent was not invalid, but agreed that the accused product does not infringe.

Advantage Dental Products, Inc. ("Advantage") owns the '498 patent, which is directed to a method for making custom dental impressions using a material known as polycaprolactone. Typically, dentists use a dental-impression tray filled with alginate to make a mold of a patient's teeth for a dental appliance, such as a crown or cap. Instead of using a tray or container, the '498 patent discloses heating polycaprolactone until it is pliable and then placing it directly over the patient's teeth. The polycaprolactone then cools into a rigid mold. The claims of the '498 patent set forth a step of heating an "original unidentified mass" of material to make a mold.

All Dental Prodx, LLC et al. (collectively "All Dental") sells a product known as "TEMP TABS TRUE BLUE," which is a flat, oval-shaped tablet also made of polycaprolactone. The tablet is heated until pliable and then molded directly over a patient's teeth. All Dental brought suit seeking a DJ

that the '498 patent was invalid and not infringed by its tablet.

The district court found that the phrase "original unidentified mass" was not described in the '498 patent such that one skilled in the art could understand the bounds of the claims, and, thus, the claims were invalid under 35 U.S.C. § 112, ¶¶ 1 and 2. In addition, after reviewing the prosecution history, the district court construed "original unidentified mass" to mean "a mass that does not have a specific preformed size and shape." Since All Dental's tablet has a specific preformed size and shape, the district court held that it did not infringe the claims of the '498 patent.

With regard to invalidity, the Federal Circuit found that although the '498 patent was not a model of clarity, the specification was reasonably clear enough to provide a context for understanding the meaning of "original unidentified mass." The Federal Circuit noted that the specification of a patent need not describe the claimed subject matter in exactly the same terms as used in the claims and the specification's failure to exactly mention a claimed limitation is not fatal.

Furthermore, the Federal Circuit noted that the prosecution history was clearly relevant as intrinsic evidence for determining validity. The Federal Circuit agreed with the district court that the prosecution history clarified "unidentified original mass" to mean a mass that does not have a specific preformed size and shape. Since the district court was able to construe the phrase, the Federal Circuit held that the district court was incorrect in concluding that this phrase was indefinite. Therefore, the Federal Circuit held that the '498 patent was not invalid.

With regard to infringement, the Federal Circuit agreed that All Dental's tablet had a preformed shape and, thus, did not infringe the claims of the '498 patent.

PTO's Path to Obviousness Was Convoluted but Discernable

Jennifer Gray Beckman

[Judges: Dyk (author), Mayer, and Prost (dissenting)]

In *In re Huston*, No. 02-1048 (Fed. Cir. Oct. 17, 2002), the Federal Circuit affirmed an Examiner's finding of obviousness despite what it identified as a convoluted path supporting the decision.

The technology at issue concerns a method and apparatus for displaying advertising messages to a golfer on a screen based on the golfer's current position, as targeted by a global positioning satellite ("GPS") system. Charles D. Huston and Darryl J. Cornish (collectively "Huston") filed U.S. Application Serial No. 08/926,293 ("the '293 application") on December 30, 1994, claiming the benefit of an earlier application, U.S. Application Serial No. 07/804,368, filed December 10, 1991. The Examiner determined that the '293 application was not entitled to the priority date of the earlier application, and the Board upheld this determination. Specifically, the earlier application did not disclose the later claimed concept of "displaying an advertising message" to a golfer based on position. The Federal Circuit agreed, noting that the issue is not whether this claim limitation would have been obvious, but whether the parent application provides any such written description.

The Court then reviewed the Board's determination that claim 1 of the '293 application was obvious in light of the prior art as of December 30, 1994. The obviousness analysis was conducted in two steps, first focusing on the "use of a GPS system on a golf course" limitation, and then focusing on the "positional advertising" limitation.

The Board had found the use of a GPS system on a golf course obvious in light of a combination of two references, the Wang and Fukumishu patents. Huston appealed, arguing that there was no motivation to combine these references, the proposed modification would change the operating principle of the claimed invention, there was no reasonable expectation of success in view of the teachings of *Wang*, and the claim limitations were not taught or suggested by the proposed combination. The Federal Circuit answered these questions by pointing to the Paul patent, which described the use of a GPS system on a golf course to determine a golfer's position. Although the Paul patent was not expressly recited by the Board as a basis for obviousness, the Federal Circuit recognized "judicial indulgence" in discern-

ing the Board's reasoning and affirming its decision.

In dissent, Judge Prost disagreed that the Board's reasoning was "readily discernable," concluding instead that since the Board had not cited the Paul patent as a basis for finding obviousness, the Federal Circuit could not substitute what it considers to be a more adequate or proper basis.

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

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