

Last month at

The Federal Circuit



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PTO CAN REJECT APPLICATIONS BASED ON PROSECUTION-HISTORY LACHES

PTO has authority to find that applicant has forfeited rights to a patent based on prosecution laches. *In re Bogese*, No. 01-1354 (Fed. Cir. Sept. 13, 2002)1

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ALL-LIMITATIONS RULE DOES NOT REQUIRE ONE-TO-ONE CORRESPONDENCE

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EDITED BY VINCE KOVALICK

PTO Can Reject Applications Based on Prosecution-History Laches

Donald D. Min

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

In *In re Bogese*, No. 01-1354 (Fed. Cir. Sept. 13, 2002), the Federal Circuit affirmed the Board's decision affirming an Examiner's rejection that Steven B. Bogese II had forfeited his right to a patent under the doctrine of prosecution-history laches.

On June 14, 1978, Bogese filed an application relating to a connector for use with both miniature telephone plugs and printed circuit boards. In order to maintain pendency of the claimed invention, Bogese then began a pattern of filing continuation applications and appealing to the Board. Bogese would wait almost or exactly six months, file a continuation application without any amendments, and abandon his prior application. Bogese continued this pattern for the next sixteen years.

Finally, on August 22, 1994, the Examiner warned Bogese that the next continuation of this series might be rejected by invoking the equitable doctrine of laches. Despite this warning, on January 23, 1995, Bogese filed a file-wrapper continuation without making any amendment or argument regarding the claims that had been rejected.

The Examiner then rejected all the pending claims as obvious under 35 U.S.C. § 103 and declared that Bogese had forfeited his rights to a patent.

On September 18, 1995, for the first time, Bogese amended the claims and submitted affidavits. Bogese also argued that he had complied with the statutory authority of 35 U.S.C. § 120 in all respects and, thus, did not forfeit his right to a patent.

When the Examiner maintained the rejection, Bogese appealed. The Board sustained the Examiner's rejections.

The Federal Circuit agreed with the Board that the PTO has the authority to reject applications for patents that would be unenforceable for prosecution-history laches. The Federal Circuit held that *Symbol Technologies, Inc. v. Lemelson Medical*, 277 F.3d 1361 (Fed. Cir. 2002), clearly recognized that the equitable doctrine of prosecution laches may bar enforcement of a patent that issues after an unreasonable and unexplained delay in prosecution, even though the patent applicant complied with pertinent statutes and rules. The Federal Circuit reasoned that the PTO should have broad authority to use the doctrine of prosecution laches

to sanction undue delay, concluding that as the agency responsible for granting and issuing patents, the PTO has the authority to set reasonable deadlines and requirements for the prosecution of applications. Furthermore, the Federal Circuit found that Bogese had received ample notice from the PTO that his conduct could result in forfeiture. Therefore, the Federal Circuit agreed that the PTO properly asserted its authority and Bogese had forfeited his rights to a patent. Having so decided, the Court did not address the § 103 rejection.

Judge Newman dissented, arguing that there is no basis on which to grant authority to the PTO to impose its own nonstatutory time limits for examination purposes and to refuse to grant a patent on an otherwise patentable invention. In addition, since the doctrine of prosecution laches is an equitable remedy, she argued that the PTO was not the appropriate forum to apply the doctrine.

Printing-Press Patents Remain Valid but Are Not Infringed

Jeffrey H. Tidwell

[Judges: Bryson (author), Rader, and Clevenger (dissenting)]

In *Creo Products, Inc. v. Presstek, Inc.*, No. 01-1634 (Fed. Cir. Sept. 17, 2002), the Federal Circuit affirmed the district court's judgment of no invalidity and noninfringement of U.S. Patent Nos. 5,163,368 ("the '368 patent") and 5,174,205 ("the '205 patent").

The '368 and '205 patents concern a printing press capable of electronically correcting for mechanical imperfections and an apparatus and method for controlling a discharge source, such as a spark discharge electrode or laser, in the production of printing plates. Prior to this litigation, Creo Products, Inc. ("Creo") petitioned the PTO for reexamination of both the '368 and '205 patents, during which the claims were amended.

In 1997, Creo began developing an on-press imaging system to correct errors during printing, which it sold to printing-press manufacturers. Creo filed a DJ action claiming that the '368 and '205 patents were invalid, unenforceable, and not infringed by Creo's on-press imaging system. Presstek, Inc. ("Presstek") filed a counterclaim alleging that Creo had induced others to infringe both patents. The district court construed the asserted claims and, after a bench trial, found the patents not invalid and held Creo not liable for contributory infringement.

Creo first argued that the asserted claims of the '368 patent were invalid because they were broad-

ened during reexamination. In particular, Creo argued that claims written in means-plus-function language required a computer to perform four types of error correction, whereas the amended claim only required two. The Court rejected this argument, stating that the embodiment of the invention described in the specification did not require performing all four disclosed functions.

Creo also asserted that certain claims of the '368 and '205 patents were indefinite because the specification failed to recite sufficient structure corresponding to certain means-plus-function limitations in the claims. In particular, Creo argued that claim 1 of the '368 patent was invalid for failing to adequately describe structure corresponding to the "means for rotating each cylinder" limitation. The Court affirmed the district court's decision, holding the claims valid, and observed that a claim containing means-plus-function limitations does not require the disclosure of sufficient structure for all embodiments described as long as sufficient structure is present in the specification for a single embodiment.

Creo also argued that claim 1 of the '368 patent was indefinite because the structure recited for the "means for rotating each cylinder" limitation was not itself enough to afford a functioning printing system. The Court also rejected this argument, stating that under 35 U.S.C. § 112, ¶ 6, the knowledge of one skilled in the art can be used to flesh out structural details for the purposes of satisfying the statutory requirement of definiteness. The Court found that the manner of rotating plate cylinders in a printing press was well known in the art and need not have been explained in detail in the specification. Accordingly, the Court affirmed the decision of the district court, holding that claim 1 of the '368 patent was not invalid.

Further, Creo challenged the validity of claim 11 of the '205 patent, arguing that it was indefinite for failing to recite sufficient structure corresponding to a "mounting means" for the printing plates. Here again, the Court found that the manner of mounting plates to a press, using a hold-down mechanism in the void pictured in the drawings, was within the knowledge of one skilled in the art and need not be described by the patentee in order to make a means-plus-function claim definite.

Presstek appealed the decision of the district court, which had found that Creo's system of error correction did not infringe claims 11 and 23 of the '205 patent. In particular, the district court had interpreted both claims to require a device that is able to correct or control discharges from a spark source or laser on a "point-by-point" basis to create a printing plate. In construing the claims, the district court had relied on the written description and reexamination proceedings, in which Presstek made

arguments indicating that the claimed apparatus and method required correction on a point-by-point basis. The district court had found that Creo's system did not have the ability to perform corrections on a point-by-point basis and so did not infringe the claims of the '205 patent. The Federal Circuit affirmed the district court's claim construction, its determination that Creo's system did not permit such correction, and its holding of non-infringement.

Presstek also argued that Creo's system infringed the claims of the '368 patent under the DOE. After considering expert testimony from both Presstek and Creo, the district court had concluded that Creo's system was not equivalent to the claimed system because it did not perform substantially the same function in substantially the same way to reach substantially the same result. The Federal Circuit affirmed the district court's findings, stating that Presstek had not demonstrated that the findings were clearly erroneous. Accordingly, the Court affirmed the district court's finding that Creo's system did not infringe the claims of the '368 patent.

Judge Clevenger filed a dissenting opinion, concluding that the claims of the '205 patent were invalid for indefiniteness for failing to recite sufficient structure for the "mounting means" limitation.

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Court Vacates Grant of Priority After Defining Interfering Subject Matter

Jennifer Beckman

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

In *Slip Track Systems, Inc. v. Metal-Lite, Inc.*, No. 01-1187 (Fed. Cir. Sept. 11, 2002), the Federal Circuit vacated a SJ granting priority to Metal-Lite, Inc. ("Metal-Lite"), reversed a dismissal of Metal-Lite's cross-claim for patent infringement, and remanded the case for further fact-finding on whether disputed header technology required testing to determine whether it worked for its intended purpose.

Slip Track Systems, Inc. ("Slip Track") filed a complaint to institute an interference proceeding in district court pursuant to 35 U.S.C. § 291 following the issuance of U.S. Patent No. 5,127,203 ("the '203 patent") assigned to Metal-Lite. The '203 patent claimed, in part, a header assembly designed to prevent dry wall from cracking under the shock of an earthquake. Slip Track's patent, U.S. Patent No. 5,127,760, which ironically issued the same day as the '203 patent, claims an identical header assembly. After the district court granted priority to

Metal-Lite on SJ, Slip Track appealed to the Federal Circuit, contending that it had presented sufficient evidence regarding conception and reduction to practice to withstand SJ.

The Federal Circuit agreed with Slip Track, ruling that in a priority contest procedurally postured as a § 291 interference — where formal “counts” are not defined by the PTO, as in an interference under 37 C.F.R. § 1.601(f)— the court must define a single description of the interfering subject matter to properly undertake a priority analysis.

The Federal Circuit determined that the interference subject matter was limited to the header apparatus and did not include the wallboard. While both patents disclose the use of the header apparatus with wallboard within the specification, only the '760 patent includes the wallboard within the claims. Because the specification is not relevant when identifying interference subject matter, the wallboard limitation was not included in the interference. By drawing this distinction, the Court dispensed with Metal-Lite's contention that Slip Track's evidence of conception was insufficient. Because the wallboard limitation is not a part of the interference subject matter, Slip Track was entitled to the conception date demonstrated by its evidence.

The Court then reviewed Slip Track's reduction-to-practice evidence. Metal-Lite argued that Slip Track had failed to meet both prongs of the reduction to practice test, in that Slip Track's prototype did not include all limitations of the claimed invention and the evidence did not demonstrate that the invention would work for its intended purpose. The Federal Circuit rejected Metal-Lite's argument as to the first prong, in light of the holding that the claimed invention did not include a wallboard limitation, but concluded that a determination as to whether the evidence was sufficient to satisfy the second prong required more fact-finding.

The district court had found that Slip Track's two prototypes of the invention were also insufficient evidence of reduction-to-practice. The first prototype used alternate materials to those used in the invention, and Metal-Lite argued that without constructing an actual embodiment of the invention out of the intended materials, the inventor could not know that the invention would work. The Federal Circuit rejected Metal-Lite's position, stating that the relevant inquiry is whether the embodiment, despite being made of different materials, still had the potential to demonstrate that the invention would work for its intended purpose.

The district court had held that there was insufficient evidence corroborating the existence of the second prototype, despite several corroborating exhibits. The Federal Circuit remanded this issue with instructions to consider each piece of corroborating evidence in light of the interference subject matter.

The Federal Circuit also found that there was no abuse of discretion where the district court denied Metal-Lite's request to modify a pretrial order, where Metal-Lite had not diligently pursued evidence of inequitable conduct prior to the expiration of the scheduled period for amending the pleadings.

Prosecution History Did Not Clearly Limit Scope of Claims

Sang Hui Michael Kim

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

In *Schwing GmbH v. Putzmeister Aktiengesellschaft*, No. 01-1615 (Fed. Cir. Sept. 24, 2002), the Federal Circuit affirmed-in-part, vacated-in-part, and remanded the district court's judgment of noninfringement regarding two types of concrete pumps.

Schwing GmbH (“Schwing”) is the owner of U.S. Reissue Patent No. RE 32,657 (“the ‘657 patent”), which is a reissue of U.S. Patent No. 4,465,441 (“the ‘441 patent”). These patents disclose a concrete pump having a flexible elastic ring that is held in place by annular extensions from a cutting ring and a shutter mechanism to form a tight metal-to-metal seal. Schwing sued Putzmeister Aktiengesellschaft and Putzmeister, Inc. (collectively “Putzmeister”), alleging that two types of concrete pumps, a Bastardring II and a modified Bastardring II, manufactured by Putzmeister infringed various claims of the ‘657 patent.

The Bastardring II and the modified Bastardring II also use a flexible elastic ring (“ring”) to form a metal-to-metal seal. To hold the ring in place, the Bastardring II uses an annular extension on a cutting ring and an embedded metal ring in the ring near a shutter mechanism that lacks an annular extension. The modified Bastardring II uses a shutter mechanism with a grooved surface that abuts an end of the ring to hold the ring in place.

The district court granted SJ that the Bastardring II does not literally infringe the ‘657 patent because it lacks an annular extension on the shutter mechanism. The district court also granted SJ that the modified Bastardring II does not literally infringe, and that Schwing's claims for infringement under the DOE against both the Bastardring II and the modified Bastardring II were barred by prosecution-history estoppel. Schwing appealed the second SJ.

On appeal, Schwing argued that the district court had erred in its construction of the phrase “annular extension,” which was defined in purely structural terms, giving rise to a genuine dispute of

material fact to preclude SJ of noninfringement by the modified Bastardring II. The district court, relying on statements distinguishing over prior art in the prosecution history of the original '441 patent, interpreted "annular extension" to require "inhibiting radial expansion of a sealing ring."

The Federal Circuit ruled that the district court had erred in its claim construction by reading functional limitations into the claim. The Court found that the statements in the prosecution history described the annular extensions in purely structural terms and did not suggest inhibiting radial expansion of the sealing ring. Despite this error, the Court concluded that Schwing had not demonstrated a genuine issue of material fact as to literal infringement by the modified Bastardring II because it lacks a shutter mechanism with an annular extension.

Regarding infringement under the DOE, Schwing alleged that the embedded metal ring of the Bastardring II and the grooved surface of the shutter mechanism of the modified Bastardring II are an equivalent to the claimed annular extension on the shutter mechanism. The district court also relied on prosecution-history statements distinguishing the prior art to give rise to an estoppel, barring application of the DOE. The Federal Circuit, however, found that the applicant did not rely on the annular-extension limitations to distinguish over the prior art. Accordingly, the Court ruled that the district court had improperly relied on those statements to bar application of the DOE.

Putzmeister also asked the Federal Circuit to affirm the district court based on narrowing claim amendments directed to the "annular extension" limitations. With regard to the Bastardring II, the Court found that the '657 patent criticized the use of an embedded metal ring to hold a flexible ring in place and barred infringement under the DOE. With regard to the modified Bastardring II, based on the recent Supreme Court's *Festo* decision, the Court remanded the case to the district court to allow Schwing to rebut the presumption that a narrowing amendment bars the application of the DOE.

Prior Lawsuits and Communications with Customers Determine Declaratory-Judgment Jurisdiction

Bryan S. Latham

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

In *Vanguard Research, Inc. v. Peat, Inc.*, No. 01-1373 (Fed. Cir. Sept. 9, 2002), the Federal Circuit reversed-in-part, vacated-in-part, and remanded the

district court's judgment regarding dismissal of Vanguard Research, Inc.'s ("Vanguard") DJ action with prejudice and its order that Vanguard pay costs and attorneys' fees to Peat, Inc. ("Peat").

In the early 1990s, Vanguard entered into a series of contracts with Peat's predecessor and parent corporation enabling Vanguard to license and market a thermal destruction and recovery waste processing system ("TDR technology"). Peat's predecessor had filed a U.S. patent application on TDR technology in 1994 that issued to Peat as U.S. Patent No. 5,534,659 ("the '659 patent").

On December 10, 1997, Vanguard and Peat entered into a two-year marketing and licensing agreement ("Agreement") to market and license the TDR technology. In late 1997, Vanguard entered into a contract with a third party for a TDR technology system referred to as the "Phase I system," which Vanguard subcontracted Peat to construct. In June 1998, Vanguard was named a subcontractor for a variation of the TDR technology referred to as the "Phase II system." The Agreement expired under its own terms on December 10, 1999.

On September 23, 1999, prior to the expiration of the Agreement, Peat filed a suit in the U.S. District Court for the Northern District of Alabama asserting, among other things, breach of contract related to Phase I and Phase II contracts, unfair competition, trade-secret misappropriation, breach of nondisclosure agreement, breach of fiduciary duty, and breach of the duty of good faith and fair dealing (Peat had earlier filed and voluntarily dismissed a similar suit). Two days prior, on September 21, 1999, Vanguard filed a DJ action in the U.S. District Court for the Eastern District of Virginia ("Vanguard's first Virginia action") seeking a declaration that claims asserted in an arbitration demand filed in Peat's dismissed suit were subject to arbitration. Peat moved to have Vanguard's first Virginia action transferred to the Northern District of Alabama, but that motion was denied. On February 7, 2002, the Eastern District of Virginia court transferred Vanguard's first Virginia suit to the U.S. District Court for the District of Columbia.

On February 15, 2000, after the Agreement had expired, Peat wrote Vanguard asserting that Vanguard no longer had the right to market TDR technology or use Peat's intellectual property for the development of future contracts. Vanguard alleged that Peat also contacted Vanguard's clients implying that the Phase II system uses Peat's technology without a license.

On March 7, 2000, the judge presiding over Peat's Alabama action entered an Order concluding that the Phase II system claims were not subject to arbitration and, thus, retained jurisdiction of those claims. Further, the judge ordered Peat to amend its complaint to omit claims related to the Phase I

system based on the first-to-file rule and Vanguard's pending litigation in the District of Columbia. This order was later upheld by the U.S. Court of Appeals for the Eleventh Circuit.

On March 13, 2000, Vanguard filed an action in the U.S. District Court for the Eastern District of Virginia ("Vanguard's second Virginia action") for a DJ that the '659 patent is invalid and unenforceable, and that the Phase II system did not infringe the '659 patent. Peat moved to dismiss Vanguard's second Virginia action, alleging that Vanguard did not have a reasonable apprehension of suit and that Vanguard's claims were compulsory counterclaims in Peat's Alabama action.

The judge residing over Vanguard's second Virginia action ruled that this action should be dismissed, but granted leave for Vanguard to file a motion to transfer to Alabama. Vanguard moved to transfer Vanguard's second Virginia action to the District of Columbia. The residing judge dismissed the suit, holding that, under Fourth Circuit law, the patent claims were not compulsory counterclaims and that the Virginia court had subject-matter jurisdiction over Vanguard's second Virginia action based on an actual controversy.

Accordingly, on January 29, 2001, Vanguard filed a DJ action in the U.S. District Court for the Northern District of Alabama ("Vanguard's Alabama action") that was essentially the same as Vanguard's second Virginia action. On February 15, 2001, Peat moved to dismiss Vanguard's Alabama action, arguing that the court lacked jurisdiction because there was no actual controversy between Peat and Vanguard with respect to the '659 patent, and that Vanguard's claims were compulsory counterclaims. In response, Vanguard argued that Peat was collaterally estopped from raising jurisdictional and compulsory counterclaim defenses based on the decision in Vanguard's second Virginia action. Alternatively, Vanguard argued that the Alabama court had jurisdiction because Vanguard had a reasonable apprehension of Peat filing a patent suit and that its non-infringement and invalidity claims were not compulsory counterclaims.

The Alabama district court dismissed the Vanguard's Alabama complaint with prejudice, ordered Vanguard to pay costs, and awarded Peat its attorneys' fees, concluding that it lacked jurisdiction under the Declaratory Judgment Act because there was no objectively reasonable apprehension that Peat would bring a suit of infringement of the '659 patent against Vanguard. Vanguard appealed to the Federal Circuit seeking review of the finding of a lack of subject-matter jurisdiction, the dismissal with prejudice, the award of costs, and the award of attorneys' fees.

On the issue of subject-matter jurisdiction, the Federal Circuit ruled that the district court had clearly erred in finding no case or controversy. The Court reasoned that Vanguard's reasonable apprehension that Peat would sue for patent infringement controlled whether a case or controversy existed, not Peat's present intentions. The Court stated that by filing lawsuits and communicating with Vanguard's clients about Vanguard using Peat's technology, Peat had shown a willingness to protect that technology, and reasoned that Vanguard had a reasonable apprehension of suit from these actions. Thus, the Federal Circuit held that the district court did have jurisdiction over Vanguard's Alabama action and reversed the district court's judgment of dismissal with prejudice. The Court chose not to rule on Vanguard's assertion that Peat was collaterally estopped from challenging the Alabama court's jurisdiction based on the decision in Vanguard's second Virginia action. The Court also vacated the award of costs and attorney's fees.

Therefore, the Federal Circuit remanded the case to the district court to determine whether to exercise its jurisdiction over the case by considering the evidentiary and legal issues involved in Vanguard's Alabama action and Peat's Alabama action. The Federal Circuit also instructed the district court to consider the representation made by Vanguard's counsel to the Federal Circuit at oral argument that upon remand, it would file a motion to consolidate its Alabama action with Peat's Alabama action.

District Court Must Make Clear Findings on Mirror Patents

Michael T. Siekman

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

In *Rosco, Inc. v. Mirror Lite Co.*, No. 01-1271 (Fed. Cir. Sept. 24, 2002), the Federal Circuit reversed a SJ that Rosco, Inc.'s ("Rosco") U.S. Design Patent No. 346,357 ("the '357 patent") was invalid on functionality grounds, reversed a grant of SJ that Mirror Lite's U.S. Patent No. 5,589,984 ("the '984 patent") was invalid under 35 U.S.C. §§ 102(e) and (g), and affirmed a SJ dismissing Rosco's claims of misrepresentation and common-law trademark infringement under 15 U.S.C. § 1125(a).

Rosco and Mirror Lite make school bus cross-mirrors, convex mirrors mounted on the front fender of a school bus that allow the bus driver to view the front and passenger sides of the school bus. Rosco's

'357 patent concerns an oval, highly convex cross-view mirror, and Mirror Lite's '984 patent concerns an oval cross-view mirror with a varying radius of curvature along its major axis. Rosco filed two actions against Mirror Lite, Mirror Lite counter-claimed in the second action, and the two cases were consolidated.

Regarding Rosco's patent, the Federal Circuit reversed the district court's holding that the '357 patent was invalid as being functional, recognizing that the design must be dictated by or governed solely by the function to be invalid. Because Mirror Lite had not shown that there were no other designs that would have the same function as Rosco's mirror, the Federal Circuit held that the '357 patent was not invalid on functionality grounds.

The district court also found the '357 patent to be invalid for obviousness. The Federal Circuit remanded on this issue because the district court had not made the proper factual findings required for obviousness and Fed. R. Civ. P. 52. The Federal Circuit also instructed the district court that, if it finds the patent not invalid, it must address the patent-infringement issue.

Regarding Mirror Lite's patent, the Federal Circuit reversed the district court's holding that the disclosure of the '357 patent inherently anticipated the claims of the '984 patent under 35 U.S.C. § 102(e) because there was no evidence indicating that one skilled in the art would recognize that the mirror of the '357 patent necessarily had a varying radius of curvature along its major axis. Similarly, while Rosco's previous mirrors, which are not disclosed in the '357 patent, might have had such a varying radius of curvature, there was no evidence that this feature was appreciated by Rosco. Accordingly, the Federal Circuit reversed the holding that Rosco's previous mirrors anticipated the claims of the '984 patent under 35 U.S.C. § 102(g).

Having found the '984 patent invalid under 35 U.S.C. §§ 102(e) and (g), the district court had not considered Rosco's defenses under 35 U.S.C. §§ 102(a), 102(f), or 103. In light of its reversal, the Federal Circuit stated that the district court should consider these defenses. In addition, the district court had summarily dismissed Rosco's inequitable-conduct defense with no findings of fact or conclusions of law, and the Federal Circuit remanded for such findings and conclusions. As it did regarding the '357 patent, the Federal Circuit also instructed the district court that, if it finds the '984 patent not invalid, it must address the patent-infringement issue.

The district court had held that Rosco had abandoned its claim of tortious interference with a

business relationship, but the Federal Circuit remanded for findings and conclusions because Rosco had in fact briefed this issue in its post-trial brief—as Mirror Lite acknowledged.

Because Rosco did not offer any evidence to raise a genuine issue as to the truth of the alleged misrepresentations by Mirror Lite, the Federal Circuit upheld the district court's dismissal of Rosco's misrepresentation claim. Moreover, stating that unregistered marks are entitled to essentially the same protection as registered marks, and noting that Rosco did not challenge the district court's finding that Rosco had not shown a likelihood of confusion, the Federal Circuit affirmed the district court's denial of Rosco's common-law trademark-infringement claim.

Union Carbide and Shell Oil Go Back to District Court

Erik R. Puknys

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

In *Union Carbide Chemical & Plastics Technology Corp. v. Shell Oil Co.*, No. 02-1001 (Fed. Cir. Sept. 20, 2002), the Federal Circuit affirmed-in-part and reversed-in-part the judgment of the U.S. District Court for the District of Delaware and remanded the case for further proceedings.

Union Carbide Chemical & Plastics Technology Corporation and Union Carbide Corporation (collectively "Union Carbide") asserted three patents against Shell Oil Company and two subsidiaries (collectively "Shell"). The patents relate to silver-oxide catalysts used in the production of ethylene oxide. One patent, referred to as the "synergy patent," claimed a process of continuously producing ethylene oxide with a catalyst made from a combination of silver, cesium, and lithium "characterizable by an efficiency equation" that was recited in the claim. The other two patents, the "salt patents," claimed a silver catalyst containing "an efficiency-enhancing amount . . . of a mixture of [salts]."

A jury found that all three patents were not infringed and that the asserted claims were invalid for several reasons. Specifically, the jury determined: (1) that the synergy patent was invalid as indefinite, obvious, and lacking enablement; and (2) that the salt patents were invalid for lack of enablement, anticipation, priority of invention, and obviousness. The district court refused to set aside the jury's verdicts of noninfringement. It did, how-

ever, reject the jury's prior art-based invalidity verdicts as not supported by sufficient evidence and granted Union Carbide's motion for a new trial for the remaining invalidity issues. Instead of ordering a new trial, however, the district court entered judgment for Union Carbide on those remaining issues.

The Federal Circuit began its review with the synergy patent. The district court had construed the phrase "characterizable by an efficiency equation" to mean that an accused infringer would actually have to use the recited equation to determine the ratios for the various ingredients during catalyst production. The district court recognized that this construction, i.e., interpreting "characterize" to mean "determine," was contrary to the ordinary meaning of that term, but justified its departure based on certain arguments that Union Carbide had made to the PTO during prosecution. For example, when Union Carbide added the efficiency equation to the claim, it argued that it is was a simple matter to determine the combinations of cesium and alkali metal to provide the synergistic effects claimed.

Citing these remarks, the district court concluded that the claims at issue are product-by-process claims directed to synergistic catalysts with relative amounts of alkali metals that were determined from the efficiency equation. The district court, therefore, instructed the jury that the word "characterize" is to be used interchangeably with the word "determine."

The Federal Circuit rejected that construction. Specifically, the Federal Circuit disagreed with the district court's conclusion that Union Carbide disclaimed the ordinary meaning of "characterizable by an efficiency equation" when it added the equation to the claims. According to the Federal Circuit, Union Carbide's remarks accompanying the amendment adding the efficiency equation to the claims were intended to limit the claimed catalysts to those that are characterized by the equation, and those remarks should not have been interpreted as an attempt to rewrite the claims in product-by-process format.

Because the district court had erroneously interpreted the synergy patent claims, the Federal Circuit vacated both its infringement and validity judgments and remanded the issues relating to the synergy patent for further proceedings.

But, the Federal Circuit affirmed the district court's interpretation of the salt patents. Specifically, the Federal Circuit agreed with the district court that the salt patents claim a silver-oxide catalyst whose efficiency is attributable to a particular mixture of salts. Union Carbide had objected to

that definition and argued that the claims should simply be read to cover any efficient catalyst having the salts, and that it should not be required to prove the effect of the salts on the overall efficiency of the catalyst.

Again relying on the ordinary meaning of the terms in question, the Federal Circuit interpreted the claim to require that the salts themselves be efficiency enhancing. Dismissing Union Carbide's arguments that the uncertain nature of chemical reactions makes it difficult, if not impossible, to measure the efficiencies of the salts themselves, the Federal Circuit observed that Union Carbide had submitted just that kind of evidence at trial. Besides, concluded the Court, the inventor of the salt patents chose to claim the inventions using the efficiency-enhancing limitation. As the patent assignee, Union Carbide must live with the legal consequences of that choice, the Court concluded.

Because the district court had correctly construed the salt patent's claims, the Federal Circuit affirmed the district court's rulings of no infringement and no anticipation. The Federal Circuit also affirmed the district court's decision to grant Union Carbide's motion for a new trial on enablement and obviousness concerning the salt patents, but reversed the district court's entry of judgment in favor of Union Carbide on those issues. The Federal Circuit found that granting Union Carbide's motion for JMOL after the verdict on those issues was improper because Union Carbide had not moved for JMOL before the case was submitted to the jury.

Court Affirms Ruling That Insulin Delivery-System Patents Are Invalid for Obviousness

Kristen M. Healey

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

In *Novo Nordisk A/S v. Becton Dickinson and Co.*, No. 01-1095 (Fed. Cir. Sept. 19, 2002), the Federal Circuit affirmed a district court's ruling that all of the claims of three of Novo Nordisk A/S's ("Novo") patents are invalid and dismissed Becton Dickinson and Company's ("Becton") cross appeal of the district court's denial of its pretrial motion for SJ on anticipation.

Novo asserted that Becton infringed U.S. Patent Nos. 5,462,535 ("the '535 patent"), 5,999,323 ("the '323 patent"), and 5,984,906 ("the '906 patent"), which relate to a pen-shaped insulin delivery system for diabetic patients

designed to inject a measured amount of insulin. The system comprises a pen-shaped syringe, a cartridge containing insulin, and a needle. The claims of the '535 and '323 patents recite a 30-gauge (G-30) needle, while the '906 patent defines a needle that is "thinner than G-29." The higher the needle gauge, the thinner the outer diameter of the needle.

Becton stipulated to infringement if the patents were valid, and Novo agreed that there was double patenting if the district court's construction of the '906 patent was correct.

The first issue on appeal was motivation to combine the teachings of two categories of references, where the obviousness determination turned on the diameter of the needle. The jury had found that the '535 and '323 patents were invalid for obviousness in view of two categories of references supplied by Becton. The first category of references described pen-style injection systems having G-27 and G-28 needles. The second category of references disclosed G-30 insulin injection needles, but not their use in insulin pens. Becton's experts offered as a motivation to combine the fact that thinner needles resulted in less pain to the patient. The Federal Circuit concluded that a reasonable jury could have found such pain reduction to provide the motivation to combine and affirmed the jury's verdict of invalidity.

Novo sought a new trial based on the district court's refusal to include a jury instruction that "obvious to try" was not the proper legal standard for determining obviousness. Becton's expert testified that it would have been obvious to try to reduce pain by using a smaller needle. Although the Federal Circuit agreed that "obvious to try" was not the correct standard, it nevertheless found no prejudicial error in the district court's denial.

Novo also claimed that it was prejudiced by Becton's arguments that patents are monopolies and that patent examiners are prone to error, overworked, and inexperienced. Becton made these comments despite the district court's instructions not to make such arguments. Novo failed to object at trial, however, and also failed to ask for corrective jury instructions or raise the issue in post-trial motions. The Federal Circuit warned that it did not condone inflammatory insinuations, but concluded that a new trial was not warranted on the ground of prejudice because Novo had taken no action at trial.

Novo appealed the district court's finding that the '906 patent was invalid for same-invention type double patenting, arguing that the district court had erred in its conclusion because it had improperly construed the term "thinner than G-29" used in the '906 patent to mean "thinner than 29 gauge,

but not thinner than 30 gauge." Because Novo conceded at oral argument that an affirmance of the jury verdict of invalidity of the '535 and '323 patents would mean that the '906 patent was also invalid, the Federal Circuit determined that it was not necessary to construe the limitation and affirmed the judgment of invalidity of the '906 patent.

Court Affirms Finding of Unfair Competition but Vacates Damages Award

Sanya Sukduang

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

In *Thompson v. Haynes*, No. 01-1392 (Fed. Cir. Sept. 30, 2002), the Federal Circuit affirmed the district court's holding that Earl Thompson had violated section 43(a) of the Lanham Act, the Oklahoma Deceptive Trade Practices Act ("DTPA"), and the common law of unfair competition. The Court also affirmed the district court's issuance of a permanent injunction against Thompson and its refusal to correct the inventorship of U.S. Patent No. 5,284,298 ("the '298 patent"). Although affirming an award of profits, the Federal Circuit vacated and remanded the district court's decision to treble the award.

In 1992, Earl Thompson and Fluid Controls Inc. ("Fluid Controls") entered into an agreement to develop and file a patent application directed to a fluid-conducting swivel. Pursuant to the agreement, Thompson and Henry Haynes, Fluid Controls's president, were named as coinventors on the application and, if issued, royalties were to be paid to each of the "patent owners." The '298 patent subsequently issued on February 8, 1994.

For a time, Thompson served as a distributor of Fluid Controls's patented swivels. Disputes between the two parties arose, however, and Fluid Controls stopped paying royalties to Thompson. Shortly thereafter, Thompson began manufacturing and selling his own swivels to Fluid Controls's customers, and obtained U.S. Patent No. 5,331,308 ("the '308 patent") directed to his own swivel device. Fluid Controls became aware of Thompson's activities when one of Thompson's customers contacted Fluid Controls to complain about problems with the swivels. After inspecting the swivel, Fluid Controls discovered that Thompson had switched his swivels for those of Fluid Controls. Thereafter, Fluid Controls sent letters to its existing customers warning them of Thompson's unlicensed manufacture and sale of swivels that infringed the '298 patent.

Thompson sued Fluid Controls in the U.S. District Court for the Northern District of Oklahoma for DJ of noninfringement of the '298 patent, recovery for unpaid royalties, an injunction against interference with business relations, damages for unfair business practices, correction of inventorship of the '298 patent to remove Haynes as a coinventor, rescission of the agreement assigning the '298 patent to Fluid Controls, and Fluid Controls's infringement of the '298 patent based on Thompson's theory that he is the sole inventor and holds all rights to the patent. Fluid Controls counterclaimed for infringement of the '298 patent, correction of inventorship of the '298 patent to remove Thompson as a coinventor, unjust enrichment, violations of the Lanham Act and Oklahoma's unfair competition law, and DJ of invalidity of the '308 patent.

After a bench trial, the district court held that Thompson was entitled to an award of unpaid royalties. The court also held, however, that Thompson's conduct was in violation of the Lanham Act, Oklahoma's DTPA, and the common law relating to unfair competition. The court concluded that Fluid Controls was entitled to profits and damages based on lost sales and a corrective advertising campaign, all of which were trebled due to Thompson's willful violations. The court also entered a permanent injunction against Thompson and refused to correct the inventorship of the '298 patent.

On appeal, the Federal Circuit, applying regional circuit law, affirmed the district court's determination that Thompson had violated section 43(a) of the Lanham Act. The Court agreed with the district court's finding that Thompson's substitution of his own "SW-343-D" swivels for Fluid Controls's "SW-343" swivels, which were similar in name and design, without informing customers of the switch, was intentionally misleading, led to actual confusion, and resulted in injury to Fluid Controls. According to the Court, these facts support the district court's conclusion that Thompson had violated section 43(a) of the Lanham Act.

The Federal Circuit also held that the district court had not erred in concluding that Thompson "passed off" his own swivels to customers as if they were Fluid Controls's, in violation of Oklahoma's DTPA; and that, in violation of the common law of unfair practice, Thompson deceived customers exercising "ordinary intelligence and observation in business matters" into believing that his swivels were actually those of Fluid Controls.

The Court affirmed the district court's award of profits to Fluid Controls, but reversed its determination to treble the amount. According to the Court,

15 U.S.C. § 1117(a), which governs damages for violation of section 43(a) of the Lanham Act, treats "profits" separately from "damages" and only allows for the trebling of a "damages" award. Thus, while the district court's award of profits was correct, the trebling of the award was in error.

The Federal Circuit also held that the district court had erred in awarding and trebling damages based on lost sales and actual damages accrued by Fluid Controls for its corrective advertising campaign. The Court agreed with Thompson that Fluid Controls's proof that it had actually been damaged by Thompson's actions was based on mere speculation and, thus, the district court's award of lost sales was unsupported. Further, the law of the Tenth Circuit permits the award of damages for advertising campaigns only when the advertising of the party engaging in unfair competition causes marketplace confusion. Because the district court had found that Thompson's advertising was not a source of marketplace confusion, its award of damages for Fluid Controls's corrective advertising was in error.

The Court affirmed the permanent injunction entered against Thompson as it properly covered Thompson's conduct underlying the basis for unfair competition. The Court also affirmed the district court's refusal to correct the inventorship of the '298 patent, as neither party presented arguments sufficient to establish that the district court's holding was in error. The Court, however, declined to consider the issue of attorneys' fees because the district court had yet to render its final decision on the issue.

All-Limitations Rule Does Not Require One-to-One Correspondence

Donald D. Min

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

In *Eagle Comtronics, Inc. v. Arrow Communication Laboratories, Inc.*, No. 01-1544 (Fed. Cir. Sept. 17, 2002), the Federal Circuit reversed an interlocutory order finding that Eagle Comtronics, Inc. ("Eagle") and its counsel had not violated a protective order, reversed a SJ of noninfringement, and remanded.

Eagle owns U.S. Patent No. 5,662,494 ("the '494 patent"), which is directed to a sealed multi-piece collet assembly to prevent moisture and/or other contaminants from entering an electrical signal filter. Eagle sued Arrow Communication

Laboratories, Inc. and others (collectively "Arcom"), alleging that Arcom's filters infringed the claims of the '494 patent under the DOE.

Before allowing discovery, the parties entered a protective order that provided that confidential material should not be used for any purpose other than for this action, unless authorized by the district court. The protective order also stated that before a party discloses confidential information, that party must so inform the other party in writing.

During discovery, Arcom produced a pending patent application ("the Arcom application") marked as confidential. The Arcom application listed several of its employees as the inventors. Upon reviewing the Arcom application, Eagle believed that one of its employees was the real inventor of the device in the application. To protect its rights, Eagle copied the applications and filed them as two separate applications in the PTO. When Eagle then notified Arcom of what it had done, Arcom moved for an order that Eagle show cause why it was not in violation of the protective order. The district court found that Eagle's conduct was not egregious enough to warrant granting Arcom's motion because the applications had clearly been filed by Arcom at the PTO.

Applying Second Circuit law, the Federal Circuit ruled that the district court had abused its discretion in not finding that Eagle violated the protective order. The Court explained that patent applications are preserved in secrecy by both law and regulation for a reason, and thus, in this case, sanctions were appropriate.

Eagle appealed the SJ of noninfringement under the DOE. The claims of the '494 patent require that the collet assembly comprise multiple pieces, including a front cap, a rear-insert body, and a seal between the front cap and rear-insert body. The Arcom device is a one-piece assembly and does not have separate elements corresponding to the front cap and rear-insert body. Arcom argued that its one-piece collet assembly could not infringe without violating the all-limitations rule.

The Court held that the all-limitations rule requires that a claim limitation cannot be totally missing from an accused device, but does not require one-to-one correspondence of components. The Court observed that whether or not a limitation is deemed to be vitiated must take into account that when two elements of the accused device perform a single function of the patented invention, or when separate claim limitations are combined into a single element of the accused device, a claim limitation is not necessarily vitiated, the DOE may still apply if the differences are insubstantial. The Court ruled that the question of whether Arcom's one-piece collet assembly was

insubstantially different from the claimed multipiece collet assembly was a question of fact and required a traditional infringement analysis. Hence, the Court remanded the case.

Claim Invalid for Lack of Written Description

Vince Kovalick

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

In *PIN/NIP, Inc. v. Platte Chemical Co.*, No. 02-1056 (Fed. Cir. Sept. 4, 2002), the Federal Circuit affirmed a finding that claim 1 of U.S. Patent No. 5,622,912 ("the '912 patent") is not invalid as being anticipated or obvious, reversed a finding that PIN/NIP, Inc. ("PIN/NIP") had infringed claims 1 and 33 of the '912 patent, and reversed a finding that claim 33 satisfies the written-description requirement of 35 U.S.C. § 112, ¶ 1.

The '912 patent is directed to a composition and method for inhibiting sprout growth on tubers, such as potatoes. Sprouting can cause tubers to exhibit undesirable texture and sugar levels. The '912 patent serves to inhibit sprout development by using a combination of the synthetic chemical chlorpropham ("CIPC") and a substituted naphthalene. The applicants had obtained allowance of their claims by demonstrating unexpected results.

The district court had construed claim 1 to include "compositions" formed by the spaced sequential application of two ingredients to a tuber in storage, even though the two ingredients are not physically combined, as long as they work together to inhibit sprouting on the tuber. On appeal, PIN/NIP argued that the term "composition" requires a physical mixture of the constituents in part because the '912 patent uses the terms "composition" and "mixture" synonymously, and because the only embodiment described in the specification involves a premixture of CIPC with either dimethylnaphthalene ("DMN") or diisopropylnaphthalene ("DIPN"). Platte Chemical Company ("Platte") responded that the district court had properly given the term "composition" the full breath of its ordinary meaning, so as to include the ordering or arranging of materials that do not physically come into contact with each other. Platte also asserted that one skilled in the art would not conclude that the specification discloses only a premixture of the constituents.

The Federal Circuit agreed with PIN/NIP concerning the interpretation of the disputed claim language, concluding that the term "composition" generally refers to mixtures of substances and can-

not be construed by analogy to a painting. The Court agreed that the specification taught only this use of the term “composition.”

Concerning validity, the Federal Circuit agreed that the prior art did not anticipate the claims. The prior art, which included a Ph.D. thesis and doctoral research of Dr. James Beveridge, referred to an experiment where DMN-treated potatoes were inadvertently exposed to CIPC as well. The Federal Circuit concluded that the thesis’s passing reference to potatoes exposed to both CIPC and DMN failed to constitute clear and convincing evidence to support a finding of anticipation because it does not disclose that a “composition” of CIPC and DMN was ever formed, as that phrase was construed by the Court. The Federal Circuit also agreed that substantial evidence existed to support the jury’s conclusion of nonobviousness.

Concerning infringement, the Federal Circuit concluded, in light of its construction of the term “composition,” that substantial evidence did not support a finding of infringement. Accordingly, the Court remanded for an opportunity to prove infringement under the new claim construction.

The Court also ruled that claim 33 is invalid

because nothing in the specification indicates that the invention is anything other than a mixture of two chemicals. Platte had added claim 33 to its pending patent application to encompass separate applications of the ingredients to tubers, and even admitted that claim 33 as written is arguably broader than the examples disclosed in the ‘912 patent. The Court concluded that while it is legitimate to amend claims or add claims to a patent application purposefully to encompass devices or processes of others, there must be support for such amendments or additions in the originally filed application. Because claim 33 is directed to new subject matter, the Federal Circuit reversed the judgment of validity and infringement of claim 33 and found it invalid.

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

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