

Last month at

# The Federal Circuit

Month at a Glance



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EDITED BY VINCE KOVALICK

## Claims Cover Prior Art Technique Despite Comments in Specification

*Lawrence F. Galvin*

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

In *Micro Chemical, Inc. v. Great Plains Chemical Co.*, No. 98-1393 (Fed. Cir. Oct. 6, 1999), the Federal Circuit reversed a district court's finding of noninfringement regarding four of five asserted claims of U.S. Patent No. 4,733,971 ("the '971 patent"), and affirmed both the district court's finding of noninfringement regarding the other claim and its grant of summary judgment releasing the Defendant's president from personal liability for inducing infringement.

The '971 patent concerns machines that control feed additives for livestock. The additives include microingredients, such as vitamins and medicine. Such machines use a number of mathematical approaches to correctly measure and dispense the proper amount of microingredients from their individual storage bins into a liquid-filled mixing vessel. These approaches include the "cumulative-weigh" method, the "loss-of-weight" method, and the "weigh-dump" method. The cumulative-weigh method uses a compartmented hopper located between the storage bins and the mixing vessel to sequentially weigh multiple microingredients prior to dispensing them en masse. The loss-of-weight method eliminates the hopper by individually measuring the weight loss from each storage bin as its respective microingredient is added directly into the mixing vessel. The weigh-dump method sequentially weighs each microingredient into a hopper and immediately dumps that microingredient into the mixing vessel.

Lextron, Inc. ("Lextron"), formerly the Great Plains Chemical Co., manufactures animal health products and systems, including

feed-additive control machines. Lextron originally sold cumulative-weigh machines to control feed additives.

Micro Chemical, Inc. ("Micro"), owns the '971 patent. In response to Micro's suit for infringement, Lextron stopped making cumulative-weigh machines, choosing instead to make weigh-dump machines based on a prior art process and device predating the '971 patent.

The district court had narrowly interpreted the claims based on the preferred weigh machine described in the '971 patent specification and found neither identity of function nor equivalent structure in the Lextron weigh-dump machines. In reaching this conclusion, the district court had read a criticism of a particular prior art weigh-dump method described in the background section of the '971 patent as disavowing any coverage of the weigh-dump method.

On appeal, the Federal Circuit found that the district court's claim construction had improperly incorporated both functional limitations not recited in the claims and structure beyond that necessary to perform the claimed function. In particular, the district court had improperly limited the function of the "weighing means" to cumulative weighing, then identified the corresponding structure to include the specific cumulative-weigh structure of the preferred embodiment. The Court ruled that the district court had also improperly read these limitations into the asserted method claims as well. The Federal Circuit ruled that statements in the '971 patent noting certain inefficiencies in a particular prior art system that used a weigh dump method did not clearly disavow the weigh-dump method in general.

Finally, the Federal Circuit agreed that Lextron's president should not be personally liable for inducing infringement. When he had first learned of the '971 patent, he took reasonable steps to avoid infringement, including consulting counsel in redesigning the accused machines.

## Court “Opens Door” to Infringement on Garage Door Opener Patent

Vince Kovalick

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

In *Overhead Door Corp. v. Chamberlain Group, Inc.*, No. 98-1428 (Fed. Cir. Oct. 13, 1999), the Federal Circuit affirmed in-part a ruling by the district court on summary judgment (“SJ”) that Overhead Door Corp. (“Overhead Door”) did not infringe certain claims of U.S. Patent No. Re. 35,364 (“the ‘364 patent”), but vacated in-part and remanded because the district court had erred in concluding as a matter of law that certain claims could not cover the accused structure under the doctrine of equivalents (“DOE”) or as structural equivalents under 35 U.S.C. section 112 ¶ 6.

The ‘364 patent concerns a remote control garage door opening system with a portable transmitter. Before the ‘364 patent, garage door opening systems required users to manually install transmitter codes using manual switches. The codes uniquely link a portable transmitter to a receiver system. The ‘364 patent eliminates manual code switches in the transmitters and permits garage door opener systems to learn the identity of multiple transmitters with different codes.

Overhead Door’s accused garage door openers—marketed as the “Intellicode” system—use factory-programmed identification codes instead of manual switches and learn to identify multiple transmitters. The Intellicode features software that determines the memory location for each new code. Thus, it does not use a manual, mechanical memory selection switch.

The infringement dispute, on cross motion for SJ, centered on interpretation of several claim limitations concerning the memory selection switches and the associated codes. The Chamberlain Group, Inc. (“Chamberlain”), asserted infringement of several original claims and several that had been

reissued. The original claims include the claim term “memory selection switch,” while the reissued claims define the switch as a “switch means.”

On appeal, the Federal Circuit agreed with the district court that “memory selection switch” as used in the original claims means a mechanical device separate from a micro-processor. The Court concluded that this interpretation harmonized the specification and the prosecution histories of the original and reissue applications. During reissue, Applicants had added the asserted claims that define the switches as “switch means” and argued that this language included both electronic as well as mechanical switches, given the disclosure of certain algorithms in the specification.

Because the accused Intellicode system selects memory locations using a software program, not a mechanical switch, the Federal Circuit affirmed the SJ of no literal infringement for the original claims. The Court ruled, however, that the district court had erred in deciding on SJ that the Intellicode did not infringe under the DOE because the record contained considerable evidence that the Intellicode’s software-driven, memory selection system was insubstantially different from and interchangeable with a mechanical switch. Drawing all reasonable inferences in favor of Chamberlain, the Federal Circuit concluded that this genuine issue of material fact precluded SJ of noninfringement under the DOE.

Giving a broader reading to the reissue claims, as argued during reissue, the Court ruled that switch means as used in the reissued claims also covers the software-based embodiments described in the ‘364 patent. The Court concluded that the Intellicode constitutes a different structure than the software disclosed in the ‘364 patent because it uses a different algorithm to perform the recited function. Viewing the evidence in a light most favorable to the nonmovant, Overhead Door, the Federal Circuit concluded that a genuine issue of material fact concerning the differences between the disclosed algorithm and the Intellicode prevented SJ of literal infringement.

The Federal Circuit affirmed SJ of literal infringement of several other claim limitations and remanded the case for further proceedings.

## Broad Settlement Agreement “Blankets” Later Infringement Suit

*Walter W. Brown*

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

In *Augustine Medical, Inc. v. Progressive Dynamics, Inc.*, No. 98-1364 (Fed. Cir. Oct. 25, 1999), the Federal Circuit upheld a district court grant of summary judgment (“SJ”) dismissing claims for patent infringement based upon a settlement agreement (“Agreement”) between the two parties in an earlier lawsuit. The Court concluded that the language of the Agreement covered future claims and constituted a general release, neither party having reserved any specific right to sue in the future.

Augustine Medical, Inc. (“AMI”), had initially sued Progressive Dynamics, Inc. (“PDI”), in 1993 in Minnesota federal district court alleging unfair competition and several related claims, but not alleging patent infringement. The product at issue was PDI’s convective warming blanket that would also later be the subject of AMI’s patent infringement suit. The parties subsequently entered into the Agreement in 1995.

Several months after signing the Agreement, AMI sued PDI and several independent Defendants for infringement of several patents, all of which had issued prior to the first lawsuit. PDI moved for SJ based upon the Agreement. The district court granted PDI’s motion, and AMI appealed.

The Federal Circuit reviewed the decision on two grounds. First, the Court considered whether the second action for patent infringement was covered by the Agreement.

Second, the Court considered AMI’s assertion that the district court’s dismissal of the suit constituted a grant of an implied license to PDI.

With regard to the Agreement, the Court interpreted the pertinent language to determine whether it barred AMI’s claims for patent infringement. In particular, the Court focused on the following language:

AMI does hereby . . . release and forever discharge PDI from any and all manner of action or actions . . . that AMI and/or its owners . . . *have, have had, or may have* against PDI upon or by reason of or relating *to* any acts, omissions or statements made by PDI on or before the date of this Settlement Agreement . . . .

*Augustine Med., Inc.*, slip op. at 2 (emphasis in original).

The Court sustained the district court’s finding that the phrase “may have” is future oriented, thereby covering a possible future AMI claim. AMI, however, claimed that this passage was directed only to claims arising “on or before the date of this Agreement,” whereas their suit was only directed to infringing acts occurring after the Agreement. The Court countered by asserting that the phrase “relating to” referenced acts made by PDI after the Agreement. Specifically, because the PDI blankets sold after the Agreement were identical to those sold before the Agreement, AMI’s infringement claims were clearly “related to” actions PDI had taken on or before the date of the Agreement.

The Court also rejected AMI’s argument that, because patent infringement is a continuing tort, each act of infringement constitutes a separate, individual cause of action. The Court said that this law cannot “override the unambiguous language of a Settlement Agreement that releases all possible future claims related to the matters settled by the Agreement.” *Augustine Med., Inc.*, slip op. at 4.

The Court bolstered its interpretation by focusing on the Agreement as a general

release, citing the Supreme Court's decision in *United States v. William Cramp & Sons Ship & Engine Bldg. Co.*, 206 U.S. 118, 128 (1907), which held that general language indicates an intention to settle all rights and any intention otherwise must be made clear by the parties. AMI, therefore, should have manifested its intention to leave the possibility of patent infringement claims open but did not.

## Personal Jurisdiction in Ohio

Howard Levine

**[Judges: Plager, Schall, and Gajarsa  
(*per curiam*)]**

In *Schwanger v. Munchkin, Inc.*, No. 99-1049 (Fed. Cir. Oct. 7, 1999) (nonprecedential decision), the Federal Circuit reversed a decision by the U.S. District Court for the Northern District of Ohio that dismissed a patent infringement action initiated by Debra Schwanger et al. ("Schwanger") for lack of personal jurisdiction over Munchkin, Inc. ("Munchkin"); Wal-Mart, Inc. ("Wal-Mart"); and Meijer.

Munchkin, a California corporation, sold medicine dispensers to retailers Meijer and Wal-Mart in California. Meijer and Wal-Mart then sold Munchkin's dispensers in Ohio in packaging bearing Munchkin's trade name and a nationwide toll-free telephone number. Munchkin has no office, employees, telephone numbers, assets in Ohio, or any other contact with the state. In 1995 Munchkin's sales to Wal-Mart totaled \$ 68,539.

The district court, declining to conduct an evidentiary hearing, had found that these facts failed to satisfy Ohio's long-arm statute and the Sixth Circuit's test for determining whether the exercise of personal jurisdiction satisfied federal due process.

The Federal Circuit reversed. In examining the Ohio long-arm statute, the Federal Circuit held that the lower court had improperly interpreted the statute to require direct contact with the state. Rather, the Federal Circuit concluded, the statute provides jurisdiction where the defendant acting outside of Ohio, caused tortious injury in Ohio, and provided that the defendant derives substantial revenue from goods used in the state. According to the Court, this two-part test requires, "at minimum," an evidentiary hearing to determine if the defendant obtained "substantial value" from its sales in Ohio. Thus, the Federal Circuit remanded on these issues.

Regarding whether the assertion of jurisdiction would violate federal due process, the Federal Circuit ruled that the lower court erred as a matter of law by applying Sixth Circuit law rather than Federal Circuit law. The Federal Circuit explained that it uses a three-part test to determine whether the assertion of personal jurisdiction violates federal due process: (1) whether the defendant purposefully directed its activities at residents of the forum; (2) whether the claim arises out of or relates to those activities; and (3) whether assertion of personal jurisdiction is reasonable and fair.

The Court found that Munchkin's shipment of accused products into Ohio through Wal-Mart, a well-established distribution channel, established purposeful minimum contacts necessary to establish personal jurisdiction.

The Court also found that Ohio has significant interest in discouraging patent infringement within the state, and concluded that the burden on Munchkin to litigate in Ohio had not been outweighed by Schwanger's and Ohio's interests, particularly as technological progress in travel has lessened the burden of defending a lawsuit in a foreign jurisdiction.

Accordingly, the Federal Circuit held the exercise of personal jurisdiction over Munchkin comports with the requirements of federal due process.

## Changes in Reexamined Claims Limit Enforcement Period

*Robert J. O'Connell*

**[Judges: Plager (author), Schall, and Gajarsa]**

In *Abbey v. Robert Bosch GmbH*, No. 99-1169 (Fed. Cir. Oct. 6, 1999) (nonprecedential decision), the Federal Circuit affirmed a district court's grant of summary judgment ("SJ") of noninfringement and SJ that certain original and reexamined claims of the asserted patent are not identical.

Mr. Harold Abbey ("Abbey") brought suit against several Defendants, alleging that fuel-injection systems used in certain Mercedes-Benz automobiles infringed Abbey's U.S. Patent No. 4,387,685 ("the original '685 patent"). Robert Bosch, GmbH ("Bosch"), intervened as a Defendant and requested that the U.S. Patent and Trademark Office ("PTO") reexamine the original '685 patent. During reexamination, the Examiner rejected several claims as unpatentable in view of several prior art references not cited during the original prosecution. After unsuccessful appeals, Abbey obtained allowance of its claims by amending the claims to include additional limitations.

After the reexamination, Defendants moved for SJ of noninfringement and partial SJ that Abbey could enforce the claims of the reexamined '685 patent only from the date of the reexamination certificate because the reexamined claims were not identical to those of the original '685 patent. The district court granted both motions, and Abbey appealed.

On the infringement issue, the Federal Circuit agreed that the claims unambiguously recite a spool containing both an interior and an exterior passage. Although Abbey's originally filed claims did not require an interior passage, he had canceled his original claims in response to a prior art rejection and submitted a new claim reciting a spool with an interior passage and defining an exterior passage.

Because the accused devices do not contain an interior passage, the Court agreed that the devices do not literally infringe. Further, the Court found that the doctrine of equivalents was limited by prosecution history estoppel, because when Abbey amended his claim to include an inside passage he had surrendered coverage of the Defendants' solid plug devices, which do not have an interior passage.

With respect to the SJ regarding the reexamined claims, the Federal Circuit agreed that the scope of the claims was substantively changed, such that Abbey could enforce his patent only from the date of the reexamination certificate.

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## Dispute with PTO Lacks Jurisdiction in District Court

*Robert J. O'Connell*

**[Judges: Lourie, Rader, and Bryson (per curiam)]**

In *Mackay v. Commissioner of Patents & Trademarks*, No. 99-1305 (Fed. Cir. Oct. 18, 1999) (nonprecedential decision), the Federal Circuit affirmed the United States District Court for the District of Columbia's dismissal of Donald Mackay's ("Mackay") claim that the U.S. Patent and Trademark Office ("PTO") had willfully negated his patent for lack of jurisdiction.

Mackay claims to have invented a portable electric tidal generator. After Mackay had filed a patent application with the PTO, the PTO notified him that his patent application was incomplete and thus could not be accorded a filing date. Mackay did not submit the required materials; therefore, the PTO terminated its application.

Mackay filed a brief complaint citing no particular cause of action but seeking two billion dollars from the PTO. (Mackay later requested that the two billion dollars be

awarded in the form of one dollar gold pieces.)

The district court had assumed that Mackay was seeking relief under either the Federal Tort Claims Act ("FTCA") or the Administrative Procedure Act ("APA"). Under an FTCA claim, the district court could not find jurisdiction because Mackay did not allege that he had exhausted his administrative remedies before filing its action in the district court. In particular, Mackay had not filed a petition with the Commissioner of Patents and Trademarks to contest the PTO's failure to assign a priority date.

Under an APA claim, the district court concluded that it did not have jurisdiction to hear Mackay's claim for monetary damages because the APA waives sovereign immunity of the United States only for actions seeking relief other than monetary damages and also requires that a plaintiff first exhaust its administrative remedies.

The Federal Circuit agreed with the district's analysis and affirmed that the district court lacked jurisdiction.

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## District Court "Sees" Evidence Properly on Eyeglass Lens Patent

*Thalia V. Warnement*

**[Judges: Mayer, Smith, and Rich (heard oral arguments) (*per curiam*)]**

In *Essilor International v. Nidek Co.*, No. 98-1558 (Fed. Cir. Oct. 29, 1999) (nonprecedential decision), the Federal Circuit affirmed the district court's finding of noninfringement of U.S. Patent No. 4,596,091 ("the '091 patent") and affirmed the district court's decision that the '091 patent was not invalid; that the patent owner, Essilor International ("Essilor"), did not engage in unfair competition; and that laches and equitable estoppel did not apply.

The '091 patent is directed to a machine for automatically grinding a bevel on the edge

of an eyeglass lens. Claim 1, the only independent claim at issue, requires that the claimed invention have a "control means" including a means for storing a collection of predetermined beveling or grooving paths and means for comparing two reference paths with the collection of predetermined paths and for selecting a path from the collection intermediate the two reference paths. Essilor asserted that the predetermined beveling path includes equations for calculating a beveling path stored in the control unit of the accused devices.

The Federal Circuit, agreeing with the district court, concluded that the plain meaning of a "predetermined beveling path" is a beveling path that has been previously set, not a path represented by an equation that needs the input of additional information before the path can be determined. Thus, the Court found no literal infringement. As to equivalence, the Federal Circuit concluded that the district court had not erred in the conclusion that the accused devices operated in a substantially different way than the claimed invention.

Next, the Federal Circuit addressed the issue of invalidity. Nidek Co. and Santinelli International, Inc. (collectively "Nidek") asserted that the '091 patent was invalid under 35 U.S.C. section 112 for lack of enablement, for failure to disclose the best mode, and for failure to adequately disclose a structure corresponding to the means-plus-function language of the "control means" limitation. With respect to enablement, they argued that the '091 patent did not describe the predetermined paths or how to perform the claimed comparing and selecting functions. The Federal Circuit agreed with the district court that the predetermined paths were based on prior art paths and that the comparing and selecting functions could be readily accomplished by writing suitable software to perform the relatively common calculations.

With respect to the best mode, Nidek contended that the '091 patent failed to disclose that the predetermined paths were based on known paths. However, the Federal Circuit stated that one of ordinary skill in the art

would have understood the “typical paths” recited in the patent to include the known paths.

With respect to the means-plus-function limitations, the Federal Circuit upheld the district court’s decision that one of ordinary skill in the art would have understood what portions of the disclosed control unit would perform the claimed functions and that the functions could be accomplished using computer programs.

Finally, Nidek asserted that laches and equitable estoppel should have precluded Essilor’s infringement action and that Essilor was guilty of unfair competition. Using the abuse of discretion standard of review, the Federal Circuit found no abuse of discretion by the district court in its determination that the four-year delay in bringing suit was reasonable because Essilor and Nidek were attempting to negotiate a solution to avoid litigation and neither party had suffered material prejudice as a result of the delay. Under the same standard of review, the Federal Circuit agreed with the district court’s dismissal of the unfair competition claim against Essilor, noting that the lawsuit was a good faith attempt by Essilor to enforce its patent rights.

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## CHARLIE’S CORNER

### Reissue Application Procedures

The PTO has simplified many aspects of reissue application practice, including some requirements relating to the reissue oath/declaration. These simplifications, however, should not obscure several important requirements unique to reissue applications that could affect the validity of a reissue patent.

The original reissue oath/declaration needs to identify only one error in the original patent that provides a basis for reissue. When the reissue application does not seek to enlarge the scope of the claims of the patent, the reissue oath/declaration may be made by the assignee of the entire interest. When the scope of the claims is enlarged, the inventors must sign the oath/declaration and the application must be filed within two years of the grant of the original patent.

Once the prosecution of the reissue application results in a determination that all claims are patentable, a supplemental reissue oath/declaration may be required before the application can be allowed. If additional defects or errors are corrected in the reissue application after the original oath/declaration is filed, a supplemental reissue oath/declaration must be filed unless the errors are simply spelling, typographical, or otherwise editorial in nature. 37 C.F.R. § 1.175(b)(1). The content of the supplemental oath/declaration is very simple. See M.P.E.P. § 1414.01.

Where amendments were made to a reissue application after filing the original oath/declaration, and the claims are otherwise in condition for allowance, the PTO should reject all claims subsequently amended until a supplemental oath/declaration is filed. The failure of the PTO to make the rejection, however, does not relieve applicant from the requirement to file the supplemental oath/declaration. An oversight can be fatal to the validity of the reissue patent. Recall the fate of the reissue patentee in *Nupla Corp. v. IXL Manufacturing Co.*, 114 F.3d 191, 42 USPQ2d 1711 (Fed. Cir. 1997), where all claims in the reissue patent were declared invalid because the reissue applicant did not comply with the reissue oath/declaration requirements.

Other requirements that are unique relate to the presentation of an amendment in a reissue application. In addition to the required format for amending the specification and claims in a reissue application, each amendment must set forth the status (*i.e.*, pending or canceled) of all patent claims and all added claims as of the date of the amendment. 37 C.F.R. § 1.121(b)(2)(ii). Each claim amendment must be accompanied by an explanation of the support in the disclosure of the patent for the amendment. 37 C.F.R. § 1.121(b)(2)(iii). Even a simple editorial amendment should be addressed as merely an editorial change.

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