

Last
month at

The Federal Circuit

Month at a Glance



FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLP

Washington, DC
202.408.4000

Atlanta, GA
404.653.6400

Cambridge, MA
617.452.1600

Palo Alto, CA
650.849.6600

Reston, VA
571.203.2700

Brussels
+ 32 2 646 03 53

Tokyo
+ 03 3431 6943

CLAIM TERM "SUBSTANTIALLY CONSTANT" IS NOT SO INDEFINITE AS TO INVALIDATE

The fact that the parties disagree about claim scope does not of itself render claim invalid as indefinite. *Verve, LLC v. Crane Cams, Inc.*, No. 01-1417 (Fed. Cir. Nov. 14, 2002)1

"UNIFORM FLEXIBLE FILM" IS NOT LIMITED TO UNIFORM THICKNESS

Patent terms have meaning at time of application and are not subject to later revision by a supply contract. *Middleton, Inc. v. Minnesota Mining and Mfg. Co.*, No. 02-1151 (Fed. Cir. Nov. 27, 2002)1

PATENTEE'S THREATENING LETTERS WERE NOT UNFAIR COMPETITION

Patentees do not violate the rules of fair competition by making accurate representations and are allowed to make representations that turn out to be inaccurate, provided they make them in good faith. *Golan v. Pingel Enter., Inc.*, No. 01-1626 (Fed. Cir. Nov. 7, 2002)2

UNAMBIGUOUS TERM GIVEN ITS ORDINARY MEANING

Among several common meanings, the specification serves to point away from the improper meanings and toward the proper meaning. *Inverness Med. Switz. GmbH v. Princeton Biomeditech Corp.*, No. 01-1188 (Fed. Cir. Oct. 31, 2002)4

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28 U.S.C. § 1498(a) provides an affirmative defense for a government contractor, not a jurisdictional bar. *Toxgon Corp. v. BNFL, Inc.*, No. 02-1302 (Fed. Cir. Dec. 10, 2002)6

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EDITED BY VINCE KOVALICK

This publication brings you a synopsis of patent cases decided last month by the United States Court of Appeals for the Federal Circuit based on slip opinions received from the court. You can review and download the full text of each opinion by visiting our Web site (www.finnegan.com). Given the small number of precedential decisions reported in November and December 2002, this edition includes those decisions from both months.

Claim Term “Substantially Constant” Is Not So Indefinite as to Invalidate

Gordon Klancnik

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

In *Verve, LLC v. Crane Cams, Inc.*, No. 01-1417 (Fed. Cir. Nov. 14, 2002), the Federal Circuit vacated a district court’s SJ of indefiniteness under 35 U.S.C. § 112, ¶ 2, reversed a judgment of invalidity for anticipation under 35 U.S.C. § 102, and remanded.

The patent-in-suit, U.S. Patent No. 4,850,315 (“the ‘315 patent”), relates to stronger push rods for internal-combustion engines used, for example, in automobiles. Push rods are part of the mechanism that open and close air intake and exhaust valves within the cylinders of engines. Specifically, the ‘315 patent claims a hollow push rod made from a single piece of metal with a diameter that is larger at the middle portion than at either end.

The claims recite a hollow push rod having a “substantially constant wall thickness” throughout the length of the tube. Because the intrinsic evidence did not define “substantially constant,” the district court held the claims invalid as indefinite. The Federal Circuit concluded that the district court employed the wrong standard, ruling that the district court should have focused on whether a person of ordinary skill in the art would understand the term rather than on whether the intrinsic evidence alone provided a clear definition. The Court observed that “substantially” often serves a valid purpose in patent claims. In fact, the very nature of the invention may necessitate its usage, so that the patentee can claim the true scope of the invention. Accordingly, the Court vacated the indefiniteness decision and remanded.

The Federal Circuit also reversed the district court’s judgment of anticipation by two Japanese patents. Notably, the asserted references merely disclosed hollow push rods having a uniform, cylindrical diameter with slightly narrower spherical-shaped ends. The Court essentially determined that the claims, when properly construed, did not cover such a configuration. Accordingly, the ‘315 patent was not invalid for anticipation.

“Uniform Flexible Film” Is Not Limited to Uniform Thickness

Donald D. Min

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

In *Middleton, Inc. v. Minnesota Mining and Manufacturing Company*, No. 02-1151 (Fed. Cir. Nov. 27, 2002), the Federal Circuit reversed and remanded a SJ that U.S. Patent No. 4,944,514 (“the ‘514 patent”) was not infringed, either literally or under the DOE. The Federal Circuit found that the district court had failed to correctly construe the claims and failed to determine whether prosecution history barred Middleton, Inc. (“Middleton”) from relying on the DOE.

Middleton owns the ‘514 patent, which is directed to a material for finishing the top surface of a floor. The claims of the ‘514 patent recite a floor covering having a “material for finishing” and a “uniform flexible film.”

Minnesota Mining and Manufacturing Company (“3M”) makes and sells a floor-covering product called Floorminders, which is applied to a smooth floor, but uses a textured surface film. Middleton sued 3M, alleging that the Floorminders product infringed the ‘514 patent. The district court construed the phrase “uniform flexible film” to mean a film having a uniform thickness. However, the district court granted SJ of

noninfringement based on a different claim limitation (“material for finishing”). In a previous decision, the Federal Circuit had found that the district court had erred in its claim construction of the phrase “material for finishing” and reversed the SJ of noninfringement. In that opinion, the Federal Circuit stated that the parties did not appear to dispute that the “uniform” limitation required a uniform thickness. On remand, the district court adopted this statement as its claim construction and granted SJ of noninfringement in favor of 3M, because the textured surface film of 3M’s Floorminders product did not have a uniform thickness. Middleton appealed for a second time.

The Federal Circuit found that the district court had erred in adopting this statement as its claim construction. Accordingly, the Court construed this phrase, *de novo*, based on the ordinary dictionary definition and the intrinsic evidence.

The Federal Circuit ruled that the most important indicator of the meaning of the “uniform” limitation was its usage in the context of floor coverings. In this context, that phrase encompassed a floor covering having the same form throughout. The Federal Circuit explained that many different types of floor surfaces may have varying thicknesses, but nonetheless, exhibit the same form throughout.

The Federal Circuit also considered the prosecution history of the ‘514 patent. During the prosecution of a related patent, the applicant asserted that the claimed uniform flexible film assured a uniform thickness required for the surfaces of bowling alleys. However, the Federal Circuit found that these assertions were limited to the context of bowling-alley surfaces and did not limit the broader claims of the ‘514 patent that were directed toward floor surfaces in general. Therefore, the Federal Circuit found that the “uniform” limitation as claimed in the ‘514 patent was entitled to an interpretation that included floor cov-

erings having a consistent nonuniform thickness or other “uniform” irregularities.

The Court also commented on Middleton’s argument that contracts between 3M and its suppliers permitting manufacturing tolerances should be used as evidence in construing the patent terms in the claims. The Federal Circuit emphasized that the meaning of patent terms depends on the usage of those terms in context by one of skill in the art at the time of application. It noted that a contract may supply some insight into the understanding of skilled artisans at the time of invention, but that no such evidence had been offered.

The Federal Circuit also found that the Supreme Court’s decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 122 S. Ct. 1831 (2002), required the district court to consider infringement under the DOE.

Patentee’s Threatening Letters Were Not Unfair Competition

Andrea L. Anderson

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

In *Golan v. Pingel Enterprise, Inc.*, No. 01-1626 (Fed. Cir. Nov. 7, 2002), the Federal Circuit affirmed the district court’s grant of SJ dismissing Ilan Golan’s federal and state antitrust claims on the ground that Golan had introduced no evidence that Pingel Enterprise, Inc. (“Pingel”) possessed monopoly power in the relevant market. The Federal Circuit also affirmed the district court’s SJ dismissing Golan’s federal and state unfair-competition claims and state tort claims because Golan did not present sufficient evidence that Pingel made its accusation of patent infringement in bad faith. Finally, the Federal Circuit reversed the district court’s grant of SJ on the federal

and state unfair-competition claims predicated upon Pingel's allegations of trademark infringement because the district court had applied the wrong law.

Pingel and Golan manufacture after-market motorcycle fuel valves, called petcocks, designed for use with Harley-Davidson motorcycles. Pingel markets its petcock under the POWER-FLO mark, and Golan uses the PEAK FLOW mark. Golan also markets fuel filters for Harley-Davidson motorcycles under the PEAK FLOW mark. In 1997, after receiving a promotional brochure from Rivera Engineering ("Rivera") that advertised that Golan's fuel filter was flow rated at 6.3 gallons per minute, Pingel obtained a filter, tested it, and determined that it failed to exhibit the advertised flow rate. Pingel wrote to Rivera stating that it had tested Golan's PEAK FLOW filter and that the filter would not flow at a rate of 6 gallons per minute on any gravity system.

In 1998, Golan began selling its PEAK FLOW petcock. Pingel obtained a sample and determined that it infringed a Pingel utility patent (U.S. Patent No. 4,250,921 ("the '921 patent")), a Pingel design patent (U.S. Patent No. 363,533 ("the '533 patent")), and Pingel's POWER-FLO trademark. On October 30, 1998, through its patent attorney, Pingel sent Golan a cease and desist letter claiming that the Golan petcock infringed the '921 and '533 patents and its POWER-FLO trademark. The letter threatened Golan with legal action should it refuse to cease manufacturing and selling the petcocks. Pingel also sent letters to each of its twenty-two distributors alleging that Pingel was taking immediate action to halt the production and sale of this product. On February 5, 1999, Pingel, through its attorney, sent a letter to Rivera demanding that Rivera cease selling Golan's PEAK FLOW petcock.

After sending these letters, Pingel contacted two additional outside attorneys to assess the likelihood of prevailing in a patent-infringement action. The first attor-

ney issued an oral opinion. The second attorney, in his written opinion, informed Pingel that the issues were "close." The second attorney also erroneously advised Pingel that the '921 patent would expire on April 23, 1999, twenty years after its filing. However, the '921 patent claimed priority from a divisional application filed May 10, 1978, and, therefore, the '921 patent had already expired on May 10, 1998, before Pingel sent the letters to its distributors, Rivera, or Golan.

In March 1999, Golan filed a DJ action for noninfringement of several patents owned by Pingel, including the two patents referenced in Pingel's cease and desist letter and for noninfringement of the POWER-FLO trademark. Golan also asserted federal and state antitrust claims and federal and state unfair-competition claims, asserting that Pingel made false or misleading statements regarding the performance of Golan's petcock to Rivera, and that Pingel's allegation of patent infringement was in bad faith because Pingel's '921 patent had expired at the time it wrote its letters to its distributors, Rivera, and Golan, and because Pingel never had an intent to bring a lawsuit against Golan. Pingel asserted counterclaims for infringement of the '533 design patent, and for federal trademark infringement and unfair competition related to Golan's use of the PEAK FLOW mark. Pingel admitted that the '921 patent expired on May 10, 1998, but that it lacked knowledge of when Golan's petcock was first offered for sale, although discovery later revealed that Golan made its first sales of the accused petcock after the expiration of Pingel's patent.

Golan moved for partial SJ of noninfringement of the '533 design patent and of the '921 patent. In response, Pingel filed a statement of nonliability and covenanted not to sue Golan or any of its customers for infringement of the expired '921 patent. The district court granted Golan's motion for SJ on the '533 design patent and dismissed Golan's DJ claim on the '921 patent

as moot. Neither party appealed these decisions.

Pingel then moved for SJ on Golan's tort, unfair competition, and antitrust claims. The district court held that the communications were not actionable and, therefore, granted Pingel's SJ. The district court held that Pingel's communication with Rivera regarding the Golan filter's flow rate was not actionable because Golan had presented no evidence that Pingel's statement was untrue. The district court also held that Pingel's communications with its distributors, Rivera, and Golan regarding Golan's alleged patent and trademark infringement were not actionable because Golan had not presented clear and convincing evidence that Pingel had made the assertions of infringement in bad faith.

The Federal Circuit affirmed the district court's grant of SJ on Golan's state and federal antitrust claims on the alternate ground that Golan had failed to make the requisite prima facie showing that Pingel possessed monopoly power in the relevant market under both the Sherman Act, 15 U.S.C. § 1 et seq., and the Cartwright Act, the California antitrust statute, Cal. Bus. & Prof. Code § 16700 et seq. The Federal Circuit also affirmed the district court's grant of SJ on Golan's federal and state unfair-competition claims and state tort claims arising out of Pingel's letter to Rivera regarding the flow rate of Golan's filters because Golan failed to present evidence sufficient to raise a genuine issue of material fact that Pingel's statement was false or misleading. Rather, Golan offered only the argument that Pingel's statement could be interpreted as a comment on the performance of the filter element found in the Golan fuel filter, which according to Golan, flowed at the advertised rate. The Federal Circuit rejected this interpretation, noting that Pingel's statement plainly referred to the flow rate of the fuel filter in a gravity system and not to a particular element of the filter.

Regarding Golan's federal and state unfair-competition claims arising out of

Pingel's accusations of patent infringement, the Federal Circuit noted that a finding of bad faith is proper only where there is clear and convincing evidence that the patentee made objectively false allegations with knowledge of their incorrectness or falsity, or with disregard for either. Here, the evidence revealed that Pingel had relied on its attorneys' calculations of the expiration date of the patent and only learned that the advice was incorrect after sending its letters. The Court also pointed out that, even if a patentee has no intention of initiating suit, allegations of infringement are not necessarily made in bad faith, because the decision to initiate a suit often involves business-related concerns as well as an evaluation of relevant facts and legal issues. Thus, in the absence of clear and convincing evidence of bad faith, the Federal Circuit affirmed the district court's grant of SJ, dismissing the federal and state unfair-competition claims predicated upon Pingel's accusations of patent infringement.

Finally, the Federal Circuit reversed the district court's grant of SJ on the federal and state unfair-competition claims predicated on Pingel's assertion of trademark infringement because the district court and the parties had erroneously presumed that Federal Circuit law governed these claims. The Federal Circuit noted that Ninth Circuit law should govern any claims arising under the Lanham Act, and that state law should govern entirely the California unfair-competition and business-tort claims. Accordingly, the Court remanded.

Unambiguous Term Given Its Ordinary Meaning

Carol L. Cole

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

In Inverness Medical Switzerland GmbH v. Princeton Biomeditech Corp., No. 01-1188

(Fed. Cir. Oct. 31, 2002), the Federal Circuit vacated the district court's judgment of noninfringement of U.S. Patent Nos. 5,622,871; 5,602,040; and 5,656,503, and remanded the case for further proceedings. The Court held that the phrase "mobility . . . is facilitated" must be given its ordinary meaning of the capacity to make movement easier at any stage. Under this claim construction, issues of material fact remained regarding infringement.

Unipath Diagnostics, Inc. ("Unipath") is the assignee of the three patents, which relate to a pregnancy-testing device. Unipath initiated an action against Princeton Biomeditech Corporation ("Princeton") for infringement of the claims of the three patents. Princeton later filed a motion for SJ of noninfringement, which was initially denied. On reconsideration, the district court granted Princeton's SJ motion, finding that the accused product did not infringe the claims because it did not facilitate mobility at the point of release, as claimed.

The Federal Circuit determined that the sole issue of claim construction concerned the proper interpretation of the phrase "mobility of said labeled reagent within said test strip is facilitated by . . . a material comprising sugar, in an amount effective to reduce interaction between said test strip and said labeled reagent." Unipath asserted that mobility need only be facilitated either at the time of release or during the subsequent transit of the reagent, i.e., at some time during the operation. The claim construction adopted by the district court, however, required the sugar to help or improve the release of the labeled reagent from the test strip.

The Federal Circuit looked to the dictionary to determine the ordinary meaning of the word "mobility." Finding multiple definitions, the Court compared these definitions to the specification and determined that the word "mobility" means "the capacity or facility of movement." Based on this meaning, the Federal Circuit determined

that the ordinary meaning of the phrase "mobility . . . is facilitated" is properly interpreted as the capacity to make movement easier. The claim language relied upon by the district court was not directed to the recited facilitation of mobility in the presence of sugar and, therefore, did not limit the meaning of "mobility." Moreover, the construction of "mobility" in the independent claims, as determined by the district court, was found to be wholly inconsistent with the use of the term in the dependent claims and the specification.

Looking at two particular instances in the prosecution history of the patents, the Federal Circuit found that neither the patentee nor the PTO interpreted the term "mobility" as meaning the same as "release." Accordingly, the Court vacated the judgment of the district court and remanded the case for consideration in view of the revised claim construction.

In a related decision, *Inverness Medical Switzerland GmbH v. Warner Lambert Co.*, No. 01-1147 (Fed. Cir. Oct. 31, 2002), the Federal Circuit again vacated a SJ of noninfringement on these same patents based on erroneous construction of other claim terms. The second issue of claim construction related to the proper interpretation of the phrases "said labelled reagent is dry on said test strip" and "drying said labelled reagent onto a portion of said test strip." The district court construed the phrases to require disposition "in contact with the top or outer surface of said test strip." On appeal, Unipath asserted that the phrases should be more broadly construed to include disposition of the labelled reagent within the test strip.

The Federal Circuit found that the district court had erred in its claim construction because the ordinary meaning of the terms was supported by dictionary definitions, the specification, and the prosecution history. Upon finding multiple dictionary definitions for the word "onto," which has as its ordinary meaning two relevant alternatives, the

Court determined that the word must be construed to encompass both alternatives. However, to confirm that the word encompasses both alternatives, the Court looked to the specification and the prosecution history to determine if only one of the multiple meanings was intended.

The specification was not so limiting, teaching only a preferred embodiment, not a restricted scope. Moreover, the Court was not convinced that the prosecution history foreclosed the broader dictionary definition that encompasses both surface and internal positions. For this reason, the Court held that the ordinary meaning of “on” and “onto” must control, wherein disposition of the labelled reagent “on” or “onto” the test strip means disposition as a surface layer or within the test strip.

District Court Proper for Government-Contractor Patent Dispute

Vince Kovalick

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

In *Toxgon Corporation v. BNFL, Inc.*, No. 02-1302 (Fed. Cir. Dec. 10, 2002), the Federal Circuit vacated a district court’s decision dismissing a lawsuit by Toxgon Corporation (“Toxgon”) for lack of subject-matter jurisdiction.

In 1998, BNFL, Inc. (“BNFL”) entered into a fixed-price contract with the Department of Energy (“DOE”) to develop a process for treating and immobilizing certain radioactive waste. GTS Duratek (“Duratek”) was a designated subcontractor to BNFL. The contract provided for a twenty-month period for the development of the technology necessary to remove the radioactive material. BNFL and Duratek then developed a process that included the

use of a “pilot melter,” which is a single-chamber vitrification system that converts nuclear waste into glass.

In May 2002, Toxgon filed suit against BNFL and Duratek (collectively the “Defendants”) for infringement of U.S. Patent No. 4,299,611. The Defendants moved to dismiss for lack of subject-matter jurisdiction, claiming that the litigation must proceed in the Court of Federal Claims under 28 U.S.C. § 1498(a).

Citing numerous precedents, the Federal Circuit explained that § 1498(a) acts as a codification of a defense and not as a jurisdictional statute. In other words, the Court stated, § 1498(a) provides an affirmative defense for applicable government contractors, rather than a jurisdictional bar. Thus, the Court ruled, the district court has jurisdiction over this matter, and, if appropriate, a defense arising under § 1498(a) should be resolved by SJ under Fed. R. Civ. P. 56, rather than a motion to dismiss under Rule 12.

Combined Reexam Proceedings Leads to Rejection of Claims

Vince Kovalick

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

In *In re Bass*, No. 02-1046 (Fed. Cir. Dec. 17, 2002), Robert T. Bass owns U.S. Patent No. 4,473,026 (“the ‘026 patent”) directed to a fishing boat. In 1996, a third party requested a reexamination of the ‘026 patent based on a prior art design patent to William Cargile, several Cargile brochures, and a National Fisherman publication (“Lucander”). Shortly thereafter, the same third party requested a second reexamination based on several other references. The Examiner merged the two reexamination proceedings and rejected the claims. The

Board affirmed the rejection and Bass appealed.

On appeal, Bass contended that in the first reexamination proceeding, the Examiner had indicated allowance before receiving the second request for reexamination. Therefore, the PTO had erred in considering the Cargile and Lucander prior art in the second reexamination proceeding because it did not present a substantial new question of patentability.

The Federal Circuit rejected this argument, explaining that until a PTO matter is completed, including the first reexamination proceeding in this case, the PTO may reconsider any earlier action. Because, in this case, the PTO had not reviewed the Lucander and Cargile references in a prior proceeding, the PTO was free to reconsider and ultimately base a rejection upon them.

Court Vacates Prior Decision for En Banc Rehearing

On December 18, 2002, the Federal Circuit issued an order vacating the panel's decision in *Elan Pharmaceuticals, Inc. v. Mayo Foundation*, 304 F.3d 1221 (Fed. Cir. 2002), which had been entered on August 30, 2002. In addition, the Court granted a petition for rehearing en banc.

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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
SJ	Summary Judgment
SM	Special Master