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EDITED BY VINCE KOVALICK

Sony Does Not Infringe CCD Patents

Vince Kovalick

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

In *Loral Fairchild Corp. v. Sony Corp.*, No. 97-1017 (Fed. Cir. June 8, 1999), the Federal Circuit affirmed a district court finding of no infringement on two patents directed to charge-coupled device (“CCD”) technology.

Loral Fairchild Corp. (“Loral”) brought suit against dozens of Japanese semiconductor and consumer electronic manufacturers and retailers for infringement of U.S. Patent Nos. 3,931,674 (“the ‘674 patent”) and 3,896,485 (“the ‘485 patent”). Circuit Judge Rader, sitting by designation as district court judge, construed the claims and granted Sony’s motion for summary judgment of no literal infringement on both patents. However, he found factual issues for trial, including ownership, infringement under the doctrine of equivalents (“DOE”), and validity. Though a jury found liability, Judge Rader ruled in a judgment as a matter of law (“JMOL”), that infringement of the ‘674 patent was precluded by prosecution history estoppel and that infringement of the ‘485 patent could not stand under a proper claim interpretation.

The relevant claims of the ‘674 patent define a method for fabricating CCDs. At issue was whether the claim would be restricted to the specific chronological process sequence recited by the steps of the claimed method (insulated gate masking) or whether two of the steps could be reversed (naked gate masking). Contrary to the jury’s advisory verdict, Judge Rader had ruled that during prosecution, the patentee had limited his claims to insulated gate-masking methods and was now estoppel from recapturing naked gate-masking through the DOE.

The Federal Circuit agreed that the claim limitations required the specific sequence

recited. In particular, by the literal language of the claim, the edges of the implantation barrier regions are aligned with the edges of the insulation layer; hence, the Court agreed, the insulation layer must already be in place in order to align the barrier regions with the insulation layer during ion implantation. The Court also agreed that Applicants had amended the claims during prosecution to cancel original claims that might have covered both naked and insulated gate processes and to avoid otherwise “crippling prior art.” *Loral*, slip op. at 21. Thus, the Court ruled that the language of the claims and the prosecution history supported the district court’s claim construction and findings of no literal infringement and prosecution history estoppel.

The relevant claim of the ‘485 patent defines a “charge sink means . . . buried within said semiconductor material.” In the Sony device, the entire substrate functions as a charge sink. The Federal Circuit agreed that Sony’s devices include no structure doped opposite to the surrounding semiconductor material as required by the claim. Moreover, because the entire substrate functions as a charge sink in the Sony device, nothing is “buried within” the substrate, as claimed.

Concerning prosecution history estoppel, the Federal Circuit agreed that, to distinguish the prior art during prosecution, Applicants had added narrow structural limitations to define the charge sink means as “extending laterally toward said light sensor element while beneath the surface of said semiconductor material.” This prosecution history, ruled the Court, prevented Loral from recapturing under the DOE claim scope encompassing the Sony device.

[Charlie Lipsey, Doug Henderson, Don Dunner, Barry Graham, Bob Converse, Mike Jakes, Steve Anzalone, Jeff Berkowitz, and Howard Kwon of our firm successfully represented Sony during the litigation and on appeal.]

Nintendo's Video Game Systems "Play On"

F. Leslie Bessenger III

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

In *General Electric Co. v. Nintendo Co.*, No. 98-1089 (Fed. Cir. June 2, 1999), the Federal Circuit affirmed a district court's grant of summary judgment to Defendants, Nintendo Company, Ltd., and Nintendo of America, Inc. (collectively "Nintendo") of noninfringement of General Electric Company's ("GE") U.S. Patent Nos. 4,097,899 ("the '899 patent"); 4,169,659 ("the '659 patent"); and 4,279,125 ("the '125 patent"). However, the Federal Circuit reversed the district court's judgment of invalidity of the '899 patent for anticipation.

GE had filed suit, alleging patent infringement by Nintendo's video game systems. The '899, '659, and '125 patents pertain generally to electronic control circuitry used in connection with television systems. The '899 patent describes a switch to allow users of a television to switch between a signal from a television antenna and a signal from a video record player, a video cassette recorder ("VCR"), or the like.

GE asserted claim 12, which includes several limitations written in means-plus-function language. The last limitation of claim 12 essentially describes a means for establishing a signal path where the signal path is disrupted when the means is powered. Nintendo argued that its systems do not "disrupt" the signal path, pointing to language in the specification that specifically differentiates between disrupting (establishing a high series impedance) and bypassing (creating a path of low resistance). The Federal Circuit agreed that the Nintendo systems bypass rather than disrupt the signal path and, therefore, affirmed that the Nintendo systems do not literally infringe the '899 patent because they do not perform the claimed function.

Noting that infringement of claim 12 was

still possible under the doctrine of equivalents ("DOE") if an equivalent function to the disrupting function were performed, the Federal Circuit concluded that no reasonable jury could find that "disrupting" was an equivalent function to "bypassing" because disrupting signal path results in an alteration of the signal path.

Regarding the invalidity issue, GE argued that a prior art reference had not anticipated the invention of the '899 patent because the reference had not specifically disclosed every limitation, such as sending audio and video signals to the television when the video record player is turned on. Nintendo did not dispute that this limitation had not been disclosed by the prior art reference, but argued instead that one skilled in the art would understand that an RF converter would generate signals as soon as it turns on. The Federal Circuit, however, held that it was incorrect to hold the '899 patent invalid for anticipation, unless the missing element was proven to be inherent in the recitation of the prior art reference. There had been no proof of inherency, ruled the Court.

The '659 patent describes a technology for generating timing information for use by video source equipment, such as television cameras or video tape recorders. At issue in the '659 patent was whether the accused Nintendo systems produce "drive signals" as defined in the '659 patent and whether they contain vertical counters "clocked by a signal which is advanced in phase." Nintendo argued that the complete definition of the term "drive signal" should be imported from one example from the written description that requires the drive signal to be used with a television camera. The Federal Circuit disagreed, pointing out that the one example described in the specification that uses a drive signal is not a further limitation to be imported into the claim, and noting that the claim language does not specify a television camera. The Court concluded that the accused systems did produce drive signals as interpreted.

However, the Federal Circuit agreed that the accused systems lack vertical counters as claimed. For a vertical counter to be clocked,

the signal must go through the clock line, according to the technical definition in the '659 patent. The Federal Circuit agreed that the accused systems send the signal through the input line and not the clock line.

Therefore, the Federal Circuit found no literal infringement of the '659 patent and, concluding that GE had failed to meet its burden regarding equivalents, *i.e.*, to make a showing sufficient to establish the existence of the element as an equivalent, further found no infringement under the DOE.

The '125 patent describes a method for displaying computer-generated information on a display screen, such as a television or other device. At issue related to the '125 patent was whether a "bit map display device" is a limitation when its only reference exists in the claim preamble. The Federal Circuit explained that the effect preamble language should be given can be resolved only on review of the entirety of the patent to gain an understanding of what the inventors actually had invented and intended to encompass by the claim. The '125 specification particularly identifies the problem addressed by the invention with displaying binary data on a raster scan display device and not general improvements to all types of display systems. The Federal Circuit concluded that the preamble in claim 1 of the '125 patent does not merely state a purpose or intended use for the claimed structure and that the "bit map display device" words do give life and meaning to the invention claimed. Given that the accused Nintendo systems use a character-generating system (rather than a bit-mapping system), the Federal Circuit affirmed a lack of literal infringement.

The Court also found that the prosecution history estopped the patentee from attempting to cover a character-generating system such as the accused Nintendo systems due to statements made by the patentee to distinguish certain prior art.

Did Process Offered for Sale Inherently Satisfy Each Claim Limitation?

Vince Kovalick

[Judges: Rich (author), Plager, and Gajarsa]

In *Scaltech v. Retec/Tetra, LLC*, No. 97-1365 (Fed. Cir. June 4, 1999), the Federal Circuit granted a petition for rehearing to the extent necessary to amend its previous opinion of Sept. 10, 1998, to clarify certain issues and to take account of the intervening Supreme Court decision in *Pfaff v. Wells Elec., Inc.*, 119 S. Ct. 304 (1998).

After reviewing the analysis for the on-sale bar as set forth in *Pfaff*, the Federal Circuit concluded that on the record before it, the district court had erred by failing to address whether an embodiment of the claimed invention was offered for sale. The Court recognized that the district court must determine if the process offered for sale, in its normal use, inherently satisfied each claim limitation, but concluded that the district court had failed to do so. Thus, the Federal Circuit vacated the district court's holding of invalidity and remanded for a determination as to whether the process on sale inherently satisfied each claim limitation.

Court "Deflates" Forced-Air Thermal Blanket Patents

Lawrence F. Galvin

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

In *Augustine Medical, Inc. v. Gaymar Industries, Inc.*, No. 98-1001 (Fed. Cir. June 8, 1999), the Federal Circuit reviewed a district court's decisions in a suit involving five med-

ical device patents related to convective thermal blankets. The Court affirmed the district court's invalidity holding regarding certain claims of a first patent, affirmed the summary judgment ("SJ") of noninfringement regarding a second patent, and affirmed the dismissal of a claim of invalidity regarding a third patent. With respect to the fourth and fifth patents and the remaining claims of the first patent, the Federal Circuit vacated the district court's entry of a permanent injunction and reversed its failure to grant judgment as a matter of law ("JMOL") of noninfringement.

Thermal blankets cover and warm a post-surgery patient to prevent hypothermia. A convective (or forced-air) thermal blanket resembles a thin, two-sided bag, inflatable by a source of warm air. Generally, an insulating layer forms the top side of this inflatable bag, while a heat-conducting layer forms the bottom side. The bottom allows air to flow onto the patient. Prior art convective thermal blankets, however, posed several difficulties, including excessive weight, rigidity, and air-flow blockage where the heat-conducting layer touched the patient.

In 1986, Dr. Scott Augustine invented a convective thermal blanket design that incorporated a series of parallel, hollow tubes having rounded upper surfaces and flattened lower surfaces. Due to the geometry of the design, the blanket assumes a self-supporting, "Quonset hut-like" structure over the patient when inflated by the air source. Dr. Augustine received a family of five patents for features of this design: U.S. Patent Nos. 4,572,188 ("the '188 patent"); 5,300,102 ("the '102 patent"); 5,324,320 ("the '320 patent"); 5,350,417 ("the '417 patent"); and 5,405,371 ("the '371 patent") (collectively "the Augustine patents"). He assigned the Augustine patents to Augustine Medical, Inc.

In March 1992, Gaymar Industries, Inc., and Medisearch PR, Inc. (collectively "Gaymar") began selling their own convective thermal blanket models. In June 1992, Mallinckrodt Group, Inc., and Mallinckrodt Medical, Inc. (collectively "Mallinckrodt") did the same. Both of these thermal blanket models featured a quiltlike structure that did not form a self-supporting structure when inflated. Nonetheless, shortly after the '102 and '320 patents issued in 1994, Augustine Medical separately sued both Gaymar and Mallinckrodt

for infringement of those two patents. Augustine Medical later amended the original complaint to assert infringement of the '188, '371, and '417 patents as well.

After the district court consolidated the two suits, Gaymar and Mallinckrodt moved for partial summary judgment ("PSJ"), seeking a declaration of invalidity as to four claims of the '371 patent. The '371 patent traced its heritage through a continuation-in-part ("CIP") application to an original application that a magistrate judge ("MJ") had found did not sufficiently describe the invention of the four claims at issue. As a result, the MJ found these four claims invalid due to Augustine Medical's earlier public display of a prototype convective thermal blanket.

Before trial, both Gaymar and Mallinckrodt moved for PSJ of noninfringement of the remaining claims of the '102, '188, '320, and '371 patents, based in part, on prosecution history estoppel. The MJ found no infringement of the '188 patent, but found a genuine issue of material fact regarding a "self-erecting" limitation common to the '102, '320, and '371 patents. Thus, the district court granted the second PSJ motion only with respect to the '188 patent. The parties stipulated to no infringement of the '417 patent.

A jury found infringement under the doctrine of equivalents ("DOE"), and the district court entered a permanent injunction barring both Gaymar and Mallinckrodt from making, using, or selling certain convective thermal blankets.

On appeal, the Federal Circuit agreed with the district court's interpretation of the term "self-erecting," *i.e.*, "that the device form a curved or arched structure which stands off the patient." *Augustine Med.*, slip op. at 7. While the Court concurred with the jury's finding of no literal infringement, the Court also found that prosecution history estoppel had prevented extending the claims at issue to cover the Gaymar and Mallinckrodt thermal blanket models under the DOE. Here, the specifications and prosecution histories of the Augustine patents clearly defined the scope of the "self-erecting" limitation and restricted the claims to cover only self-erecting, convective thermal blankets.

As to validity, the Federal Circuit disagreed with Augustine Medical's assertion of "pio-

neering status” for its patent family, noting that amendments and arguments to overcome prior art are generally unnecessary in pioneer applications.

Regarding Augustine Medical’s cross-appeals, the Court held that no reasonable jury could conclude that the Gaymar or Mallinckrodt models included a feature identical to or insubstantially different from the “flattened lower portion” of hollow inflatable tubes recited in the ‘188 patent. Similarly, the Court also held that no reasonable jury could have found support in the original application for the asserted claims of the ‘371 patent. Thus, the Federal Circuit found that the district court appropriately granted SJ with respect to these claims of the ‘188 and ‘371 patents.

Finally, the Court agreed that Augustine Medical’s two stipulations eliminated any potential claim or controversy regarding the ‘417 patent, mooting Gaymar’s related invalidity claim.

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Accused Left “Seeing Spots” on Laser Printer Patents

Anthony A. Dreux

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

In *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, No. 98-1298 (Fed. Cir. June 23, 1999), Pitney Bowes, Inc. (“Pitney Bowes”) appealed a decision of the United States District Court for the District Court of Connecticut granting summary judgment (“SJ”) of noninfringement to Hewlett-Packard Co. (“HP”). On appeal, finding that the SJ was derived from an erroneous claim construction, the Federal Circuit vacated the noninfringement ruling and remanded the case for further proceedings in light of its own claim construction.

Pitney Bowes sued HP for patent infringement of U.S. Patent No. 4,386,272 (“the ‘272 patent”), entitled “Apparatus and Method for Generating Images by Producing Light Spots of Different Sizes.” Specifically, Pitney Bowes alleged that laser printers manufactured and sold by HP infringed certain claims of the ‘272 patent that cover a method and apparatus for

varying toner dot size in a laser printer. In response, HP filed three SJ motions for noninfringement. After construing the claims, the district court denied two of the motions, but granted a third motion.

As a result of using similarly sized toner dots, the corners and edges of certain characters generated by laser printers can have an uneven appearance or “jaggies.” The ‘272 patent teaches an apparatus and method for combating jaggies by varying toner dot size. In one disclosed method, an intensity modulator attached to a light beam source varies the degree of exposure on a photoreceptor by changing the intensity of the beam of light and the length of time that the beam of light remains in contact with the surface of the photoreceptor. As the modulator changes the intensity of the beam of light, the number of electrons displaced on the photoreceptor also change.

A second method taught by the ‘272 patent employs two power sources using parallel laser beams, each having a different diameter and corresponding spot size. Because different-sized exposed areas are generated on the photoreceptor, different-sized dots of toner are created on the paper, thereby reducing the problem of jaggies.

The claim construction dispute centered on whether the term “spots of different sizes” referred to the spots of light generated by the light beam on the photoreceptor, as HP argued, or described the spots of discharged area on the photoreceptor that result from contact with the light beam, as urged by Pitney Bowes.

On SJ, the district court had concluded that, while the plain meaning of the claims fully supported neither construction, HP’s claim construction was more accurate in light of the specification and prosecution history. In particular, the district court had noted that the first forty-two of the forty-four occurrences of the term “spot” in the specification referred to the spot of the light beam. The district court also noted that the Applicants had amended the title of the patent to modify the term “spots” with the word “light.”

On appeal, the Federal Circuit relied on certain preamble language as supporting a construction that the claim term “spots of different sizes” referred to spots of discharged

area on the photoreceptor, not the light spots generated by the beam of light, as the district court had determined.

In addition to the preamble, the Court found other support for its construction in the body of the claims and in the specification. In examining the language of the specification, the Court disregarded the lower court's reading and held that the final two instances of the term "spots" described spots of discharge area on the receptor, rather than light spots. The Court stated that identical terms in the specification could be used to describe different concepts. Finally, the Federal Circuit chided the lower court for placing too much emphasis on the Examiner's demand to change the title during prosecution of the original application. According to the Court, it has never suggested that an amendment to the patent title during prosecution carries the same or similar estoppel effect as an amendment to the claims.

The Federal Circuit vacated the noninfringement ruling and remanded the case for further proceedings in view of the new claim construction.

Judge Rader, joined by Judge Plager, wrote additional views to comment on the proper role of expert testimony in construing claims.

Corroboration Required of Invalidity Testimony

Lionel M. Lavenue

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

In *Finnigan Corp. v. International Trade Comm'n*, No. 98-1411 (Fed. Cir. June 9, 1999), the Federal Circuit affirmed a finding of noninfringement by the International Trade Commission ("ITC"), but reversed a ruling of invalidity.

Finnigan Corporation ("Finnigan") owns U.S. Patent No. 4,540,884 ("the '884 patent") directed to a quadrupole ion trap for generating a mass spectrum of a trapped sample. To use the ion trap as a mass spectrometer, the patent discloses a "nonresonance ejection" technique, where changing the field of the ion trap causes certain ions to become unstable with respect to a stability standard and to be ejected from the trapping field.

In a proceeding before the ITC, Finnigan alleged a violation of 19 U.S.C. § 1337(a) by the importation of infringing systems by Bruker-Franzen Analytik GmbH and Bruker Analytical Systems, Inc. (collectively "Bruker"). The Bruker system, called the ESQUIRE-LC, operates similar to the manner described in the Finnigan patent, except for the manner by which ions are ejected from the ion trap. The Bruker system ejects ions by a "resonance ejection" technique, where the ions remain stable with respect to a stability diagram but are ejected by resonance.

At the ITC, on the issue of infringement, the Administrative Law Judge ("ALJ") determined that the asserted patent claims were not infringed based on the difference in ejection techniques. On the issue of validity, the ALJ found certain claims anticipated based on a published article and a public use. The ITC adopted the ALJ's recommendations, and Finnigan appealed.

On appeal, as an initial matter, the Federal Circuit first considered a new position proffered by Finnigan on claim construction. However, the Federal Circuit ruled that the new position had been waived because Finnigan had not raised the argument before the ALJ. The Federal Circuit explained:

A party's argument should not be a moving target. The argument at the trial and appellate level should be consistent, thereby ensuring a clear presentation of the issue to be resolved, an

adequate opportunity for response and evidentiary development by the opposing party, and a record reviewable by the appellate court that is properly crystallized around and responsive to the asserted argument.

Finnigan, slip op. at 13-14.

On the infringement issue, the Federal Circuit affirmed the ITC, recognizing that the intrinsic evidence supported the ALJ's claim construction. However, the Federal Circuit reversed the ruling that certain claims were invalid for anticipation due to prior publication and public use. The ITC had concluded that although the published article did not address the ejection of ions from an ion trap, one of ordinary skill in the art would have understood the article to include a nonresonance ejection technique. The Federal Circuit rejected this inherency position.

The ITC had also concluded that, although the alleged public use was supported only by the testimony of the article's author, corroboration of the testimony was unnecessary because the author was not an interested party. The Federal Circuit rejected this position, explaining that, regardless of whether the party is an interested party, corroboration is required of any witness whose testimony alone is asserted to invalidate a patent.

Accused Infringer "Draws Blood" on Blood Processing Patent

Lisa E. Marks

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

In *Pall Corp. v. HemaSure, Inc.*, No. 98-1388 (Fed. Cir. June 8, 1999), the Federal Circuit reversed a district court's grant of summary judgment of literal infringement, ruling that the district court's construction of the claim at issue was unduly broad. The Court also found no reasonable basis upon which equivalence could be established, even though

the district court had not considered the issue.

The invention at issue concerns a system that filters leukocytes from blood. The claimed system moves and collects blood, using porous membranes to control the inlet and outlet of sterile air that aids in moving blood through the system and in driving blood through a leukocyte filter and into a storage receptacle. The only issue on appeal concerned infringement of one claim of the asserted patent. HemaSure, Inc. ("HemaSure") conceded that its system performs certain claim steps, but disputed that its systems passed displaced gas through a gas outlet porous medium, as claimed.

As to this limitation, the Federal Circuit disagreed with the district court's interpretation, concluding that the claim limitation "gas outlet comprising a porous medium" requires that the gas outlet porous medium be placed so as to remove gas at the outlet of the system while retaining the blood and barring reentry of air.

The hydrophilic membrane in the HemaSure system is used within the filtration chamber and does not effect a separation of air expelled from the blood. Instead of using a hydrophilic membrane at the outlet of the system, the HemaSure invention uses a plastic bag to receive the blood after it leaves the leukocyte filter chamber, along with any air that flows through the system. Accordingly, the Court found that the hydrophilic membrane as located in the leukocyte filter chamber of HemaSure distinguishes from a "gas outlet" as contemplated by the claim.

Although the district court had not considered infringement under the doctrine of equivalents, the Federal Circuit did, finding that because the porous medium limitation was added by amendment in view of a rejection based on prior art, that limitation could not be extended to reach, as an equivalent, a gas outlet that does not bear a porous membrane. In ruling on equivalency, the Court, declared that on appellate review, judgment may be awarded to the defendant as a matter of law when the plaintiff cannot prevail even on its version of the disputed facts.

Infringement Not “Detected” by Security System Patent

Andrew J. Vance

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

In *Interactive Technologies, Inc. v. Pitway Corp.*, No 98-1464 (Fed. Cir. June 1, 1999) (nonprecedential decision), the Federal Circuit reversed a district court’s judgment of infringement under the doctrine of equivalents (“DOE”) but affirmed the district court’s judgment that the patent at issue was not invalid or unenforceable because of inequitable conduct.

The patentee, Interactive Technologies, Inc. (“Interactive”), holds U.S. Patent No. 4,855,713 (“the ‘713 patent”) that covers technology related to wireless home security systems. In wireless security systems, transmitters are connected to sensors to transmit communication radio signals to a central processing unit (“CPU”). Such systems also include a mechanism to differentiate between signals that are transmitted from the sensors and signals transmitted from neighboring houses (*i.e.*, “crosstalk”).

Conventional systems have countered the crosstalk problem by manually programming the CPU and the sensors with a “house code” and a “zone number” using a series of “DIP” switches.

The ‘713 patent is directed to methods and systems for solving the crosstalk problem by preprogramming each transmitter’s code at the factory from an essentially infinite pool of numbers, and then teaching the code to the CPU when the system is installed in a house by transmitting the codes to the CPU. After teaching is accomplished, the CPU verifies the transmitter code prior to responding to any later received transmissions. The ‘713 patent refers to the transmitter codes as “unique identity codes” and recites that learning is accomplished upon detecting “a predeter-

mined alarm condition” (claim 1) or “upon detecting a predetermined one of said plurality of detecting conditions” (claim 7). The district court construed these elements of claims 1 and 7 to require that the identity code is stored only once in the CPU.

Unlike the patent at issue, the Pitway Corporation’s (“Pitway”) wireless security system is capable of storing the identity code of each transmitter multiple times. In particular, the Pitway system includes a transmitter that can be used with multiple sensors, each having a unique sensor code. During the learning/teaching phase of the Pitway system, the transmitter code is stored in the CPU one time for each sensor that is associated with the transmitter.

Because the accused system can store the transmitter codes multiple times, the district court granted summary judgment of no literal infringement, but allowed the issue of infringement under the DOE to go to the jury. The jury found the patent to be infringed under the DOE and found that the patent was not invalid or unenforceable for inequitable conduct.

On appeal, the Federal Circuit agreed with the district court’s claim construction, but reversed the holding of infringement under the DOE. In particular, since the Pitway system is capable of storing the identity codes multiple times, and the claims at issue require storing the codes only once, the Federal Circuit found the accused system functionally distinct and thus not equivalent as a matter of law.

As to invalidity, the Federal Circuit held that Pitway had failed to prove that the jury verdict was unreasonable. On the issue of unenforceability for inequitable conduct, the Federal Circuit found that the inventor had offered plausible reasons for not submitting a particular product manual. It also noted that the jury could have concluded from the evidence that the manual was not material.

Slot Machine Patent Fails to “Pay Off”

Kurt A. Luther

[Judges: Bryson (author), Rich, and Skelton]

In *IGT v. Global Gaming Technology, Inc.*, No. 98-1246 (Fed. Cir. June 17, 1999) (non-precedential decision), the Federal Circuit partially affirmed and partially vacated a district court’s judgment of invalidity based on an on-sale bar and vacated the district court’s judgment of infringement.

IGT filed a declaratory judgment action, seeking judgment that the claims of U.S. Patent No. 4,099,722 (“the ‘722 patent”), owned by Global Gaming Technology, Inc. (“Global”) and directed to an electronically controlled slot machine, are invalid and not infringed by IGT’s slot machines. Global counterclaimed, asserting that IGT’s slot machines infringed several claims of the ‘722 patent. After a bench trial, the district court held that IGT’s slot machine infringed various claims of the ‘722 patent, but that the infringed claims were invalid in light of an on-sale bar. Global appealed the judgment of invalidity, and IGT appealed the judgment of infringement.

The Federal Circuit agreed that the development of a fully operational prototype prior to the critical date and pursuant to a contract for sale would create an on-sale bar under 35 U.S.C. § 102(b). Global entered into contract to sell 200 slot machines as described and claimed in the ‘722 patent. Subsequent to the contract and prior to the critical date, Global developed a fully operational prototype of the slot machine that included the features of at least the independent claims of the ‘722 patent. Referring to the Supreme Court’s recent decision in *Pfaff v. Wells Electronics, Inc.*, 119 S. Ct. 304 (1998), the Federal Circuit ruled that “the on-sale bar applies if an invention that is offered for sale at a time when it is not ‘ready for patenting’ becomes ‘ready for patenting’ prior to the critical date.” *IGT*, slip op. at 6. The district court had only analyzed the independent claims but declared the entire patent invalid. Accordingly, the Federal

Circuit affirmed the district court’s finding of invalidity of the independent claims, but vacated the finding of invalidity with respect to the dependent claims.

The Federal Circuit also vacated the district court’s finding of infringement, holding that the district court had improperly construed the asserted claims. In construing the claims, the district court made a general determination of what the claims related to instead of ascertaining the meaning of the words that made up the claims. Since this construction approach could extend the patent right to include that which is disclosed but not claimed, the Federal Circuit vacated the judgment and remanded the issue to the district court for reconsideration of the infringement issue with a proper claim construction.

Automatic Configuration Does Not Infringe Manual Configuration

Rafael E. Rodriguez

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

In *Nagle Industries, Inc., v. Ford Motor Co.*, No. 97-1449 (Fed. Cir. June 22, 1999) (non-precedential decision), the Federal Circuit affirmed a district court decision granting summary judgment (“SJ”) of noninfringement of U.S. Patent No. 5,129,281 (“the ‘281 patent”) to Ford Motor Company (“Ford”). The Federal Circuit also affirmed a decision of the district court granting Ford’s motion for SJ of no unfair competition.

Nagle Industries., Inc. (“Nagle”) sued Ford for infringement of certain claims of its ‘281 patent covering a pull-pull cable assembly used to control the vent door on a motor vehicle’s heat/air conditioning system. Nagle also alleged a violation of Michigan’s unfair competition law based on Ford’s alleged failure to disclose material prior art during the prosecution of Ford’s patent directed at an alternative to the ‘281 patent. Nagle’s unfair

competition claim further asserted that Ford hired an ex-employee of Nagle to design around the '281 patent in violation of the employee's confidentiality agreement with Nagle. After construing the claims, the district court granted Ford's motions for SJ of noninfringement and of no unfair competition.

Nagle argued that the claim limitation "slack adjustment means attached to said ends of said strand means for adjusting slack in said strand means," was present in Ford's design. The Federal Circuit agreed with the district court that the claim was written in means-plus-function format because the limitation recites a means for performing a specified function without the recital of specific structure to carry out that function.

Having determined that the claim was written in a means-plus-function format, the Court found two structures associated with the identical function of "slack adjustment means." Both structures allowed for adjustment of slack through manual means, such as a screwdriver. The Court then noted that the Ford design utilized a pair of springs to automatically adjust the slack and that the Ford design lacked the means for manual adjustment. Nagle, pointing at the phrase "the strands may have the slack taken up in several ways" found in the written description and argued that the springs were an equivalent structure. The Federal Circuit noted, however, that the phrase did not provide for any structural recitation of an automatic slack adjustment means and, accordingly, disagreed with Nagle. The Court further noted that the doctrine of equivalents was inapplicable because the spring technology used by Ford predated the invention itself and Nagle, if it had intended the spring to be an equivalent structure, could have included the spring in the '281 written description.

As for the unfair competition causes, the Federal Circuit held that even if Nagle's allegations were true, there was no factual basis to support an unfair competition claim. The Court noted that Nagle's former employee had admittedly worked on Ford's alternative pull-pull cable assembly. However, Nagle failed to produce evidence that the employee

had disclosed any confidential information in violation of his agreement or any information that was not disclosed by the '281 disclosure. The Federal Circuit next held that even if Nagle's allegations were also true that Ford had failed to disclose material prior art to the United States Patent and Trademark Office, Nagle failed to produce evidence that Ford had used its patent in a way that injured Nagle. Accordingly, the Court affirmed the district court's grant of SJ for Ford.

Court "Shifts" Invalidity of Clutch Mechanism Patent

Leslie McDonell

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

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In *Lencco Racing Co. v. Jolliffe*, No. 99-1074 (Fed. Cir. June 29, 1999) (nonprecedential decision), the Federal Circuit affirmed-in-part and vacated-in-part a district court decision granting a motion for summary judgment ("SJ") that the asserted claims were invalid and remanded the case for further proceedings.

Lencco Racing Co. ("Lencco") brought suit against four Defendants alleging infringement of certain claims of its patent directed to a follower plate for use in a clutch mechanism of continuous variable transmissions, such as those found in snowmobiles. The Defendants moved for SJ based on two prior art references. The district court granted the Defendants' motion to strike Lencco's belatedly designated witness and to exclude his statements on the ground that Lencco's production of this testimony was untimely and not substantially justified. The district court then granted Defendants' motion, holding that the claims were invalid under 35 U.S.C. §§ 102 and 103.

On appeal, Lencco challenged the district court's exclusion of its expert's statements on the issue of validity. Lencco argued that, although designation of the expert occurred

nine months after the deadline set by the district court, the delay was justified because Lencco had changed counsel during the litigation and because Lencco had not realized it would need a validity expert until the SJ motion had been filed. The Federal Circuit held that neither reason justified Lencco's untimeliness, particularly because the defense upon which SJ had been sought was pleaded in the answer. The Court concluded that Lencco was on notice from the outset of the litigation that the validity of its patent was a central issue in the case and therefore, that the district court had not abused its discretion in excluding the expert's testimony.

Lencco argued that even in the absence of the expert testimony, the claims were not invalid over the prior art because of an "essential feature" that distinguished its invention from the prior art. The Federal Circuit found that only certain claims contained the essential feature and, as a result, affirmed the district court's decision on the remaining claims.

As to the claims containing the "essential feature," the Defendants contended that the district court's judgment of invalidity could be supported by Lencco's failure to produce evidence rebutting the Defendants' showing of obviousness. The Federal Circuit held that this argument ran afoul of basic principles of SJ law, stating that when the movant bears the burden of proof, SJ cannot be granted unless the movant makes a showing on each required element and the nonmovant fails to raise a genuine issue of material fact as to any element. Because the Defendants had not identified any evidence indicating that a person of ordinary skill in the art would have found the limitation at issue to be obvious in view of the prior art, and the Federal Circuit found no such evidence in the record, it reversed the order granting SJ with respect to those claims and remanded the case for further proceedings on the unresolved issue.

Court "Burns" Patents Covering Protective Fire Gear

Vince Kovalick

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

In *FireGear, Inc. v. Morning Pride Manufacturing, Inc.*, No. 98-1231 (Fed. Cir. June 30, 1999)(nonprecedential decision), the Federal Circuit affirmed a district court's decision upholding a jury verdict that Morning Pride Manufacturing, Inc.'s ("Morning Pride") asserted claims were not infringed and were invalid and affirmed the district court's reversal of a jury's finding of inequitable conduct.

The three patents that issued concerned protective clothing for firefighters. The Court found substantial evidence to support the jury's findings of noninfringement and invalidity, noting that the prior art relied upon by the jury had not been presented to the patent examiner. In response to Morning Pride's complaint that the *Markman* hearing should have been held before the trial, the Federal Circuit noted that there is no such legal requirement. The Court found unconvincing Morning Pride's vague allegations of harm because of the timing of the hearing.

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