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month at

The Federal Circuit



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Month at a Glance

PRE-CRITICAL DATE COMMERCIALIZATION DEEMED NOT A COMMERCIAL OFFER FOR SALE

An offer is the manifestation of willingness to enter into a bargain, so made as to justify another in understanding that assent to that bargain is invited and will conclude it. *Linear Tech. Corp. v. Micrel, Inc.*, No. 99-1598 (Fed. Cir. Dec. 28, 2001).....1

FESTO'S ABSOLUTE BAR FOR LIMITATIONS IN AMENDED CLAIMS APPLIES TO THE SAME LIMITATIONS IN UNAMENDED CLAIMS

Moreover, the timing of a narrowing amendment does not dictate the applicability of prosecution history estoppel; it may be applied retroactively. *Intermatic Inc. v. Lamson & Sessions Co.*, No. 00-1101 (Fed. Cir. Dec. 17, 2001).....2

DOCTRINE OF EQUIVALENTS SUCCESSFUL WHERE AMENDMENT DID NOT NARROW THE CLAIM

Limitation that defines an inherent feature of the claimed invention is not a "narrowing" limitation. *Bose Corp. v. JBL, Inc.*, No. 01-1054 (Fed. Cir. Dec. 17, 2001).....2

"COMPRISING" CRITICIZED AS "WEASEL WORD"

Technologies that lodge bone anchors in place using claimed steps may infringe even if they use additional, unclaimed steps. *Smith & Nephew, Inc. v. Ethicon, Inc.*, No. 00-1160 (Fed. Cir. Dec. 12, 2001).....3

INVENTOR'S FAILURE TO UNDERSTAND CLAIM TERM DOES NOT INVALIDATE CLAIM

Also, no inequitable conduct found where attorney translated only a portion of foreign prior art, determined that it was cumulative, and did not submit it to PTO. *LNP Eng'g Plastics, Inc. v. Miller Waste Mills, Inc.*, No. 00-1501 (Fed. Cir. Dec. 21, 2001).....4

REISSUE DECLARATION FAILED TO SPECIFY ERROR FOR ALL CLAIMS

Court finds certain claims invalid for failure to specify error under 37 C.F.R. § 1.175(a)(5). *Dethmers Mfg. Co. v. Automatic Equip. Mfg. Co.*, No. 01-1114 (Fed. Cir. Dec. 5, 2001).....5

AMENDMENTS MAKING EXPLICIT WHAT WAS IMPLICIT ARE NOT NARROWING

Amendment to claim limitation was not necessarily a narrowing amendment under *Festo* since the amendment merely made explicit what was implicit in the claim. *Interactive Pictures Corp. v. Infinite Pictures, Inc.*, No. 01-1029 (Fed. Cir. Dec. 20, 2001).....6

Pre-critical Date Commercialization Deemed Not a Commercial Offer for Sale

Malcolm T. Meeks

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

In *Linear Technology Corp. v. Micrel, Inc.*, No. 99-1598 (Fed. Cir. Dec. 28, 2001), the Federal Circuit reversed a district court's holding of invalidity under the on-sale bar of U.S. Patent No. 4,755,741 and its Reexamination Certificate (collectively "the '741 patent").

The '741 patent relates to linear integrated circuits that provide regulated voltages and currents to electrical devices within the context of adaptive transistor-drive circuitry. The '741 patent application was filed on November 18, 1986. Linear Technology Corporation ("LTC"), the assignee of the '741 patent, incorporated the technology taught in the patent into a product known as the LT1070 chip.

Before the critical date, LTC had engaged in extensive marketing and commercialization of the LT1070 chip both in the United States and abroad. LTC provided its sales force with preliminary data sheets and newsletters concerning the LT1070 chip, which were forwarded to prospective customers. LTC also conducted a sales conference for its foreign and domestic sales representatives where it provided information about the LT1070 chip and touted its capabilities. LTC even received purchase orders for the chip from four of its European distributors. Following its protocol for unreleased products, LTC entered the orders in its order-tracking system under a "WILL ADVISE" and "ORDER NOT BOOKED" notation rather than entering part number, quantity, and price terms. LTC then faxed the order form with these notations to its foreign distributors acknowledging their request. LTC released the chip for sale on the critical date, November 18, 1985.

LTC sued Micrel, Inc. ("Micrel") for infringement of the '741 patent. The district court had bifurcated the case to hold a separate early trial on the on-sale bar issue and stayed all other issues pending the outcome of the early trial. The district court had found the '741 patent

invalid because LTC (1) had actively promoted the LT1070 chip to customers before the critical date; and (2) actually sold the LT1070 chip under its "WILL ADVISE" procedure to four of its European distributors prior to the critical date. In so finding, the district court had relied on the Federal Circuit's precedent in *RCA Corp. v. Data General Corp.*, 887 F.2d 1056 (Fed. Cir. 1989), which held that an on-sale bar could be triggered by commercial activity not rising to the level of a formal offer for sale.

LTC appealed the decision, arguing that under the Federal Circuit's decision in *Group One v. Hallmark Cards, Inc.*, 254 F.3d 1041 (Fed. Cir. 2001), decided after the district court had entered judgment, its activities did not trigger the on-sale bar.

In *Group One*, the Federal Circuit clarified the test for determining an offer for sale using traditional principles of contract law. Thus, an offer that could create a binding contract by simple acceptance (assuming consideration) constitutes an offer under 35 U.S.C. § 102(b).

Applying the principles of *Group One*, the Court found that LTC's promotion of the LT1070 chip and offers to purchase by LTC's customers before the critical date did not trigger the on-sale bar because none of these activities constituted an offer under contract-law principles.

Specifically, the Court reasoned that LTC's publication of preliminary data sheets, promotional information, and newsletters about the chip amounted only to preparation to put the chip on sale and communicated nothing about LTC's intent to be bound. The purchase orders received from the European distributors, the Court concluded, may be considered offers to buy the chip, but, under LTC's "WILL ADVISE" procedure, LTC did not accept the offers. LTC had made no objective manifestation of assent that the offeror reasonably could have believed to be an acceptance of the offer, as required by contract law. Entry of the purchase requests into LTC's order-tracking system communicated nothing to the customers who had requested purchases. In addition, LTC's faxed confirmation of receipt of the purchase requests indicated that LTC had received but not booked the orders. Micrel had offered no evidence to show that the distributors had thought otherwise.

Festo's Absolute Bar for Limitations in Amended Claims Applies to the Same Limitations in Unamended Claims

Lawrence F. Galvin

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

In *Intermatic Inc. v. Lamson & Sessions Co.*, No. 00-1101 (Fed. Cir. Dec. 17, 2001), the Federal Circuit affirmed-in-part and reversed-in-part several decisions of the district court concerning infringement.

Intermatic Inc. ("Intermatic") owns U.S. Patent No. 5,280,135 ("the '135 patent") directed to weatherproof electrical-outlet covers. These patented covers accommodate a variety of electrical-outlet orientations by combining a base plate with an aperture, a removable insert, and a protective housing. The claims of the '135 patent include two key limitations: the first requires the insert to be adapted to fit within the aperture of the base plate (the "insert within the aperture" limitation); and the second requires the insert to accommodate electrical outlets positioned in a first orientation and a second orientation (the "multiple orientation" limitation).

The Lamson & Sessions Company ("Lamson") manufactures weatherproof electrical-outlet covers, including a base plate with an aperture, one or two removable inserts, and a protective housing. Lamson's inserts, however, do not fit within the aperture of the base plate. Some of these inserts include ribs that extend into the aperture (the "ribbed products"), while others do not (the "ribless products"). And, although Lamson's inserts can accommodate either horizontally oriented or vertically oriented outlets, a single insert cannot accommodate both orientations.

Intermatic sued Lamson for infringement of the '135 patent by the ribbed products ("Intermatic I"). Although the district court had granted Lamson's motion for SJ that the ribbed products did not literally infringe, it denied Lamson's motion as to infringement under the DOE. A jury subsequently found that the ribbed products infringed a group of fifteen claims under the DOE. The jury also found three dependent claims invalid for obviousness, but not the corresponding independent claims. The district court had granted Intermatic's motion for JMOL that these three dependent claims were

not invalid, given the inconsistency in the jury's verdict.

During *Intermatic I*, Lamson initiated a reexamination of the '135 patent that resulted in a narrowing amendment adding the "insert within the aperture" limitation to one independent claim of that group for a reason related to patentability.

After the reexamination, Intermatic sued Lamson again, alleging infringement of the '135 patent by the ribless products ("Intermatic II"). Here, the district court granted Lamson's motion for SJ of noninfringement, holding that the ribless products did not literally infringe and that prosecution history estoppel barred a finding of infringement under the DOE.

On appeal, the Federal Circuit first agreed with the district court's claim construction of the two key limitations and the finding of no literal infringement. In addressing infringement under the DOE, the Court noted that under *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000) (en banc), the narrowing amendment during reexamination absolutely barred any range of equivalents for that limitation in the amended claim. Additionally, the Court extended that absolute bar to all of the claims in which the "insert within the aperture" limitation appeared, even if they had not been amended.

Finding no infringement by the ribbed products, the Federal Circuit affirmed-in-part (literal infringement) and reversed-in-part (infringement under the DOE) *Intermatic I*. Similarly, finding no infringement by the ribless products, the Court affirmed *Intermatic II*.

Dissenting-in-part, Judge Newman argued that *Festo* does not go so far as to require a narrowed limitation in an amended claim to absolutely bar any range of equivalents for the same limitation in an unamended claim.

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Doctrine of Equivalents Successful Where Amendment Did Not Narrow the Claim

Gregory A. Chopskie

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

In *Bose Corp. v. JBL, Inc.*, No. 01-1054 (Fed. Cir. Dec. 17, 2001), the Federal Circuit affirmed a district court's holding of infringement under

the DOE, its exclusion of evidence, and its damages calculation.

Bose Corporation ("Bose") charged JBL, Inc. ("JBL") with infringement of U.S. Patent No. 5,714,721 ("the '721 patent") relating to porting in a loudspeaker system. "Porting" pertains to a port tube inside a loudspeaker used to radiate sound from inside the speaker at high, crisp audible levels. Bose alleged that JBL products using the "Linear A" curve or the "Exponential" curve infringed claims 1-3 of the '721 patent.

JBL asserted defenses of noninfringement and invalidity and moved for SJ of noninfringement with respect to both literal infringement and infringement under the DOE. The district court had granted JBL's motion with respect to literal infringement, but denied it with respect to the DOE. After a bench trial, the district court held the '721 patent not invalid and infringed under the DOE and awarded damages of \$5,676,718. JBL appealed, arguing that the district court had erred in denying its motion for SJ under the DOE, had abused its discretion in excluding evidence, and had erred in its determination of an applicable royalty rate.

Independent claim 1 was originally filed as dependent claim 2 and recited a "boundary being defined by an ellipse." Bose contended that that limitation was met by an equivalent in JBL products. During prosecution, independent claim 1 had been objected to as being dependent on a rejected claim, but the Examiner had indicated that it would be allowable if rewritten in independent form to include all the limitations of the rejected claim on which it depended. After revision, the Examiner had then required the insertion of the phrase "having a major diameter" to provide antecedent basis for claim 3 of the '721 patent, thus complying with the definiteness requirement of 35 U.S.C. § 112, ¶ 2.

On appeal, JBL argued that the Examiner's rejection under § 112 and the subsequent insertion of the phrase "having a major diameter" narrowed the scope of the claim, thus barring Bose from obtaining any range of equivalents for that limitation. The Federal Circuit disagreed, concluding that an inherent characteristic of an ellipse is a major diameter. Thus, the insertion of that phrase during prosecution did not satisfy the "narrowing amendment" requirement of *Festo*.

Next, JBL argued that the district court had abused its discretion by refusing to admit a French patent application during trial on which JBL relied to demonstrate invalidity and nonin-

fringement under the DOE. The district court had held that the French application, first offered well after the final pretrial order and on the seventh day of trial, was untimely and, in any event, lacked probative value because it disclosed a hyperbola rather than an ellipse. Applying First Circuit law, the Federal Circuit agreed, concluding that the district court's decision was not an abuse of discretion.

Finally, JBL argued that the district court had erred in its royalty-rate determination because it was based on the entire market value of the loudspeaker system incorporating the infringing element. The Federal Circuit disagreed. Although acknowledging that the claimed device comprised only a small component of the entire system, the Federal Circuit affirmed the damages award because that "small component" inextricably worked with other components of the system, contributed substantially to the large demand for the product, and was integral to the overall performance of the product. Moreover, Bose presented evidence detailing its efforts to market the benefits of loudspeakers using the device claimed in the '721 patent and the increase in sales following introduction of those loudspeakers. Accordingly, the Federal Circuit held that substantial evidence supported the district court's award of a reasonable royalty based on the entire market value of the loudspeakers.

"Comprising" Criticized as "Weasel Word"

Jason R. Buratti

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

The Federal Circuit vacated a SJ finding of noninfringement in *Smith & Nephew, Inc. v. Ethicon, Inc.*, No. 00-1160 (Fed. Cir. Dec. 12, 2001). Smith & Nephew, Inc. ("S&N") filed suit against Ethicon, Inc. ("Ethicon") for infringement and induced infringement of the claims of its U.S. Patent No. 5,601,557 ("the '557 patent") directed to a method for anchoring tissue to bone. According to the district court's construction, the claimed method requires a suture anchor with resilient legs to be lodged in the bone after insertion (the resilient legs returning to their natural position makes the anchor immovable). The district court also had found

that the claims did not preclude manipulation of the anchor after insertion in the bone, and that the written description instructed users to apply tension (e.g., tugging) to ensure that the anchor was seated.

The Federal Circuit affirmed the district court's claim construction over Ethicon's arguments of prosecution history estoppel and dedication to the public. It further clarified that the claims of the '557 patent neither required nor excluded a postinsertion-tensioning step to lodge the anchor. In reaching its conclusion, the Court explained that the claim, which contained "comprising" as the transition signal, could be practiced with steps in addition to those listed in the claims.

With respect to infringement, Ethicon argued that its device, which had legs that could be manipulated after insertion, required a tensioning step (e.g., tugging) by a surgeon to lodge the anchor in the bone. The district court agreed, finding that because the tensioning step is required to lodge the Ethicon device, the use of Ethicon's device could not infringe the '557 patent claims. On appeal, S&N disputed that Ethicon's device in fact required a tensioning step and argued that even if tensioning were required, the use of Ethicon's device infringed the claims of the '557 patent because a surgeon using Ethicon's device necessarily performs all of the steps of the claimed method prior to the tensioning step.

The Federal Circuit ruled that a disputed material fact existed as to whether the Ethicon anchor was "lodged" in the bone within the meaning of the district court's claim construction. The Court reasoned that Ethicon's product literature did not require the tensioning step and found that the parties did not dispute that the legs of Ethicon's accused anchors returned to their relaxed position after insertion and could not be removed. Based on that finding, the majority vacated the district court's entry of SJ.

In dissent, Judge Michel took issue with the district court's claim construction, reasoning that the tensioning step was outside the scope of the asserted claims. According to him, the prosecution history and the inventor's testimony both touted that the invention did not require a postinsertion manipulation, i.e., tensioning, to lodge the anchor. Therefore, he concluded, the majority had added a step to the claimed method that the inventor himself had given up. Further, he observed that the tugging instruction

in the written description of the '557 patent did not appear in any claim—and was specifically eliminated by one of the claims of the '557 patent—which dedicated that separate step to the public. Judge Michel characterized the majority's view as permitting the use of the signal "comprising"—which he characterized as a "weasel word"—to obliterate the dedication to the public rule of *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098 (Fed. Cir. 1996), and to permit the recapture of disclaimed subject matter.

With respect to infringement, Judge Michel opined that S&N had offered no evidence to dispute Ethicon's evidence and that postinsertion tensioning of the anchor was required to use its device. Moreover, Ethicon's device did not have resilient legs and, therefore, did not contain an element of the claimed invention. For these reasons, Judge Michel concluded, no reasonable juror could have concluded that the use of Ethicon's device infringed the claim of the '557 patent and entry of SJ was proper.

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Inventor's Failure to Understand Claim Term Does Not Invalidate Claim

Vince Kovalick

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

In *LNP Engineering Plastics, Inc. v. Miller Waste Mills, Inc.*, No. 00-1501 (Fed. Cir. Dec. 21, 2001), the Federal Circuit affirmed several findings of JMOL concerning infringement, willfulness, and inequitable conduct, and reversed one finding on JMOL concerning validity of a patent.

LNP Engineering Plastics, Inc. ("LNP") owns U.S. Patent Nos. 5,019,450 ("the '450 patent") and 5,213,889 ("the '889 patent"). The patents relate to plastic products produced with long fiber reinforced thermoplastics ("LFRTs"). Three inventors at Imperial Chemical Industries, PLC ("ICI") discovered that the use of lower molecular weight thermoplastics produces a less viscous melt bath and better wetting of fibers for plastics. Their techniques lead to more flexible and stronger LFRTs. The inventors initially applied for a patent in 1983, which issued as U.S. Patent No. 4,559,262 ("the '262 patent"), and assigned their rights to the invention to ICI. In 1989, ICI

filed a continuation of the '262 patent, which issued as the '450 patent. The '889 patent issued out of the same family of patents in 1993.

In 1991, ICI granted Kawasaki Chemical Holding Company, Inc. ("Kawasaki") a license to the '262 and '450 patents. Kawasaki then granted LNP a license to these patents. In 1995, ICI assigned its interest in all three patents to Kawasaki. Kawasaki then requested a reexamination of the '450 and '889 patents. The reexamination was granted in 1996.

In September 1996, LNP sued RTP Company ("RTP") for infringement of all three patents. After a nine-day trial, the jury returned its verdict. A year later, the district court reversed the jury's verdict, determining that: (1) RTP's accused products infringe the '450 and '889 patents; (2) claim 1 of the '889 patent is not invalid for obviousness; (3) the asserted claims are not invalid for indefiniteness; and (4) claim 1 of the '889 patent is invalid for failure to meet the written description requirement.

Thereafter, a jury found that RTP did not willfully infringe, and the district court rejected RTP's inequitable-conduct defense.

Initially, the Federal Circuit reviewed certain claim-construction issues and, after affirming the district court's construction, affirmed the finding of infringement since the record (1) contained substantial evidence to support the finding and no evidence to the contrary to support RTP's position based on the improper claim construction; and (2) contained substantial evidence to support a finding of infringement based on the proper claim construction.

Concerning invalidity, the Federal Circuit reviewed the prior art and determined that certain processes disclosed in the prior art would have motivated one of ordinary skill in the art to use those processes in a normal operation to create the claimed product. Thus, the claimed products were obvious over the disclosed processes. The Court concluded that the record provided substantial evidence to support the jury's finding that claim 1 of the '889 patent was obvious over the prior art.

Concerning indefiniteness of the claims, one of the inventors had testified that he did not know what the phrase "substantially completely wetted" meant. The Federal Circuit agreed with the district court, however, that an inventor's inability to understand this claim phrase does not automatically mean that the claim is indefinite. The Court concluded that the full disclosure of the patent and testimony by other parties and

experts sufficiently informed one of ordinary skill in the art as to the bounds of the claims such that they were not indefinite.

Concerning willful infringement, RTP relied on opinions of counsel obtained in 1994, two years after the alleged notice of potential infringement. On appeal, LNP asserted that opinions of counsel obtained two years after such notice are insufficient to rebut an accusation of willful infringement and are therefore inadmissible. The Federal Circuit rejected this argument because LNP did not make it at the district court level, and, in fact, LNP had moved the opinion letters into evidence itself.

Finally, the Court refused to disturb the district court's finding of no inequitable conduct. The prosecuting attorney had received a Japanese publication in a related Japanese application. He had a portion of the Japanese publication translated and determined that it was merely cumulative of other prior art before the PTO. Thus, he did not submit it. Although the Federal Circuit agreed with the district court's determination that the omitted prior art was material and noncumulative, it refused to reevaluate the district court's assessment of the prosecuting attorney's credibility and motives from the trial. Thus, the Court found no clear error with the district court's finding of no intent to deceive the PTO.

Reissue Declaration Failed to Specify Error for All Claims

Donald D. Min

[**Judges:** Schall (author), Clevenger, and Dyk (dissenting)]

In *Dethmers Manufacturing Co. v. Automatic Equipment Manufacturing Co.*, No. 01-1114 (Fed. Cir. Dec. 5, 2001), the Federal Circuit affirmed-in-part, reversed-in-part, and remanded for further proceedings a SJ that all claims of U.S. Patent No. Re. 35,482 ("the reissue patent") were invalid. In addition, the Federal Circuit affirmed a SJ of noninfringement of U.S. Patent No. 5,356,166 ("the '166 patent").

Dethmers Manufacturing Company ("Dethmers") sued Automatic Equipment Manufacturing Company ("Automatic") for infringement of the reissue patent, which concerns collapsible and removable hitches for tow-

ing vehicles, such as a hitch for towing a car behind a motor home. In response, Automatic counterclaimed that Dethmers's EXCALIBAR product infringed the '166 patent, which concerns a lockable, telescoping bar assembly.

At trial, the district court had found that a substitute reissue declaration filed in the reissue patent failed to satisfy the requirements of 37 C.F.R. § 1.175(a)(5) ("Rule 175") and, thus, rendered all claims invalid. During prosecution of the reissue patent, the applicant had filed a reissue declaration to correct two errors in U.S. Patent No. 5,232,240 ("the '240 patent"). The Examiner objected to the reissue declaration for failing to specify how asserted errors in the specification and abstract arose. In response, the applicant submitted a substitute reissue declaration that specified the errors in the specification and abstract, and included a table summarizing the differences between the claims in the reissue patent and the '240 patent. Shortly thereafter, the PTO allowed the reissue patent. Although the PTO determined that the substitute reissue declaration satisfied the requirements of Rule 175, the trial court, in granting a SJ motion by Automatic, applied a de novo standard of review to this determination, found the substitute reissue declaration deficient, and held all claims invalid. Dethmers then appealed this SJ to the Federal Circuit.

The district court also had granted Dethmers's motion for SJ that the EXCALIBAR product did not literally infringe the '166 patent, but denied the motion for SJ with respect to infringement under the DOE. Later, the district court reconsidered its decision on infringement under the DOE and found that prosecution history estoppel barred application of the doctrine.

On appeal, Dethmers argued that the reissue declaration used in the reissue patent satisfied the requirements of Rule 175. The Federal Circuit determined that, at the time the reissue declaration was filed, Rule 175 required that the reissue declaration explain the source of every error, state that there was no deceptive intent, and describe how the amendment corrects the error. The Federal Circuit noted that the validity of each claim turned on whether the reissue declaration explained every difference in that claim. In its analysis, the Federal Circuit identified the changes made to each claim during reissue and found that the reissue declaration properly addressed the changes made to claims 1-3 and 8-10. However, the Federal Circuit ruled that the reissue declaration failed to address the changes

made to claims 4-7. The Federal Circuit reversed the district court's judgment with respect to the invalidity of claims 1-3 and 8-10, and affirmed the district court's judgment with respect to the invalidity of claims 4-7.

With respect to the '166 patent, Automatic argued that the amendments made to the claims did not give rise to prosecution history estoppel because they were not made to avoid prior art and were voluntary. The Federal Circuit disagreed with Automatic and ruled that any amendment related to patentability can give rise to prosecution history estoppel. Therefore, since the amendments gave rise to prosecution history estoppel, the Federal Circuit affirmed the district court's determination that the amendments barred application of the DOE.

Judge Dyk dissented, preferring to give deference to the PTO's determination that the reissue declaration satisfied Rule 175 for all claims.

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Amendments Making Explicit What Was Implicit Are Not Narrowing

Vince Kovalick

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

In *Interactive Pictures Corp. v. Infinite Pictures, Inc.*, No. 01-1029 (Fed. Cir. Dec. 20, 2001), the Federal Circuit affirmed a jury's finding of infringement under the DOE and a related damages award.

The patent at issue, U.S. Patent No. 5,185,667 ("the '667 patent"), is directed to an image-viewing system that allows a user to view a portion of a hemispherical field in corrected perspective. The original hemispherical image captured by a fisheye-lens camera has distortion that will cause straight lines to appear to be curved. The image-transform processor takes the distorted image, accepts user input specifying a region of interest in the image, and mathematically transforms the selected region into a perspective-correct output.

The originally filed claim 1 of the '667 patent was rejected by the PTO over the prior art. The applicant amended claim 1 and specifically amended the "image transform processor means" limitation by changing "output signals" to "output transformation calculation signals." The

applicant also made arguments distinguishing the invention over the prior art, but did not explicitly provide a reason for the amendment to the "output signals." The claim was allowed thereafter.

The Federal Circuit found that the amendment made to the "image transform processor means" limitation was not a narrowing amendment under *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000), and, therefore, the DOE was not precluded. The amendment made explicit what had been implicit and, therefore, was not done for a substantial reason related to patentability.

Furthermore, the Federal Circuit found that the arguments made over the prior art did not create prosecution history estoppel. The Federal Circuit also rejected the argument that the prior art limited the scope of equivalents, finding that a hypothetical claim that ensnared the accused device would have been patentable over the cited prior art.

Finally, the Court found substantial evidence supporting the jury's finding of equivalence, citing to testimony by the patentee's expert. The expert had testified that portions of the patented device and the accused device were interchangeable in theory, despite the physical inability to interchange those portions. The Court attributed the

physical inability to interchange them to differences in software format and stated that interchangeability is judged from the perspective of a skilled artisan making a design choice, not the realities of software compatibility.

The jury's award of \$1 million in damages was affirmed as supported by substantial evidence. The patentee's reliance on an outdated business plan, with overly optimistic sales projections that were never met, was upheld as not based on speculation or guesswork. In addition, the inclusion of all of the alleged infringer's products into the royalty base, as well as factoring in bundling and convoyed sales into the royalty rate, was not double recovery. The Court explained that the bundling and convoyed sales were only one of thirteen *Georgia-Pacific* factors applied to reach the royalty rate and, thus, did not warrant upsetting the jury's award.

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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
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
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
SJ	Summary Judgment