

Last month at

The Federal Circuit



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USE OF CANADIAN BLACKBERRY™ SYSTEM IN U.S. MAY INFRINGE UNDER 35 U.S.C. § 271(a)

Even though one of the accused components in RIM's BlackBerry™ system may not be physically located in the United States, it is beyond dispute that the location of the beneficial use and function of the whole operable system assembly is in the United States. *NTP, Inc. v. Research in Motion, Ltd.*, No. 03-1615 (Fed. Cir. Dec. 14, 2004) . . . 1

PATENTEE FAILED TO PROVIDE EXPERT TESTIMONY TO SUPPORT INFRINGEMENT

When the accused infringer offers expert testimony negating infringement in a complex technology, the patentee cannot satisfy its burden of proof by relying only on testimony from those who are admittedly not expert in the field. *Centricut, LLC v. The ESAB Group, Inc.*, No. 03-1574 (Fed. Cir. Dec. 6, 2004) 2

ALTERNATIVE EMBODIMENT SUPPORTS BROADER CLAIM CONSTRUCTION

Specification's multiple references to a preferred embodiment do not somehow overpower a single reference to a different embodiment. *Versa Corp. v. Ag-Bag Int'l, Ltd.*, No. 03-1445 (Fed. Cir. Dec. 14, 2004) 3

PATENTS COVERING DURAGESIC® TRANSDERMAL FENTANYL PATCH UPHeld

Maker of bioequivalent to Duragesic® transdermal fentanyl patch fails to prove the patent is invalid or unenforceable. *Alza Corp. v. Mylan Labs., Inc.*, No. 04-1344 (Fed. Cir. Dec. 10, 2004) 4

THREE-GRIP WEIGHT PLATE WAS OBVIOUS

Where there is a range disclosed in the prior art, and the claimed invention falls within that range, there is a presumption of obviousness. *Iron Grip Barbell Co. v. USA Sports, Inc.*, No. 04-1149 (Fed. Cir. Dec. 14, 2004) 4

SHOE SOLE FOUND OBVIOUS

Prior art must show the desirability and obviousness of combination, but the combination need not be the most desirable. *In re Fulton*, No. 04-1267 (Fed. Cir. Dec. 2, 2004) 5

LITIGATION MISCONDUCT NOT SUPPORTED

Though no infringement existed, patentee's suit was not frivolous and its litigation tactics were not misconduct or vexatious behavior. *Stephens v. Tech Int'l, Inc.*, No. 04-1215 (Fed. Cir. Dec. 29, 2004) 5

CLAIMS ANTICIPATED BY APPLICANTS' EARLIER PUBLICATION

One cannot establish novelty by claiming a known material by its properties. *In re Crish*, No. 04-1075 (Fed. Cir. Dec. 21, 2004) 6

Use of Canadian BlackBerry™ System in U.S. May Infringe Under 35 U.S.C. § 271(a)

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

In *NTP, Inc. v. Research in Motion, Ltd.*, No. 03-1615 (Fed. Cir. Dec. 14, 2004), the district court made several rulings concerning a jury's verdict that Research in Motion, Ltd.'s ("RIM") BlackBerry™ system infringed five patents owned by NTP, Inc. ("NTP"). Specifically, the Federal Circuit ruled that the district court had erred in construing a certain claim limitation but correctly found that infringement could lie under 35 U.S.C. § 271(a). The Court remanded the case for the district court to determine whether an infringement verdict should be set aside based on the new claim construction and for a corresponding new damages award.

The patents-in-suit concern a wireless electronic mail system that pushes e-mail to an end user. The district court granted SJ of infringement on certain claims, and a jury returned a verdict of infringement on other claims. The jury awarded damages in the amount of approximately \$23M. The district court then modified the damages award for compensatory damages, attorney fees, pre-judgment interest, and enhanced damages to a total of more than \$53M.

Initially, the Federal Circuit declined to address RIM's argument that the claims are limited to pull technology because RIM had failed to raise this argument before the district court. Instead, the Court addressed RIM's argument that the term "electronic mail system" cannot include wireless connections, concluding that such a contention contradicts the text and the figures of the written description.

The district court had found that the claim term "originating processor" meant "any one of the constituent processors in an electronic mail system that prepares data for transmission through the system." The

Federal Circuit ruled that this construction was erroneous, concluding instead that the term properly construed means "a processor in an electronic mail system that initiates the transmission of a message into the system." Although the Federal Circuit expressly stated that it does not hold that the originating processor is always the processor on which text of the e-mail message was created, it recognized that as a practical matter, this will probably be the case. The Court specifically ruled that a gateway switch is not an originating processor.

The Federal Circuit ruled that given its new claim construction of the phrase "originating processor," the full scope of infringement remained unclear, and, therefore, the Court remanded the case for development of this evidence.

RIM argued that certain steps of the allegedly infringing activity took place outside of the United States because the BlackBerry™ relay component of the accused system is located in Canada. RIM asserted that the entire accused system and method must be contained or conducted within the territorial bounds of the United States for § 271(a) to apply. The Federal Circuit ruled, however, that when two domestic users communicate via their BlackBerry™ devices, their use of the BlackBerry™ system occurs within the United States, regardless of whether the messages exchanged between them may be transmitted outside of the United States at some point along their journey. Even though one of the accused components in RIM's BlackBerry™ system may not be physically located in the United States, the Court reasoned, it is beyond dispute that the location of the beneficial use and function of the whole operable system assembly is in the United States. The location of RIM's customers and their purchase of the BlackBerry™ devices establish control and beneficial use of the BlackBerry™ system within the United States and satisfactorily establish territoriality under § 271(a).

Patentee Failed to Provide Expert Testimony to Support Infringement

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

In *Centricut, LLC v. The ESAB Group, Inc.*, No. 03-1574 (Fed. Cir. Dec. 6, 2004), the Federal Circuit reversed a finding of infringement, wiping out a damages award of over \$2M.

The ESAB Group, Inc. (“ESAB”) owns U.S. Patent No. 5,023,425 (“the ‘425 patent”), which discloses and claims a three-part electrode for plasma-arc cutting of steel. The claims recite an emissive insert, a holder, and a sleeve positioned between the emissive insert and the holder. The sleeve is different from prior art electrodes and is made of a material with a high “work function” relative to the emissive insert. The addition of the sleeve keeps the arc and the emissive insert even as the copper holder becomes oxidized and, thus, increases the electrode’s useful life.

The parties had agreed that the term “work function” referred to the potential step, measured in electrode volts, that permits thermionic emission from the surface of a metal at a given temperature. In other words, work function is the energy required to remove an electrode from inside a material to outside the material. The claims specifically recite an emissive insert composed of a metallic material having a relatively low work function and a sleeve having a work function that is greater than that of the material of the emissive insert.

At a bench trial, neither party introduced any evidence of tests conducted to directly measure the work function of the materials in the accused device. The Defendant introduced a physics professor, who testified that it was not possible to determine the relative work functions because work function is not an intrinsic property of a metal but rather is a property of specific surfaces under specific

conditions. For its part, ESAB did not introduce any expert testimony but simply argued that work-function values recorded in a table showed that the metals used in the accused products had low work functions as required by the claims. ESAB also made alternative arguments about tests it had done concerning the useful life of the accused electrodes and other inferences that could be drawn, but did not introduce any expert testimony on these theories.

ESAB’s sole testimony concerning a correlation between the useful life and work function came from the testimony of its inventor. However, this testimony was contradicted by the Defendant’s expert, who testified that a longer useful life could be attributed to a number of different factors, including temperature, the geometry of the electrode, the thermal and electrical conductivity of the sleeve, or the sleeve’s resistance from oxidation, and, therefore, it was not reasonable to conclude that longer useful life was attributable only to work function. Moreover, the inventor admitted that he was not an expert on the issue of work function. He had not studied the subject in college and had not acquired an expert’s knowledge of work function during the course of his employment, nor had he been qualified as an expert under Fed. R. Evid. Rule 702. Thus, none of ESAB’s theories concerning work function that supported its claim of infringement were supported by expert knowledge of work functions. The only expert testimony as to work function suggested that testing was necessary to prove whether the claims were infringed, and ESAB simply failed to offer any such evidence.

The district court relied on the work-function tables and concluded that although they might not establish to a certainty that the silver used in the accused product has a higher work function than the metals used in its inserts, these tables are sufficiently persuasive to support a finding of infringement by a preponderance of the evidence.

The Federal Circuit recognized that, in many patent cases, expert testimony is not necessary because the technology is easily understandable, but concluded that this was not such a case. Here, the technology was very complex. Although the Federal Circuit declined to state a per se rule that expert testimony is required to prove infringement when the art is complex, in complex cases where the accused infringer offers expert testimony negating infringement, the patentee cannot satisfy its burden of proof by relying on only testimony from those who are admittedly not expert in the field.

Alternative Embodiment Supports Broader Claim Construction

[Judges: Dyk (author), Rader, and Newman (dissenting)]

In *Versa Corp. v. Ag-Bag International, Ltd.*, No. 03-1445 (Fed. Cir. Dec. 14, 2004), the Federal Circuit reversed a judgment of noninfringement after finding error with the district court's claim construction.

Versa Corporation ("Versa") sued Ag-Bag International, Ltd. ("Ag-Bag") for infringement of three patents, which pertain to compost-bagging machines. The patented machines fill large bags with compost material in such a way that air required for decomposition may enter the bag. The claim limitation in question defines a "means associated with the bagging machine for creating air channels in the compost material in said bag to enhance the decomposition of the compost material." The three patents-in-suit share a similar specification, which discloses two structures for introducing air to the compost: (1) one or more perforated pipes that extend through the compost material, and (2) a multiplicity of V-shaped flutes on the walls of the tunnel against which the compost is compacted.

The district court ruled that the means for creating air channels requires the presence of both perforated pipe and flutes. Versa agreed that it could not prove infringement under such a claim construction, apparently because the accused Ag-Bag machine does not contain flutes; therefore, Versa requested that judgment be entered so that it could appeal.

In the specification and drawings, the invention includes both flutes and perforated pipe. However, the specification also points out that both structures are not required, stating that sufficient air will be present to achieve decomposition with either the channels or the perforated pipe, although the preference is that both the flutes and the pipe be utilized. The Federal Circuit concluded that in light of this disclosure, flutes are not essential to the claimed invention and, therefore, the district court had erred in its claim construction requiring flutes. The Federal Circuit rejected Ag-Bag's argument that the specification's multiple references to the preferred embodiment somehow overpower the single reference to an embodiment not requiring the flutes.

Judge Newman dissented, contending that the description of the invention, the prosecution history, and the prior art require the use of flutes to create air channels along with the use of perforated pipe. In her mind, the abstract, the summary of the invention, and every embodiment described in the specification required the use of flutes. Judge Newman dismissed a statement in the specification stating that "it is believed that sufficient air will be present to achieve decomposition with either the channels 48 or the perforated pipe 50 although it is preferred that both the flutes 46 and the pipe 50 be utilized" as merely "a belief" that is not the patented invention. She concluded that whatever the accuracy of the applicant's "belief," it was not the invention that he submitted for patenting.

Patents Covering Duragesic® Transdermal Fentanyl Patch Upheld

[Judges: Archer (author), Newman, and Dyk (concurring-in-part and dissenting-in-part)]

In *Alza Corp. v. Mylan Laboratories, Inc.*, No. 04-1344 (Fed. Cir. Dec. 10, 2004), the Federal Circuit affirmed a finding that U.S. Patent No. 4,588,580 (“the ‘580 patent”) is not invalid and had not been procured by inequitable conduct.

Alza Corporation and Janssen Pharmaceutica, Inc. (collectively “Alza”) asserted the ‘580 patent against Mylan Laboratories, Inc. and Mylan Pharmaceuticals, Inc. (collectively “Mylan”). The ‘580 patent concerns a system for the transdermal administration of the narcotic fentanyl for an extended period of time at analgetically effective rates. In particular, the ‘580 patent is directed to the transdermal administration of fentanyl in its base form. One embodiment of the ‘580 patent is sold by Janssen as the Duragesic® patch. Mylan developed a generic transdermal fentanyl patch that is a bioequivalent to Duragesic® and filed an ANDA seeking approval to market its patch before the ‘580 patent expires. The ‘580 patent has been through two reexamination proceedings.

The claims in question all recite the claim limitation “skin permeable form.” The district court construed this to mean fentanyl that is in a form that can pass through the skin, excluding solutions of fentanyl citrate. Based on this construction, the district court concluded that Mylan’s application for an ANDA was an act of infringement. The district court also concluded that one prior art reference (“the Keith reference”) did not anticipate because it disclosed fentanyl citrate, which had been expressly disclaimed by the inventors in the ‘580 patent specification and during the patent’s prosecution. The Federal Circuit agreed that the patent specifi-

cation clearly demonstrated that fentanyl citrate is not a skin-permeable form of fentanyl and that this was confirmed by the prosecution history. The Court agreed that because the Keith reference teaches a fentanyl citrate solution that was expressly disclaimed by the ‘580 patent’s inventors, the Keith reference did not anticipate. Concerning obviousness, other prior art that Mylan wanted to combine with the Keith reference actually taught that fentanyl would not be a good transdermal candidate due to its low solubility.

Mylan had also argued that the ‘580 patent was unenforceable for inequitable conduct, specifically, for misleading statements submitted in a declaration filed by one of the inventors during one of the reexamination proceedings. The Federal Circuit found, however, that the statements made in the declaration were true, no information had been omitted, and no information was affirmatively misstated. Moreover, the district court had the opportunity to question the declarant in determining the witness’s credibility. Accordingly, the Federal Circuit agreed that inequitable conduct had not been shown.

Judge Dyk agreed with the findings on validity, but would have found inequitable conduct. He was troubled by the majority’s conclusions that the statements in the declaration had not been shown to be untrue. According to Judge Dyk, there was no basis to find certain statements in the declaration literally true. Accordingly, he considered a remand necessary to reconsider the issue of intent.

Three-Grip Weight Plate Was Obvious

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

In *Iron Grip Barbell Co. v. USA Sports, Inc.*, No. 04-1149 (Fed. Cir. Dec. 14, 2004), the Federal Circuit affirmed a finding of invalidity

of several claims of U.S. Patent No. 6,436,015 (“the ‘015 patent”) based on obviousness.

Iron Grip Barbell Company, Inc. (“Iron Grip”) manufactures barbell weight plates and owns the ‘015 patent, which discloses a weight plate with three elongated openings near the periphery of the plate that function effectively as handles. The prior art includes weight plates with one, two, and four openings.

USA Sports, Inc. (“USA Sports”) also manufactures a three-grip weight plate. After Iron Grip sued USA Sports, a district court judge found the ‘015 patent invalid for obviousness on SJ.

In comparing the prior art to the claimed invention, the Federal Circuit warned of the dangers of a hindsight bias in determining obviousness. However, the Court noted that the key feature of the ‘015 patent—the fact that there are three elongated handles—falls squarely within a range disclosed by the prior art. Where the prior art discloses a range encompassing a somewhat narrower claim range, the Court concluded, the narrower range may be obvious; indeed, there is a presumption of obviousness. That presumption will be rebutted if it can be shown that the prior art taught away from the claimed invention or that there were new and unexpected results relative to the prior art. Here, there was no showing of either mitigating factor. Although Iron Grip had entered into three license agreements with respect to the ‘015 patent, two of those licenses were taken in settlement of litigation. The Federal Circuit explained that because it may be cheaper to take licenses than to defend infringement suits, evidence of commercial success, as presented by a license, is given little weight if the patentee does not demonstrate a nexus between the merits of the invention and the licenses. Here, there was no evidence of such a nexus; hence, the licenses were given little significance.

Shoe Sole Found Obvious

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

In *In re Fulton*, No. 04-1267 (Fed. Cir. Dec. 2, 2004), the Federal Circuit affirmed a decision by the Board rejecting an application because the invention claimed would have been obvious.

The invention in question concerned a shoe sole with increased traction. The claims recited three limitations defining hexagonal-shaped projections distributed around the shoe sole. The Examiner had rejected the claims based on three prior art references using variously located hexagonal projections. The Board found that the prior art as a whole suggested or motivated a combination of an open perimeter with the orientation of hexagonal surfaces as claimed. The applicants argued that the prior art did not show that the characteristics disclosed in one prior art reference—hexagonal surfaces in a facing orientation—are preferred over other alternatives disclosed in the prior art. The Federal Circuit ruled that this argument failed because case law did not require that a particular combination must be preferred or be the most desirable in order to provide motivation for a claimed invention. Precedent only requires that something in the prior art as a whole suggest the desirability and, thus, the obviousness of making the combination, but the combination need not be the most desirable combination available. Moreover, the Court ruled that the mere disclosure of alternative designs in one or more references does not teach away from a combination of those references.

Litigation Misconduct Not Supported

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

In *Stephens v. Tech International, Inc.*, No. 04-1215 (Fed. Cir. Dec. 29, 2004), the Federal Circuit reversed a district court’s order finding the case exceptional.

Matthew Stephens and Spectrum Laboratories, Inc. (collectively "Spectrum") own U.S. Patent No. 6,162,647 ("the '647 patent"), which is directed to a method for removing unwanted substances from human urine samples using chromium trioxide in an aqueous solution. Spectrum sued Tech International, Inc. ("Tech") for infringement. The district court granted partial SJ of noninfringement to Tech, finding no literal infringement because claim 1, which only claimed chromium trioxide, did not read on Tech's accused product, which used sodium dichromate. It also held that the prosecution history estops Spectrum from claiming infringement under the DOE. Tech then moved for attorney fees—which the district court ultimately granted—because (1) Spectrum's infringement suit was frivolous and in bad faith, (2) Spectrum engaged in litigation misconduct, and (3) Spectrum's background investigation and credit check on a key witness conducted after SJ of noninfringement was vexatious behavior.

The Federal Circuit concluded that the district court had erred in concluding that Spectrum's suit was frivolous. The record showed that when placed in aqueous solution, chromic acid and sodium dichromate are identical. And, because the use of chromic acid encompasses the use of sodium dichromate in the field of urinalysis, Spectrum had adequate grounds to believe that Tech directly infringed the patent. Concerning litigation misconduct, Spectrum had placed Tech on notice of potential infringement of potentially patentable subject matter contained in a separate patent application under 35 U.S.C. § 154(d)(1) and (2). Spectrum believed that one of Tech's products infringed several claims of that pending application. The Federal Circuit found that Spectrum had operated within its rights under § 154 when it notified Tech of the potential infringement. Finally, the fact that Stephens initiated a credit check and background investigation after issuance of a SJ order of noninfringement is not by itself vex-

atious behavior, and, therefore, the Court reversed the finding that the case was exceptional.

Claims Anticipated by Applicants' Earlier Publication

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

In *In re Crish*, No. 04-1075 (Fed. Cir. Dec. 21, 2004), the Federal Circuit affirmed a rejection of three claims of a patent application as being unpatentable based on anticipation by two prior publications.

The invention relates to purified DNA molecules having promoter activity for the human involucrin gene (hINV). Involucrin is a protein that interacts with keratin and other intracellular proteins to strengthen the plasma membranes of cells in the outer layers of the skin. The involucrin gene contains the DNA sequence that codes for involucrin. During prosecution, the Examiner rejected the three claims in question as being anticipated by the applicants' ("Crish") own publication and a Welter publication, of which Crish was also a coauthor.

On appeal, the applicants argued that the Board had improperly expanded the scope of the claims to allow nucleotides in addition to the specified portions of SEQ ID NO:1. The applicants argued that during prosecution, the term "consist" was added to limit the claimed oligonucleotide to a specific DNA sequence in the promoter region, as opposed to the entire SEQ ID NO:1. The Federal Circuit found that the Board's construction was reasonable because the claims also contain the open-ended transition term "comprising." According to the Court, read in context, the claims do not preclude a DNA sequence having additional nucleotides.

Concerning anticipation, the applicants argued that a person of ordinary skill in the art starting with the plasmid disclosed in the Crish and Welter publications would not necessarily have obtained SEQ ID NO:1. The

Federal Circuit rejected the applicants' argument that the claims are not anticipated because the Crish publication did not sequence the promoter region of hINV. According to the Court, a long line of cases confirms that one cannot establish novelty by claiming a known material by its properties. The Federal Circuit acknowledged that the Board had concluded that the plasmid used in the application and the Crish publication were the same, but concluded that this conclusion was reasonable, because Crish is both an inventor of the application and an author of the prior art publication, both the application and the publication refer to the promoter region as being about the same size, and

both the application and the publication refer to the same source for the plasmid. The applicants had provided no evidence that the plasmids used in the application and the Crish publication were different. Accordingly, the Federal Circuit affirmed the finding of anticipation.

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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
ANDA	Abbreviated New Drug Application
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
IDS	Information Disclosure Statement
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