

Last  
month at

## The Federal Circuit



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#### NO ADVERSE INFERENCES FROM REFUSAL TO PRODUCE OPINIONS

An adverse inference that a legal opinion was or would have been unfavorable shall not be drawn from invocation of the attorney-client and/or work-product privileges or from failure to consult with counsel. *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, No. 01-1357 (Fed. Cir. Sept. 13, 2004) . . . . .1

#### COURT VACATES OVERBROAD INJUNCTION

Permanent injunction generally prohibiting infringement is improper because it is not limited to the devices adjudged to infringe. *Int'l Rectifier Corp. v. IXYS Corp.*, No. 04-1014 (Fed. Cir. Sept. 13, 2004) . . . . .2

#### LICENSE-RELATED TERMS BETWEEN COMPANIES CANNOT CREATE LOST PROFITS WHERE NONE EXIST

While Poly-America may have the right to sue under its patents, both as an owner and as a back-licensee, it can recover only its own lost profits, not those of Poly-Flex. *Poly-Am., L.P. v. GSE Lining Tech., Inc.*, No. 04-1022 (Fed. Cir. Sept. 14, 2004) . . . . .3

#### NO "HEAVY PRESUMPTION" OF "ORDINARY MEANING" FOR CLAIM TERM

Patentee's clear intent to rely on the four corners of his patent to define fully the terms at issue takes this case out of the regimen of cases that suggest a "heavy presumption" for the ordinary meaning of a claim term. *Iredeto Access, Inc. v. Echostar Satellite Corp.*, No. 04-1154 (Fed. Cir. Sept. 14, 2004) . . . . .3

#### FUNCTIONAL RELATIONSHIP BETWEEN PATENTED BEVERAGE DISPENSER AND UNPATENTED SYRUP MERITS LOST PROFITS ON BOTH

A functional relationship between a potential device and an unpatented material used with it is not precluded by the fact that the device can be used with other materials and vice versa. *Juicy Whip, Inc. v. Orange Bang, Inc.*, No. 03-1609 (Fed. Cir. Sept. 3, 2004) . . . . .4

#### DISCLOSURE-DEDICATION RULE DOES NOT IMPOSE A § 112 REQUIREMENT ON UNCLAIMED SUBJECT MATTER

The disclosure-dedication rule presents a question of law, subject to a de novo review. *Toro Co. v. White Consol. Indus., Inc.*, No. 03-1424 (Fed. Cir. Sept. 13, 2004) . . . . .5

#### DEFENDANT'S LIES RESULT IN DISMISSAL OF HIS DEFENSES

When a patentee is unwilling to grant an unlimited license, the hypothetical negotiation process has its limits. *Monsanto Co. v. Ralph*, No. 03-1243 (Fed. Cir. Sept. 7, 2004) . . . . .6

#### INTRINSIC EVIDENCE BINDS PATENTEE TO NARROWER CLAIM CONSTRUCTION

Where the general summary or description of the invention describes a feature of the invention and criticizes other products that lack that same feature, this operates as a clear disavowal of these other products. *Astrazeneca AB v. Mut. Pharm. Co.*, No. 04-1100 (Fed. Cir. Sept. 30, 2004) . . . . .7

#### REVISED CLAIM CONSTRUCTION SENDS SET-TOP BOX DISPUTE BACK TO ITC

Court construes claims in three patents, affirms non-infringement of one patent, and remands for further findings on other two. *Gemstar-TV Guide Int'l, Inc. v. Int'l Trade Comm'n*, No. 03-1052 (Fed. Cir. Sept. 16, 2004) . . . . .7

#### DISTRICT COURT PROPERLY ENJOINED LATER-FILED COPENDING PARALLEL LITIGATION

District courts are granted broad latitude in managing cases before them. *Lab. Corp. of Am. Holdings v. Chiron Corp.*, No. 03-1572 (Fed. Cir. Sept. 30, 2004) . . . . .9

#### "CONNECTOR ASSEMBLY" DOES NOT INVOKE MEANS-PLUS-FUNCTION CLAIM CONSTRUCTION

The fact that more than one structure may be described by the term "connector assembly" or even that the term may encompass a multitude of structures, does not make that term any less a name for structure. *Lighting World, Inc. v. Birchwood Lighting, Inc.*, No. 03-1534 (Fed. Cir. Sept. 3, 2004) . . . . .10

EDITED BY | VINCE KOVALICK

## No Adverse Inferences from Refusal to Produce Opinions

Vince Kovalick

### [En Banc]

In *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, No. 01-1357 (Fed. Cir. Sept. 13, 2004), the Federal Circuit, en banc, reconsidered its precedent with respect to adverse inferences drawn from withholding an opinion of counsel concerning patent-infringement issues. Expressly overruling any precedent to the contrary, the Federal Circuit held that no adverse inference that an opinion of counsel was or would have been unfavorable flows from an alleged infringer's failure to obtain or produce an exculpatory opinion of counsel. Accordingly, the Court vacated a judgment of willful infringement and remanded for redetermination on that issue based on the totality of the circumstances.

Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH ("Knorr-Bremse") manufactures air-disk brakes for use in heavy commercial vehicles. Dana Corporation ("Dana") and the Swedish company Haldex Brake Products AB, and its U.S. affiliate (collectively "Haldex"), agreed to collaborate to sell in the United States an air brake manufactured by Haldex in Sweden. Dana and Haldex advertised these brakes at trade shows and in industry media in the United States.

In December 1998, Knorr-Bremse notified Dana of patent disputes with Haldex in Europe involving one brake design ("Mark II") and explained that patent applications were pending in the United States. After further correspondence on the issue, Knorr-Bremse filed suit on May 15, 2000. Later that year, the district court granted Knorr-Bremse's motion for SJ of literal infringement by Mark II and set for trial the issue with respect to a redesigned brake ("Mark III"). After a bench trial, the district court found literal infringement by the Mark III brake.

On the issue of willful infringement, Haldex had consulted with European and

U.S. counsel concerning Knorr-Bremse's patents, but refused to produce any legal opinions or disclose the advice received based on the attorney-client privilege. Dana stated that it relied on the Haldex consultations. The district court concluded that the opinions must have been unfavorable since neither Haldex nor Dana produced them and concluded that the Defendants' use of the Mark II air brake before and after the judgment of infringement amounted to willful infringement.

The Federal Circuit observed that its precedent concluding that an adverse inference arises for undisclosed opinions focused on an accused infringer's disrespect for the law, not on the attorney-client relationship, and in doing so, it had resulted in inappropriate burdens on the attorney-client relationship. The Court expressly ruled that the adverse inference that an opinion was or would have been unfavorable, flowing from an infringer's failure to obtain or produce an exculpatory opinion of counsel, is no longer warranted.

The Court then went on to answer the four questions presented for en banc review. First, the Federal Circuit held that although the duty to respect the law is undiminished, no adverse inference shall arise from invocation of the attorney-client and/or work-product privilege. Second, the Court ruled that although there continues to be an affirmative duty of due care to avoid infringement of known patent rights of others, the failure to obtain an exculpatory opinion of counsel shall no longer provide an adverse inference or evidentiary presumption that such an opinion would have been unfavorable. Third, as these rulings are applied to the facts of this case, the Federal Circuit concluded that because the elimination of the adverse inference is a material change in the totality of the circumstances, a fresh weighing of the evidence is required to determine whether the Defendants committed willful infringement. Accordingly, the Court vacated the finding of willful infringement and remanded for redetermination of the issue. The Court also vacated the award of attorney fees.

Finally, the Federal Circuit ruled that the existence of a substantial defense to infringement is not sufficient to defeat liability for willful infringement, even if no legal advice has been secured. Rather than adopting a per se rule, the Court preferred to include this factor with others in considering the totality of circumstances.

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## Court Vacates Overbroad Injunction

Valentina A. Khutorsky

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

In *International Rectifier Corp. v. IXYS Corp.*, No. 04-1014 (Fed. Cir. Sept. 13, 2004), the Federal Circuit vacated a permanent injunction prohibiting infringement of U.S. Patent No. 6,476,481 (“the ‘481 patent”) by any IXYS Corporation (“IXYS”) device covered by one or more claims of the ‘481 patent, and remanded the case back to the district court for an injunction satisfying the specific requirements of Fed. R. Civ. P. 65(d). The Court also vacated the portion of the district court judgment, holding that the ‘481 patent was neither invalid nor unenforceable because those issues had not been adjudicated.

International Rectifier Corporation (“IR”) owns the ‘481 patent, which relates to semiconductor-device packages. On the day the patent issued, IR sued IXYS for infringement. Within two weeks, IXYS had modified the design of its accused semiconductor products. IR chose not to supplement its complaint to allege infringement by the modified products. When IR filed a motion for SJ, IXYS did not oppose the motion on the merits in view of IXYS’s admission that its original product contained all the limitations of claims 1-5 of IR’s patent. But IXYS opposed the permanent injunction proposed by IR, arguing that a broad injunction pro-

hibiting any future infringement of IR’s patent would violate Fed. R. Civ. P. 65(d). IXYS also proposed to include language in the judgment expressly reserving its right to assert noninfringement, invalidity, and unenforceability defenses in the event IR asserts the ‘481 patent against the IXYS modified design. The district court disagreed with IXYS and entered final judgment using the language proposed by IR. On the issue of validity and enforceability, the district court also agreed with IR, declaring the ‘481 patent not invalid and not unenforceable.

According to the Federal Circuit, a permanent injunction lacking specific terms and reasonably detailed description of the acts sought to be restrained does not meet specificity requirements of Rule 65(d) and increases the likelihood of unwarranted contempt proceedings for acts unlike or unrelated to those originally judged unlawful. The district court injunctive language prohibiting infringement by “any device covered by one or more of claims 1 through 5 of the ‘481 patent” represented an example of such an overly broad injunction, the Court concluded.

The Court explained that the failure to incorporate into the injunction a list of the devices found to infringe during the initial two-week period after the patent issued resulted in a defective injunction.

Concerning the invalidity and unenforceability judgment, the Federal Circuit concluded that IXYS’s withdrawal of its affirmative defenses during discovery and prior to the date on which IR filed its motion for SJ, had the same effect as if IXYS had never asserted its defenses at all. The Federal Circuit, however, refused to make a decision as to whether IXYS has a right to assert all affirmative defenses in any future IR patent infringement or contempt proceedings against IXYS’s modified devices. According to the Court, application of rules of claim preclusion and issue preclusion in later proceedings should determine IXYS’s ability to raise an affirmative defense at that time.

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## License-Related Terms Between Companies Cannot Create Lost Profits Where None Exist

John Marquardt

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

In *Poly-America, L.P. v. GSE Lining Technology, Inc.*, No. 04-1022 (Fed. Cir. Sept. 14, 2004), the Federal Circuit affirmed a denial of motions for JMOL of invalidity of U.S. Patent Nos. 5,763,047 (“the ‘047 patent”) and 5,804,112 (“the ‘112 patent”), and reversed the denial of a motion for a new trial on damages.

Poly-America, L.P.’s (“Poly-America”) predecessor company sued Serrot International, Inc. (which became GSE Lining Technology, Inc., “GSE”) for infringement of the ‘047 and ‘112 patents. The ‘047 patent claimed a layered, textured landfill liner and the ‘112 patent covered the method for making such a liner. GSE conceded infringement, and a jury awarded \$7.15 million in lost profits and a reasonable royalty of \$5.08 million.

GSE filed a post-trial motion for JMOL of invalidity of the ‘047 and ‘112 patents, and JMOL, or, alternatively, a new trial, on damages. The district court denied the post-trial motion by GSE for JMOL of invalidity but concluded that the evidence did not support the reasonable royalty awarded by the jury. The court denied GSE’s motion for a new trial, however, based on Poly-America’s acceptance of a remittitur of \$266,502 of the reasonable royalty award.

On appeal, the Federal Circuit affirmed the district court’s holding that the ‘112 patent was not anticipated by the sale of a die similar to that used in the method of the ‘112 patent. Similarly, the Federal Circuit affirmed the district court’s holding that the ‘047 patent was not anticipated or rendered obvious by the manufacture of a similar liner because the preambles of the claims at issue recited an important characteristic of the invention and represented a limitation in the claims not found in the prior art.

The Federal Circuit reversed the district court’s denial of a new trial on damages, however, concluding that the district court had misapprehended the law of damages and lost profits. Poly-America could not claim the lost profits of its related corporation, Poly-Flex, Inc. (“Poly-Flex”). The Court concluded that while Poly-America may have the right to sue under its patents, both as an owner and as a back-licensee, it can recover only its own lost profits, not those of Poly-Flex.

## No “Heavy Presumption” of “Ordinary Meaning” for Claim Term

Frank A. DeCosta

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

In *Iredeto Access, Inc. v. Echostar Satellite Corp.*, No. 04-1154 (Fed. Cir. Sept. 14, 2004), the Federal Circuit affirmed the district court’s grant of SJ of noninfringement.

This opinion is another in a string of Federal Circuit decisions weighing in on when claim terms are entitled to their ordinary meaning versus when terms should be restricted to other meanings. Notwithstanding the Court’s line of cases holding that there is a heavy presumption that claim terms should be given their ordinary meaning, the Court here ruled that a claim term was not entitled to its ordinary meaning when it has been defined in the specification by implication.

At issue was the term “group” used in claims directed to an encryption system for broadcasting satellite programming to subscribers. The patent owner argued that a “group” could include all of the subscribers in the system. The accused infringer, however, argued that a “group” is a subset of all the subscribers. Because of uncontested evidence at the district court, if a “group” is less than all subscribers, then there is no infringement. The district court

construed “group” to refer to a subset of all subscribers and granted SJ of noninfringement.

The Federal Circuit affirmed, holding that the patentee had given up the more inclusive meaning of “group.” Looking at the prosecution history, the Court found that applicant took the position that “group” had no accepted meaning in the art and asserted that its definition was apparent from the specification. The Court found that every group in the specification is a subset of all of the subscribers and that there is no disclosure of a group that includes all subscribers. Accordingly, the Court found that although “the specification does not contain any statements of explicit disavowal or words of manifest exclusion, it repeatedly, consistently, and exclusively uses ‘group’ to denote fewer than all subscribers, manifesting the patentee’s clear intent to so limit the term.” *Slip op.* at 14. The Court concluded that the patentee’s intent to rely on the patent specification to define a “group” took this case out of the regime of cases where there is a heavy presumption that claim terms are accorded their ordinary meaning.

## Functional Relationship Between Patented Beverage Dispenser and Unpatented Syrup Merits Lost Profits on Both

Anthony J. Lombardi

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

In *Juicy Whip, Inc. v. Orange Bang, Inc.*, No. 03-1609 (Fed. Cir. Sept. 3, 2004), the Federal Circuit vacated the district court’s decision denying lost profits to Juicy Whip, Inc. (“Juicy Whip”) and remanded the case on that issue. The Federal Circuit also affirmed the district court’s decision denying enhanced damages and attorney fees to Juicy Whip, and declined Juicy Whip’s request to reassign the case to a different judge.

Juicy Whip owns U.S. Patent No. 5,575,405, which discloses a beverage dis-

penser that simulates a dispensed beverage’s appearance to promote sales. Juicy Whip’s dispenser features a transparent bowl that creates a visual impression that the bowl is the primary source of the dispensed beverage to induce sales, but the dispenser actually stores the syrup concentrate and water separately, and mixes them together just before being dispensed.

With regard to the issue of lost profits, Juicy Whip argued that the district court had erred by denying it the opportunity to present to the jury its theory of lost profits due to lost syrup sales. According to Juicy Whip’s theory, an adequate functional relationship exists between the patented dispenser and the unpatented syrup to justify recovery of lost profits. The district court had determined that Juicy Whip’s patented dispenser and the syrup did not share a functional relationship because the dispenser had been sold separately from the syrup on occasion and because other syrups could be used in Juicy Whip’s dispenser.

The Federal Circuit disagreed. In reaching its conclusion, the Federal Circuit indicated that the patented dispenser and the syrup are analogous to parts of a single assembly or a complete machine because the syrup functions with the dispenser to produce a visual appearance that is central to Juicy Whip’s patent. Accordingly, the Federal Circuit vacated the jury’s award of a reasonable royalty and remanded the case to allow Juicy Whip to prove lost profits on its syrup sales.

With regard to enhanced damages and attorney fees, although Orange Bang had been found to willfully infringe, the Federal Circuit concluded that the district court did not abuse its discretion by denying Juicy Whip’s motion to award enhanced damages and attorney fees. The Court explained that precedent was clear that a finding of willful infringement authorizes, but does not mandate, an award of increased damages. Moreover, the Court concluded that the district court had properly considered the degree of culpability of the infringer, the closeness of the question, litigation behavior, and other factors indicating fee shifting may serve justice.

With regard to Juicy Whip's request to reassign the case to a different district court judge, Juicy Whip alleged that the judge viewed its invention with disdain and, as a result, was punishing Juicy Whip. The Federal Circuit disagreed and concluded that reassignment to a different district court judge was not warranted because Juicy Whip had not asserted that the judge had a personal bias, nor had Juicy Whip shown adequate reasons to merit the unusual remedy of reassignment.

## Disclosure-Dedication Rule Does Not Impose a § 112 Requirement on Unclaimed Subject Matter

Stephanie A. Yonker

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

In *Toro Co. v. White Consolidated Industries, Inc.*, No. 03-1424 (Fed. Cir. Sept. 13, 2004), the Federal Circuit affirmed the district court's grant of SJ of noninfringement in favor of White Consolidated Industries, Inc. ("White"), ruling that (1) the patentee's intent was not a factor in applying the disclosure-dedication rule; (2) the patentee's disclosure was sufficiently apparent to one of ordinary skill in the art to trigger the disclosure-dedication rule; and (3) the law of the case doctrine did not preclude application of the disclosure-dedication rule.

U.S. Patent No. 4,694,528 ("the '528 patent"), owned by Toro Company ("Toro"), is directed to a hand-held machine that primarily is used to vacuum or blow leaves and other small lawn debris. White moved for SJ of noninfringement under the DOE, asserting that under *Johnson & Johnston Associates, Inc. v. R.E. Service Co.*, 285 F.3d 1046 (Fed. Cir. 2002) (en banc), a cover with a replaceable ring structure was dedicated to the public.

The district court granted the SJ motion, holding that the replaceable ring was dedicated to the public and could not be recaptured by application of the DOE. While the specification discloses both a replaceable ring

and a permanently affixed ring, the patent claims only the affixed-ring structure.

On appeal, the Federal Circuit initially ruled that the disclosure-dedication rule should be analyzed under the same standard of review as prosecution history estoppel, i.e., as a question of law subject to de novo review.

On the merits of the disclosure-dedication ruling, Toro first argued that any disclosure and subsequent failure to claim the replaceable ring structure was wholly accidental, and therefore, the dedication-disclosure rule should not apply. The Federal Circuit rejected this argument, stating that subjective intent of the patentee is irrelevant. As a matter of law, intent is not a factor in the analysis of the disclosure-dedication rule.

Toro next argued that there was insufficient disclosure of the replaceable ring in the specification, as a matter of law, to trigger the disclosure-dedication rule. The Federal Circuit held that when one of ordinary skill in the art can understand the unclaimed, disclosed teaching upon reading the written description, the disclosure-dedication rule is triggered, and the unclaimed subject matter is dedicated to the public. The Court concluded that this standard is different from the level of disclosure required under § 112 to support claims. The Federal Circuit affirmed the district court's finding that there is no genuine issue of material fact in concluding that the replaceable ring was adequately disclosed to invoke the disclosure-dedication rule.

Toro further argued that the law of the case precluded SJ. First, Toro contended that the district court's conclusion that there was disclosure of the unattached ring was contrary to the Federal Circuit's earlier rulings and violated the law of the case. However, because the law of the case doctrine is limited to issues that were actually decided, the Federal Circuit's previous statements indicating that the patent neither discloses nor describes any structure other than the attached ring are not law of the case.

Alternatively, Toro argued that if the Federal Circuit upheld the district court's

ruling that an unattached ring is disclosed in the '528 patent, then claim construction should be revisited. The Court rejected Toro's argument because the circumstances of this case are not so "exceptional" to second guess the previous analysis on claim construction.

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## Defendant's Lies Result in Dismissal of His Defenses

*Lisa M. Matovcik*

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

In *Monsanto Co. v. Ralph*, No. 03-1243 (Fed. Cir. Sept. 7, 2004), the Federal Circuit affirmed an award of damages for patent infringement and sanctions for numerous discovery abuses and lying.

Monsanto Company ("Monsanto") markets the herbicide ROUNDUP®, which indiscriminately kills vegetation by inhibiting an enzyme necessary for its growth. Monsanto also markets the genetic-modification technology ROUNDUP READY®, which allows crops to survive treatment with the herbicide. ROUNDUP® can be sprayed over an entire field, killing the weeds without harming the ROUNDUP READY® crops. Monsanto requires that seed companies execute restricted-use licenses with customers of ROUNDUP READY® crops. This license includes a technology agreement that permits a farmer to plant the seed for only a single season and prohibits the farmer from supplying the seed to anyone else or using the seed for research or crop breeding. Mr. Ralph, a farmer, purchased ROUNDUP READY® soybean seed and cottonseed.

The district court found that Ralph violated this technology agreement by saving seed for planting in subsequent seasons. After repeatedly lying about this under oath, he changed his testimony, stating instead

that he saved the seed but later burned about 700 bags of it. The testimony of other farmers established that he had sold or given them seed. The district court exercised its discretion to sanction Ralph for intentional spoliation of evidence by striking all his pleadings and then entered judgment for Monsanto on liability and ordered the case to trial on damages only. A jury awarded Monsanto about \$800,000 for patent infringement, which the Court trebled for willfulness and added prejudgment interest and attorney fees, for a total claim of \$3M. In the alternative, the jury awarded Monsanto nearly \$2M in liquidated damages under the technology agreement—which had a liquidated-damages clause of 120 times the technology fee for each bag of seed—but the Court concluded that satisfaction of the higher award for infringement extinguished the lesser award for breach of contract.

The Federal Circuit ruled that the Defendant's dishonesty and violation of the district court's orders provided a reasonable basis for the sanctions. The Federal Circuit also ruled that the district court did not err in determining the reasonable royalty, and upheld the jury's damage award for infringement. It considered the technology fee to be a royalty for a narrow, contractually agreed-upon use of the seed, and noted that in the context of infringement, the royalties were correctly assessed as depending on the condition of the breach, e.g., cottonseed and soybean seed, which have different prices and properties.

Finally, the Federal Circuit held that the lower court's award for contract-based liquidated damages was excessive because the 120 multiplier was a "one size fits all" figure that did not reasonably forecast the harm suffered depending on the type of seed reused. Regardless, because the Court affirmed the reasonable royalty damages, it refused to remand on the liquidated-damages award. Thus, the Court vacated the liquidated-damages award.

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## Intrinsic Evidence Binds Patentee to Narrower Claim Construction

Arie M. Michelsohn

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

In *Astrazeneca AB v. Mutual Pharmaceutical Co.*, No. 04-1100 (Fed. Cir. Sept. 30, 2004), the Federal Circuit reversed the district court's judgment of infringement of a patent covering extended-release dosage forms of the antihypertension drug, felodipine.

Astrazeneca AB et al. (collectively "Astrazeneca") asserted U.S. Patent No. 4,803,081 ("the '081 patent"), which is generally directed to a class of extended-release formulations of low-solubility drugs, against Mutual Pharmaceutical Company ("Mutual") after Mutual filed an ANDA with the FDA seeking to market a generic version of Astrazeneca's extended-release felodipine before the expiration date of the '081 patent.

The claims of the '081 patent all recite that the drug is dispersed or dissolved in "a semi-solid or liquid non-ionic solubilizer." The parties agreed that, as a general matter, persons of ordinary skill in the art understand the term "solubilizer" to embrace three kinds of materials, including surfactants, cosolvents, and complexing agents. The central dispute in the case concerned whether the term "solubilizer" as used in the '081 patent claims should be construed to encompass this broad definition. Mutual's drug formulation undisputedly contained cosolvents but not surfactants. Astrazeneca argued that the term should be construed broadly to encompass Mutual's formulation, because the intrinsic record did not limit the ordinary meaning of the term "solubilizer." The district court agreed with Astrazeneca.

On appeal, Mutual argued that the intrinsic evidence in the '081 patent showed that the term "solubilizer," as used in the claims of the '081 patent, only covered surfactants, not cosolvents, and that, therefore, Mutual did not infringe Astrazeneca's claims. The Federal Circuit agreed with Mutual that the intrinsic evidence of record supported a narrow construction of "solubilizer." The Court

noted that the '081 patent specification points to surfactants as a central feature of the invention, and indeed criticizes other types of solvents—and cosolvents in particular—as leading to undesirable properties. The Court further observed that the specification explicitly states that "[t]he solubilizers suitable according to the invention are defined below," and that all of the solubilizers and working examples listed thereafter in the specification include only surfactant solubilizers.

The Court found additional support for its narrow claim construction in the prosecution history of the '081 patent. For example, the Court noted that Astrazeneca had distinguished its invention over a cited prior art reference by pointing to the "definition" of that term in the specification as encompassing only surfactant-based compositions.

Accordingly, the Federal Circuit held that, notwithstanding the generally broader understanding of the term to those of ordinary skill in the art, the intrinsic evidence clearly bound Astrazeneca to a narrow construction of "solubilizer" that did not literally encompass Mutual's cosolvent-based formulation. The Court further held that Astrazeneca's statements in the '081 patent and prosecution history constituted a clear disavowal of nonsurfactant solubilizers, and that, therefore, no remand was necessary for a determination of infringement under the DOE. Finally, because Mutual conceded that the '081 patent is not invalid under a narrow construction of "solubilizer" that does not include cosolvents, the Federal Circuit affirmed the district court's judgment in favor of Astrazeneca on validity.

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## Revised Claim Construction Sends Set-Top Box Dispute Back to ITC

Christopher T. Blackford

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

In *Gemstar-TV Guide International, Inc. v. International Trade Commission*, No. 03-1052



(Fed. Cir. Sept. 16, 2004), the Federal Circuit reviewed the ITC's claim construction and findings of noninfringement of Gemstar-TV Guide International, Inc.'s ("Gemstar") U.S. Patent Nos. 5,479,268 ("the '268 patent"), 5,809,204 ("the '204 patent"), and 4,706,121 ("the '121 patent"), and the finding that the '121 patent was unenforceable for failure to join a coinventor.

The Court found error with the ITC's construction of several claim limitations and with the ITC's finding on inventorship. The patents-in-suit concern interactive-program guides in digital-cable television set-top boxes that enable viewer searching of scheduled television programs and preselection for recording and viewing. Specifically, the '268 and '204 patents are directed to a user interface for displaying grid-format television-schedule listings. The '121 patent teaches how to control a television set with an electronic system that receives program-schedule information.

The Federal Circuit first reviewed the ITC's construction and infringement analysis of a means-plus-function claim limitation in the '268 patent. The dispute centered on whether the function dictated by the '268 patent claim language, a "means . . . for displaying the television schedule," required a video switcher to be included in the corresponding structure. The Federal Circuit affirmed the ITC's conclusion that the video switcher was integral to performing the claimed function of the '268 patent. Because the accused infringers used an alternative approach instead of video switchers, the Court affirmed that there was no infringement of the '268 patent, either literally or under the DOE.

Concerning the '204 patent, the ITC had construed "visual identification" as an innovative cursor because Gemstar had disclaimed a conventional cursor in the written description. The Federal Circuit disagreed with that construction, noting that the ITC exclusively looked to the written description and failed to examine the ordinary meaning of the

claim term. The Court further noted that although the written description states that the innovative cursor is required, the statement is made in the context of discussing the preferred embodiment, which does not limit the claims absent the use of words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.

Similarly, the ITC erred in construing the claim term "moving . . . between . . . cells" because it again relied on language in the written description of the preferred embodiment to import a limitation. The Federal Circuit brushed aside the ITC's reliance on figures and statements in the abstract as being misplaced.

With regard to the '121 patent, the Federal Circuit concluded that the ITC had erred in construing all disputed claim terms. The first claim term at issue—"storage means in a data processor"—was construed by the ITC in a piecemeal fashion. Using relevant evidence from the abstract and written description, the ITC concluded that a data processor is a CPU and that "storage means" refers to five buffers of the CPU. The Federal Circuit found this construction erroneous because (1) it was premised on the grounds that "storage means" did not have a clear meaning to one of ordinary skill in the art, and (2) such claim construction failed to consider whether the term "data processor" had an ordinary meaning to one skilled in the art. Referencing both terms in technical dictionaries, the Court defined the entire claim limitation as "a device capable of retaining data located within a data processing device or system."

The Court also construed "information identifying" to include both the storage of actual data and separate references to the location of actual data; construed "combining" to encompass any logical combination of user selection criteria; and construed "said user selection criteria" as referring to any parameters chosen by the user to search for a program, not merely limited to theme, channel, and prime time, but excluding a specific

program choice. Pointing to its prior claim construction of the term “combining,” which requires the combination of user selection criteria to occur prior to any program search, the Court reasoned that inclusion of a specific program choice among the criteria would be incorrect. Accordingly, the Court vacated the noninfringement order.

Finally, the Federal Circuit reversed the ITC’s ruling that the ’121 patent is “unenforceable” for failure to join a coinventor. In holding that there was an unnamed coinventor in the ’121 patent, the ITC considered the testimony of both the named inventor and the allegedly unnamed coinventor, their educational and employment backgrounds, and the content of two product-disclosure documents—one original product-disclosure document and a second version of that document. With regard to the testimony of both individuals, the ITC found the alleged coinventor’s testimony more credible and straightforward. The Court, however, stated that this alone did not rise to the level of clear and convincing evidence.

With regard to the two product-disclosure documents, the Federal Circuit noted that although each document contained an annotation listing the alleged coinventor by name, neither document explicitly stated what subject matter he had contributed.

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## District Court Properly Enjoined Later-Filed Copending Parallel Litigation

*Charles D. Niebylski*

**[Judges: Linn (author), Michel, and Gajarsa]**

In *Laboratory Corp. of America Holdings v. Chiron Corp.*, No. 03-1572 (Fed. Cir. Sept. 30, 2004), the Federal Circuit affirmed that the U.S. District Court for the District of Delaware did not abuse its discretion in granting a motion to enjoin Chiron Corporation (“Chiron”) from maintaining a parallel litiga-

tion copending in the U.S. District Court for the Northern District of California.

Chiron developed and owns several U.S. patents related to various aspects of its Hepatitis C virus (“HCV”)-related inventions. Laboratory Corporation of America Holdings and related companies (collectively “LabCorp”) supply testing products for detecting the presence and quantity of HCV, and perform HCV tests at facilities in North Carolina.

On November 21, 2002, Chiron informed LabCorp that it would file a patent-infringement complaint against LabCorp the same day unless LabCorp signed a standstill agreement and undertook licensing negotiations. LabCorp executed a First Standstill Agreement that day. The parties subsequently executed a Second Standstill Agreement, which expired in early April 2003. After LabCorp failed to sign a proposed extension of the Standstill Agreement, Chiron filed suit against LabCorp in the United States District Court for the Northern District of California (“California action”) on April 19, 2003. Earlier that same day, unbeknownst to Chiron, LabCorp had filed a DJ lawsuit against Chiron in the United States District Court for the District of Delaware (“Delaware action”). The same patents are in dispute in both cases.

LabCorp brought a motion in the Delaware district court to enjoin the California action. Chiron responded with a cross-motion to dismiss, stay, or transfer the Delaware action. The Delaware district court granted LabCorp’s motion and denied Chiron’s cross-motion. Chiron appealed the grant of the motion to enjoin the California action, but did not appeal the denial of its cross-motion to dismiss, stay, or transfer the Delaware action.

The Federal Circuit first noted that its law differs from that of the Third Circuit concerning whether injunctions enjoining co-pending actions in other courts are appealable under 28 U.S.C. § 1292(a)(1). The Federal Circuit has concluded that such injunctions are appealable, while the Third Circuit has held that they are not.

Accordingly, the Federal Circuit first determined which law to apply and

concluded that Federal Circuit law applies, which is consistent with its precedent governing the review of the grant or denial in other cases of injunctions directed to substantive issues in patent cases under Federal Circuit law.

The Court then reviewed whether the district court abused its discretion by enjoining the parallel California action. Chiron argued that the district court improperly ignored the Second Standstill Agreement by enjoining the California action. Chiron also argued that (1) LabCorp improperly forum shopped; (2) LabCorp failed to respect an earlier ruling by the Northern District of California that the current California action was related to some prior litigation in that court; (3) California has the greatest connection to the events in dispute; and (4) even though LabCorp's complaint was filed four hours before Chiron's complaint, because the two actions were filed on the same day, they should be treated as filed simultaneously.

The Court agreed with LabCorp that Chiron failed to point out a clear error of judgment, error of law, or clearly erroneous factual finding underlying the district court's decision to enjoin the California action. The Court would not conclude that the district court abused its discretion in not finding the Second Standstill Agreement to be a barrier to the action. The Court declined to find an abuse of discretion when the district court made an informed determination as to how it would manage the litigation pending before it based on sound reasoning and identified facts.

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## **"Connector Assembly" Does Not Invoke Means-Plus-Function Claim Construction**

*Vince Kovalick*

**[Judges: Bryson (author), Plager, and Linn]**

*In Lighting World, Inc. v. Birchwood Lighting, Inc.*, No. 03-1534 (Fed. Cir. Sept. 3,

2004), the Federal Circuit corrected the district court's claim construction and vacated a corresponding ruling of SJ of no literal infringement.

Lighting World, Inc. ("Lighting World") owns U.S. Patent Nos. 5,448,460 ("the '460 patent") and 5,221,139 ("the '139 patent"), both of which are directed to commercial lighting fixtures. The claims at issue in the '460 patent include the phrase "a connector assembly for connecting each pair of adjacent support members, said connector assembly being pivotally connected to said pair of adjacent support members." The district court construed this language as a means-plus-function limitation. For the claim of the '139 patent, the claim-construction issue centered on the limitation "a plurality of lamp supports mounted on the upper surface of said support member for engaging and supporting said fluorescent lamps adjacent their non-socket ends." The district court construed this limitation to require that the lamps be supported from below, i.e., against the force of gravity. Based on the claim constructions, the district court ruled that Birchwood Lighting, Inc.'s ("Birchwood") lighting fixtures did not literally infringe either patent. After Lighting World's case-in-chief, the district court granted Birchwood's motion for JMOL of no infringement under the DOE.

Concerning the DOE, the Federal Circuit ruled that Lighting World had failed to present evidence regarding equivalents from the perspective of one of ordinary skill in the art and, therefore, sustained the district court's entry of JMOL of no infringement under the DOE for both patents.

The Federal Circuit ruled that the district court committed claim-construction errors for both patents and, therefore, vacated the judgments of no literal infringement and remanded for further proceedings. With respect to the '460 patent, the Federal Circuit disagreed that the claims recited means-plus-function language. The claims did not include the term "means," and the phrase "connector assembly" invoked sufficient structure to keep it from the scope of § 112, ¶ 6. The intrinsic record and dictionaries

reflected that the terms “connector” and “connector assembly” are used as the names for structure, according to the Court.

Concerning the ‘139 patent, the Federal Circuit found no support in the claim language or the intrinsic evidence for restricting the claim language as the district court had done. According to the Court, the terms “supporting” and “engaging” include more than support or engagement from below, and the fact that the patentee had not included figures depicting support and

engagement from other orientations was not sufficient to limit the claim language to only the particular orientations depicted in the figures.

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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