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PROSECUTION DISCLAIMER MUST BE UNAMBIGUOUS

As a basic principle of claim interpretation, prosecution disclaimer promotes the public-notice function of the intrinsic evidence and protects the public reliance on definitive statements made during prosecution. *Omega Eng'g, Inc. v. Raytek Corp.*, No. 01-1546 (Fed. Cir. July 7, 2003)1

COURT REVERSES SANCTION OF ATTORNEYS' FEES

District court improperly awarded attorneys' fees against Plaintiffs and attorneys based on a misunderstanding of the governing trademark and patent laws. *Waymark Corp. v. Porta Sys. Corp.*, No. 03-1012 (Fed. Cir. July 10, 2003) . . .2

COURT "SHIFTS" CLAIM CONSTRUCTION FOR BICYCLE GEAR SHIFT PATENT

District court improperly read limitations into claims from specification and incorrectly read prosecution-history statements as disclaimers. *Sunrace Roots Enter. Co. v. SRAM Corp.*, No. 02-1524 (Fed. Cir. July 17, 2003)2

PATENT INVALID FOR SALE OF SOFTWARE EMBODYING THE INVENTION PRIOR TO CRITICAL DATE

Court has discretion to reach an issue not decided below where there has been a judicial interpretation of law, pending the appeal, which might materially alter the result. *Minton v. National Ass'n of Sec. Dealers, Inc.*, No. 02-1560 (Fed. Cir. July 29, 2003)4

PROCEDURAL PROBLEMS PREVENT APPEAL

The grant of an in limine motion with respect to damages evidence is not a final disposition of a claim that can be certified pursuant to Fed. R. Civ. P. 54(b), but requires Federal Circuit consent pursuant to 28 U.S.C. § 1292(b). *Ultra-Precision Mfg. Ltd. v. Ford Motor Co.*, No. 02-1622 (Fed. Cir. July 28, 2003)5

MERE DISCLOSURE OF POTENTIALLY MATERIAL ART DOES NOT AUTOMATICALLY LIMIT CLAIMS

IDS reference was not admitted prior art and was improperly used to import limitations into claims to save their validity. *Abbott Labs. v. Baxter Pharm. Prods., Inc.*, No. 02-1400 (Fed. Cir. July 3, 2003)6

RES JUDICATA DOES NOT PREVENT INFRINGEMENT SUIT OVER TRADING CARDS

To be given preclusive effect, a judgment must be a final adjudication of the rights of the parties and must dispose of the litigation on the merits. *Media Techs. Licensing, LLC v. The Upper Deck Co.*, No. 02-1555 (Fed. Cir. July 11, 2003)7

COURT STARTS WITH DICTIONARIES TO CONSTRUE "HIGH FREQUENCY"

The district court did not err in looking to dictionary definitions before consulting the specification or the prosecution history to first determine the ordinary and customary meaning of the term "high frequency." *Intellectual Prop. Dev., Inc. v. UA-Columbia Cablevision of Westchester, Inc.*, No. 02-1248 (Fed. Cir. July 21, 2003)8

VALIDITY OF A PROCESS PATENT DOES NOT TURN ON VALIDITY OF THE PRODUCT PATENT

A process yielding a novel and nonobvious product may nonetheless be obvious; conversely, a process yielding a well-known product may yet be nonobvious. *Torpharm, Inc. v. Ranbaxy Pharms., Inc.*, No. 02-1590 (Fed. Cir. July 23, 2003)10

EDITED BY | VINCE KOVALICK

Prosecution Disclaimer Must Be Unambiguous

Timothy J. May

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

In *Omega Engineering, Inc. v. Raytek Corp.*, No. 01-1546 (Fed. Cir. July 7, 2003), the Federal Circuit rejected the district court's claim construction and reversed the district court's SJ of noninfringement. The Federal Circuit remanded the case with a broader claim construction for further proceedings.

Omega Engineering, Inc. ("Omega") owns U.S. Patent Nos. 5,727,880 ("the '880 patent"), 5,823,678 ("the '678 patent"), and 5,823,679 ("the '679 patent"), which are based on a common priority application and relate to a laser-sighting system for use on infrared thermometers.

Claim limitations relating to the outline or periphery of the energy zone measured by the thermometer became the focus of the appeal. The district court had construed the phrases "to outline the energy zone," "outline visibly" the energy zone, "to outline visibly the periphery," and equivalent phrases as excluding a laser beam directed inside the energy zone.

The Federal Circuit concluded that the district court's claim constructions wrongly incorporated the negative limitation that the claims may not cover a device directing a laser beam inside the energy zone. The Court began its analysis with claim 1 of the '880 patent, which requires a "means for causing" at least one laser beam "to strike the periphery of the energy zone for visibly outlining said energy zone." The Federal Circuit disagreed with the trial court's finding that directing light inside the energy zone would contradict the stated purpose of "visibly outlining said entire energy zone" and concluded that the trial court

had incorrectly assumed that a laser beam directed inside the energy zone could not at the same time outline that zone. The plain words of the claims permissively require "at least one laser beam," indicating that the "means for causing" may act on another laser beam to strike inside the zone. Further, the claims do not require that the laser beam be both outside and inside the periphery at the same time.

The Federal Circuit also rejected Raytek Corporation's ("Raytek") arguments that Omega had disclaimed during prosecution a laser-sighting system directing a laser inside the energy zone. During prosecution, Omega had repeatedly insisted that its invention differed from the prior art by precluding appreciable heat from entering the energy zone and affecting the temperature of the energy zone. While these statements narrowed the construction of the phrase "to visibly outline," they did not preclude projection of light into the interior of the energy zone. Thus, the disclaimer was not as comprehensive as Raytek had argued.

The Federal Circuit also found that the disclaimer made in the '880 patent extended to the '678 and '679 patents, which are continuations-in-part of the '880 patent.

With respect to claim 16 of the '880 patent, which requires a "means for causing" the laser beam to identify the periphery and center of the energy zone, the district court had required that the laser beam strike those points sequentially. The Federal Circuit disagreed, finding that neither the claims nor the written description supported adding the limitation "sequentially." The district court justified its addition of the sequential limitation by first identifying corresponding structure in the disclosure of the '880 patent. The Federal Circuit concluded, however, that starting with a structure and defining the function in light of that structure, the lower court had essentially turned the rule of construction for means-plus-function claims upside down.

Because Omega and Raytek disputed whether the laser beam in the center of the energy zone adds any appreciable heat, and given its new construction of the claims, the Court found that triable issues of fact remain and, therefore, reversed the SJ of noninfringement of claims 1 and 16 of the '880 patent and the asserted claims of the '678 and '679 patents.

Court Reverses Sanction of Attorneys' Fees

Vince Kovalick

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

In *Waymark Corp. v. Porta Systems Corp.*, No. 03-1012 (Fed. Cir. July 10, 2003), the Federal Circuit reversed an award of attorneys' fees.

Waymark Corporation ("Waymark") and the Caravello Family Limited Partnership ("the Partnership") sued Porta Systems Corporation ("Porta") for infringement of U.S. Patent No. 5,705,929 ("the '929 patent"), and trademark and trade-dress infringement.

In a previous decision on the merits, the Federal Circuit had ruled that SJ of non-infringement had properly been granted under 35 U.S.C. § 271(a) but improperly granted under 35 U.S.C. § 271(f)(2).

While the first appeal was still pending, the district court granted Porta's motion for sanctions in the form of attorneys' fees, but did not set an amount. The Court imposed the sanctions because: (1) Plaintiffs had not registered the asserted trademark until well after filing suit; (2) an appropriate written exclusive license agreement had not been prepared, such that Waymark did not have standing to file suit; and (3) Plaintiffs had been misleading about documents during discovery.

After the first appeal, the case was remanded back to the district court to determine whether Porta had infringed

under § 271(f)(2) by shipping to Mexico certain components that, if assembled, would infringe the patent. After additional discovery and hearings on the issue, the Plaintiffs filed a stipulation of voluntary dismissal. Before doing so, however, the district court entered a second sanctions order reaffirming its earlier order and awarding a sanction of \$44,000 against the Plaintiffs and their lawyers.

The Federal Circuit reversed the sanctions order. As to the trademark issue, the Court concluded that § 43(a) of the Lanham Act provides a remedy for infringement of both registered and unregistered trademarks. Because Plaintiffs provided use of their unregistered trademark, the Court concluded that the award of sanctions on this issue was based on a misunderstanding of the governing law.

As to the standing issue to bring the patent-infringement action, the Federal Circuit again found that the district court had improperly applied the law, which requires assignments, not licenses, to be in writing. Since the Partnership claimed a written assignment of the '929 patent, it had standing to bring the action, and it was permissible to join Waymark as a plaintiff under the alleged oral exclusive license. Indeed, Porta did not even press for this award on appeal.

Finally, as to the alleged failures to produce documents, the Court noted that sanctions cannot be based on the failure to produce a document that does not exist.

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Court "Shifts" Claim Construction for Bicycle Gear Shift Patent

Susanne T. Jones

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

In *Sunrace Roots Enterprise Co. v. SRAM Corp.*, No. 02-1524 (Fed. Cir. July 17, 2003), the Federal Circuit reversed the dis-

district court's claim construction of the term "shift actuator," finding the construction too limiting, and remanded the case for further proceedings.

U.S. Patent No. 4,900,291 ("the '291 patent"), owned by SRAM Corporation ("SRAM"), discloses and claims a gear-shifting mechanism for bicycles that uses a shift actuator designed to precisely control movement of a chain derailleurs. The '291 patent contains apparatus claims that recite a "shift actuator" with and without a "cam means."

Based on a letter by SRAM to Sunrace Roots Enterprise Company, Ltd. ("Sunrace") asserting that Sunrace was infringing its reexamined '291 patent, Sunrace filed a DJ action claiming that it did not infringe the '291 patent and also that the '291 patent was invalid and unenforceable. SRAM counterclaimed, asserting infringement of claims 16 and 20 of the '291 patent. The district court construed the term "shift actuator" to mean "a mechanism for controlling the changing of gears that contains a cam configured with a series of lobes and valleys that rotates so as to engage a cam follower." In providing this construction, the parties and the district court agreed that the plain and ordinary meaning of "shift actuator" is "a mechanism that controls the changing of gears." However, the district court adopted a more limiting construction based on the specification and the prosecution history, finding that the cam was integral to the invention disclosed and stating that the specification did not suggest that the invention might be embodied in a structure that does not use a cam. The district court also found that the prosecution history of the '291 patent indicated that SRAM and the Examiner considered the "shift actuator" to require the cam mechanism.

Based on the district court's claim construction, the parties stipulated that Sunrace's devices did not infringe claim 16, and the district court entered judgment on

that basis. SRAM appealed the district court's claim construction of claim 16, but not claim 20.

The Federal Circuit reversed the district court's claim construction of the term "shift actuator," finding it unduly restrictive, and adopted instead the meaning that a "shift actuator" is "a mechanism that controls the changing of gears."

In so doing, the Federal Circuit began with the presumption that the plain and ordinary meaning applies to disputed claim language unless such presumption has been overcome. In finding that the presumption was not overcome in this case, the Federal Circuit turned first to the doctrine of claim differentiation. The Federal Circuit noted that claim 24, which depends from claim 16, specifically recites that the "shift actuator comprises a cam means rotatably mounted on the bicycle handlebar generally coaxially of the handlebar," and that the "cam means" portion of claim 24 was the only difference between claims 16 and 24. The Federal Circuit further relied on the fact that SRAM had canceled claims 27 and 28 during reexamination after amending claim 16 to include the limitations of those claims, but did not likewise cancel claim 24, indicating that SRAM believed claim 16 was not limited to a shift actuator including a cam means.

The Federal Circuit next considered the specification to determine if SRAM had defined "shift actuator" differently from its plain and ordinary meaning. Reviewing portions of the specification that discussed various objects of the invention as including a cam structure and which the district court had relied on in combination with the absence of any disclosure of a shift actuator that did not include a cam means in order to narrow the scope of the term "shift actuator," the Federal Circuit found that the various statements did not evidence an intent to depart from the ordinary meaning. Instead, the Federal Circuit determined that some of the statements

detailed goals of the invention relating to the apparatus claims, but that other goals also were set forth in the specification that did not relate to providing a cam mechanism. The Federal Circuit found that the '291 patent specification does not indicate that the cam aspect is the invention itself.

Considering the final piece of intrinsic evidence, the prosecution history, the Federal Circuit found no clear evidence of disclaimer. Regarding various statements describing the '291 patent's use of a cam structure that the district court had relied on as effecting a disclaimer, the Federal Circuit concluded that those statements were not specific to method claim 16 but rather appeared to relate to the apparatus claims.

In finding that any ambiguity in the plain meaning could be resolved by the intrinsic evidence, the Federal Circuit also rejected any consideration of extrinsic evidence in the form of inventor testimony that Sunrace had offered in support of the district court's construction.

Patent Invalid for Sale of Software Embodying the Invention Prior to Critical Date

Charles W. Chesney

[Judges: Lourie (author), Linn, and Gajarsa (concurring)]

In *Minton v. National Association of Securities Dealers, Inc.*, No. 02-1560 (Fed. Cir. July 29, 2003), the Federal Circuit affirmed a final decision of the United States District Court for the Eastern District of Texas granting SJ of patent invalidity under 35 U.S.C. § 102(b) because the claimed subject matter was on sale more than one year prior to the filing of the patent application.

Vernon F. Minton is the sole inventor and owner of U.S. Patent No. 6,014,642 ("the '642 patent"), which is directed to a computerized securities-trading system. When using the system, individuals connect to a computer network through which they are able to post offers to trade securities as well as to select and reply to posted offers to cause trades to occur. In particular, according to method claim 1, which is representative, offers to trade a security are transmitted over a network to an individual's computer, where the offers are ranked and displayed.

More than one year prior to the filing of the '642 patent, Minton leased a computer program and telecommunication network called "TEXCEN" to a brokerage firm that performed similarly to what is claimed in the '642 patent.

The district court granted SJ of invalidity on two grounds: (1) Minton's lease of TEXCEN was an anticipatory on-sale bar under 35 U.S.C. § 102(b); and (2) the claimed invention would have been obvious over TEXCEN in view of another patent.

Minton filed a motion for reconsideration, in which he argued for the first time that the lease of TEXCEN was experimental and therefore not "on-sale," but the district court denied the motion.

On appeal, Minton raised two principal arguments that TEXCEN was not on-sale under 35 U.S.C. § 102(b). First, Minton argued that, as in *In re Kollar*, 286 F.3d 1326 (Fed. Cir. 2002), the license of the TEXCEN process was not a commercial offer for sale. Second, Minton argued that the district court failed to analyze the experimental-use issue, even though Minton properly raised the issue for the first time in its motion for reconsideration.

The Federal Circuit found that, unlike the transaction in *Kollar*, Minton conveyed a fully operational computer program

implementing and, thus, embodying the claimed invention. Accordingly, the Federal Circuit held that Minton's lease of TEXCEN, thereby enabling the practice of the invention, was an offer for sale within the meaning of the on-sale bar.

With regard to Minton's experimental-use argument, Minton argued that he properly raised the issue in his postjudgment briefing after the Federal Circuit issued a decision in *EZ Dock, Inc. v. Schafer Systems, Inc.*, 276 F.3d 1347 (Fed. Cir. 2002), which Minton contended changed the landscape of experimental-use law.

Disagreeing with Minton, the Federal Circuit concluded that the district court was well within its discretion in declining to entertain Minton's new argument on reconsideration.

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Procedural Problems Prevent Appeal

S.H. Michael Kim

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

In *Ultra-Precision Manufacturing Ltd. v. Ford Motor Co.*, No. 02-1622 (Fed. Cir. July 28, 2003), the Federal Circuit held that the grant of an in limine motion with respect to damages evidence is not a final disposition of a claim that can be certified pursuant to Fed. R. Civ. P. 54(b). Instead, any such appeal must follow the provisions of 28 U.S.C. § 1292(b), which not only requires district court certification, but also requires the Federal Circuit's consent.

This case involves air-conditioning compressor technology. In 1988, Ford Motor Company ("Ford") approached Ultra-Precision Manufacturing Ltd. ("UPM") in an effort to design a solution to noise, vibration, and harshness problems associated

with Ford's FX-15 air-conditioning compressors. In response, UPM designed retrofit pulse damper ("PD") tubes and obtained two patents on the technology, which listed UPM employees as the sole inventors. Ford evaluated the UPM technology, but informed UPM that it was not interested because the retrofit PD tubes did not work well alone in Ford's system due to concerns such as slugging. In 1991, however, Ford began working on and completed the design of integral PD tubes, for which it obtained U.S. Patent No. 5,236,312 ("the '312 patent"), which listed Ford employees as the sole inventors. Ford began using these PD tubes in its compressors in 1992.

In 2000, UPM determined that Ford was using these integral PD tubes in its compressors and filed an action alleging unjust enrichment, breach of contract, and commercial misappropriation under Michigan state law, and also sought substitution of inventorship in the '312 patent, alleging that UPM's employees were the sole inventors of the '312 patent. The district court granted Ford's motions for SJ on all the claims except unjust enrichment and substitution of inventorship. During the proceedings, however, UPM conceded that it was only seeking co-ownership of the '312 patent, instead of sole ownership, as originally pled. Accordingly, Ford filed two motions in limine requesting (1) exclusion of evidence of damages for subject matter disclosed but not claimed in UPM's patents; and (2) exclusion of evidence for any use of the '312 patent, because, as a co-owner, Ford was not liable for damages under 35 U.S.C. § 262. The district court granted both motions and certified them for interlocutory appeal at UPM's request pursuant to Fed. R. Civ. P. 54(b).

The Federal Circuit held that because the motions in limine did not enter final judgment as to the unjust-enrichment

claim, the Court did not have jurisdiction to hear the interlocutory appeal under Fed. R. Civ. P. 54(b). Instead, the exclusion of evidence only related to the quantum of relief UPM sought and did nothing to dispose of the issue of liability on the unjust-enrichment claim. Accordingly, because no claims were final within the meaning of Fed. R. Civ. P. 54(b), the only option for UPM at this juncture was to appeal under 28 U.S.C. § 1292(b), which, in addition to the district court's certification, requires a discretionary ruling by the Federal Circuit that grants the appealing party's petition for permission to appeal the order. Because no such petition was filed in this case, however, the Federal Circuit did not have jurisdiction to hear this appeal.

Mere Disclosure of Potentially Material Art Does Not Automatically Limit Claims

Maureen A. Bresnahan

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

In *Abbott Laboratories v. Baxter Pharmaceutical Products, Inc.*, No. 02-1400 (Fed. Cir. July 3, 2003), the Federal Circuit vacated the district court's grant of Defendants' Baxter Pharmaceutical Products, Inc. and Baxter Health Care Corporation (collectively "Baxter") motion for SJ of noninfringement because the district court erred in construing the asserted claims. The case was remanded for further adjudication.

Abbott Laboratories and Central Glass Company, Ltd. (collectively "Abbott") own U.S. Patent No. 5,990,176 ("the '176 patent"), which claims compositions and methods for preventing degradation of sevoflurane anesthetic that combine sevoflurane with an effective amount of

certain Lewis acid inhibitors, including water. Baxter filed an ANDA with the FDA proposing to market a generic sevoflurane with no more than 130 ppm of water. Baxter certified under paragraph IV that its proposed generic sevoflurane product does not infringe the '176 patent. Abbott then filed suit alleging infringement of the '176 patent. The district court construed the claims to require more than 130 ppm of water in order to preserve their validity in view of a sale described in an IDS that Abbott submitted to the PTO in the '176 patent and granted Baxter's motion for SJ of noninfringement.

The district court's decision hinged on its construction of the phrase "amount effective to prevent degradation [of the sevoflurane] by a Lewis acid." The district court acknowledged that neither the plain language of the claims nor the specification of the '176 patent—which disclosed amounts of Lewis acid inhibitors that "can be used" and amounts "believed to be" effective—required a specific amount of Lewis acid inhibitor. Nevertheless, the district court construed the term "amount effective" as requiring more than 131 ppm of Lewis acid inhibitor.

In support of this conclusion, the district court pointed to Abbott's submission of an IDS that referenced a sale of a sevoflurane with no more than 130 ppm water that occurred more than one year before the effective filing date of the '176 patent. According to the district court, the referenced sale constituted admitted prior art and a surrender of the subject matter of the sale. Thus, in order to preserve the validity of the claims in view of the assumed invalidating sale, the district court construed the term "effective amount" to mean an amount of inhibitor more than 131 ppm. Because the district court limited the claims of the '176 patent to compositions comprising more than 131 ppm of inhibitor, it concluded that the proposed generic product, which would have less

than 130 ppm of water, did not infringe the claims of the '176 patent and granted SJ of noninfringement to Baxter.

On appeal, the Federal Circuit first construed the term "effective amount" of inhibitor and determined that it is not limited to concentrations of inhibitors greater than 131 ppm. The Federal Circuit concluded that the district court improperly construed the term "effective amount" by deviating from the customary usage of the term and importing the "more than 131 ppm" of inhibitor limitation into the claims. More specifically, the Federal Circuit determined that, under its customary usage, the term "effective amount," as used in the '176 patent, means "the amount of Lewis acid inhibitor that will prevent the degradation of sevoflurane by a Lewis acid." The Federal Circuit then noted that the specification of the '176 patent broadly defines the term "effective amount" as "an amount that prevents the degradation of the fluoroether compound by a Lewis acid" and teaches that the degradation of sevoflurane varies depending on environmental factors, such as the chemical composition of the container. The Federal Circuit further concluded that the reference to the previous sale in the IDS was not an admission of material prior art or a disavowal of claim scope. In sum, the Federal Circuit concluded that the specification and the prosecution history of the '176 patent (including the IDS) did not support a meaning different from the customary meaning, and, therefore, the district court improperly imported the more than 131 ppm limitation into the claims.

The Federal Circuit also determined that the effective amount of the Lewis acid inhibitor should be measured by reference to a single species of the inhibitors recited in the Markush group. Abbott had argued that the recitation of "a" Lewis acid inhibitor in the Markush group should be understood to mean that a composition that comprises an effective amount derived

from "more than one inhibitor would still fall within the claim boundaries." The Federal Circuit disagreed. According to the Court, although the word "a" indicates "one or more" in claims containing the transitional phrase "comprising," the combination of the word "a" with the phrase "consisting of" in a Markush group indicates only one member of the group. Hence, because the applicant did not expressly indicate the selection of multiple members of the Markush group (e.g., by claiming "and mixtures thereof" or "at least one member of the group"), the claims of the '176 patent are limited to compositions in which a single inhibitor selected from the recited Markush group contributes an effective amount of an inhibitor. Thus, to prove literal infringement on remand Abbott must prove that a single species from the Markush group is present in Baxter's proposed generic product in an amount effective to prevent degradation of the sevoflurane.

Res Judicata Does Not Prevent Infringement Suit over Trading Cards

Jill E. DeMello

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

In *Media Technologies Licensing, LLC v. The Upper Deck Co.*, No. 02-1555 (Fed. Cir. July 11, 2003), the Federal Circuit reversed a district court's decision barring the assertion of infringement for res judicata.

Adrian Gluck is the inventor of a patent directed to memorabilia cards. Gluck had assigned his patent to LNCJ, Ltd. ("LNCJ"), which in turn licensed the patent to Telepresence Technologies ("Telepresence"), a company for whom Gluck was a principal. Telepresence

brought an infringement action against several of its competitors. Due to a defective initial assignment by Gluck to LNCJ, the district court dismissed the case for lack of standing.

To remedy the assignment defect, Gluck created Media Technologies Licensing, LLC (“Media”), naming himself as president of the company. Gluck then perfected the assignment of his patent rights to LNCJ, terminated the license agreement between LNCJ and Telepresence, and assigned LNCJ’s recently acquired rights in the patent to Media. In addition, Gluck and Telepresence quit-claimed any interest they had in the patent to Media.

Media then initiated an action against The Upper Deck Company and others (collectively “Upper Deck”) for infringement. Upper Deck moved for SJ of claim preclusion. The district court granted the motion, and Media appealed.

Because the case turned on general principles of claim preclusion rather than a rule of law having special application to patent cases, the Federal Circuit applied the law of the Ninth Circuit. Claim preclusion in the Ninth Circuit requires the following elements: (1) the prior litigation was terminated by a final judgment on the merits; (2) the prior litigation involved the same claim or cause of action; and (3) the same parties, or their privities, were involved in the prior litigation.

Media argued on appeal that the district court had erred in concluding that the dismissal of Telepresence’s prior action was a final judgment on the merits. Applying the law of the Ninth Circuit, the Federal Circuit ruled that standing is a threshold question that is resolved *before* proceeding to the merits of the case, and, therefore, dismissal based on lack of standing precludes a ruling on the merits. Thus, the district court had erred with respect to the

first element of claim preclusion—the prior litigation had not been terminated by a final judgment on the merits.

The Federal Circuit also concluded that the district court had erred in applying claim preclusion because Telepresence and Media lacked privity. Privity extends to parties who have sufficient commonality between them so that one may be bound by the prior decision if his interests were virtually represented by the other party in that action, the Court stated. In this case, Media was not the equivalent of Telepresence coming back for a second bite of the apple; it was a later-created entity with a perfected interest in the patent that was lacking before, and, therefore, it was not in privity with Telepresence because its interests could not have been virtually represented by Telepresence’s unperfected patent rights.

Court Starts with Dictionaries to Construe “High Frequency”

Kenneth M. Lesch

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

In *Intellectual Property Development, Inc. v. UA-Columbia Cablevision of Westchester, Inc.*, No. 02-1248 (Fed. Cir. July 21, 2003), the Federal Circuit affirmed the district court’s SJ ruling that UA-Columbia Cablevision of Westchester, Inc. and Telecommunications, Inc. (collectively “Cablevision”) did not infringe U.S. Patent No. 4,135,202 (“the ‘202 patent”) asserted by Intellectual Property Development, Inc. and Communications Patents, Ltd. (collectively “IPD”). Further, the Federal Circuit reversed the district court’s SJ ruling of invalidity for indefiniteness of the ‘202 patent.

The '202 patent is directed to broadcasting systems with fiber-optic transmission lines. The district court had initially construed the claim term "high frequency" to include the VHF range, i.e., 54 to 216 MHz received by conventional television receivers at the time, but later reconsidered and reconstrued "high frequency carrier" to be limited to 3 to 30 MHz. Based on this construction, the district court granted the SJ of noninfringement, because Cablevision's systems only operate above 30 MHz. IPD never argued that Cablevision met the "high frequency carrier" limitation under the DOE.

The Federal Circuit reviewed the claim construction de novo by first analyzing the words of the claim. The Federal Circuit held that the district court did not err in looking to dictionary definitions before consulting the specification or the prosecution history to first determine the ordinary and customary meaning of the term "high frequency." The Federal Circuit agreed that, based on the dictionary definitions of "high frequency," one skilled in the art at the time of the patent application would have understood "high frequency" to mean a frequency between 3 to 30 MHz. Consulting the intrinsic record, the Federal Circuit found that the specification and prosecution history do not clearly suggest a special definition for the term "high frequency." Rather, they support the ordinary meaning as being 3 to 30 MHz.

IPD argued that the use of the phrase "conventional television receivers" in connection with "high frequency transmission" would have meant to a person skilled in the art that the inventor was referring to a VHF system operating in at least a range of 54 to 216 MHz, the operating frequencies of conventional television receivers at that time. The Federal Circuit, however, concluded that the ordinary meaning of "high frequency" helps define the term "conventional television receivers," not the reverse.

The district court had also found claim 1 invalid under 35 U.S.C. § 112, paragraph 2, as indefinite for two reasons. First, the district court had found that the patent fails to disclose a structure clearly linked to the claimed "light beam demodulation means." The parties did not dispute that the structure in the specification linked to the recited "photo-sensitive detector means" was the photo-sensitive detector described and shown in the specification. IPD argued that this same structure corresponded to the "light beam demodulation means." The district court had concluded, however, that the "photo-sensitive detector means" and "light beam demodulation means" could not be the same structure because if they were, they could not be "responsive to" each other, as recited in the claim. The Federal Circuit disagreed, however, and, pointing to testimony by both experts that identified the corresponding structure, concluded that one skilled in the art would determine that the photo-sensitive detector disclosed in the specification and figures performed the claimed "light beam demodulation."

The district court also found claim 1 invalid because the term "common optical fiber" was indefinite. Claim 1 reads: "a common optical fiber . . . extending between an electro-optical transducer at said central station . . . and photo-sensitive detector means." The district court assumed that a common optical fiber must be common over the entire distance between the transducer and the detector, which was not disclosed in the patent.

The Federal Circuit determined that the common optical fiber is a fiber that carries signals for a plurality of subscribers. Thus, even if the fiber were viewed as consisting of multiple segments with a segment of fiber branching off from it ("fiber tap"), it would not preclude a person skilled in the art from considering such a multisegment fiber leading to the detector to be a single

“optical fiber” that is common (i.e., shared by) the end-users served by it. Accordingly, the Federal Circuit reversed the district court’s SJ ruling of invalidity with respect to the “common fiber” term.

Validity of a Process Patent Does Not Turn on Validity of the Product Patent

Brian M. Burn

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

In *Torpharm, Inc. v. Ranbaxy Pharmaceuticals, Inc.*, No. 02-1590 (Fed. Cir. July 23, 2003), the Federal Circuit reversed a district court’s SJ of invalidity of U.S. Patent No. 5,670,671 (“the ‘671 patent”) for obviousness and remanded for further proceedings.

Torpharm, Inc. (“Torpharm”) owns the ‘671 patent, which discloses a process for preparing “improved Form 1 ranitidine,” an antiulcer medication. The ‘671 patent claims a process for producing improved Form 1 ranitidine by crystallizing ranitidine from a lower alcohol solution. The claims also include density limitations for the improved Form 1 ranitidine product. It is these density limitations that provide acceptable filtration and drying characteristics, and that distinguish “improved” Form 1 ranitidine from Form 1 ranitidine. The improved Form 1 ranitidine product is claimed in U.S. Patent No. 5,523,423 (“the ‘423 patent”), which issued from a divisional of the application leading to the ‘671 patent. The ‘423 patent was the subject of a separate litigation, in which a district court held that the product claim to improved Form 1 ranitidine was invalid by reason of a prior sale.

Torpharm sued Ranbaxy Pharmaceuticals, Inc. (“Ranbaxy”) for infringing the ‘671 patent, and Ranbaxy moved for SJ of invalidity, contending that the ‘671 patent had been allowed only because Torpharm represented to the PTO that the allowance of the ‘423 patent, directed to the improved Form 1 ranitidine product, made the ‘671 patent allowable. As a result, argued Ranbaxy, the subsequent invalidation of the ‘423 patent rendered the ‘671 patent invalid by reason of prosecution history estoppel and collateral estoppel. The district court agreed and granted SJ of invalidity.

Emphasizing that there are no per se rules relating the patentability of a product to the patentability of a process, and vice versa, the Federal Circuit held that Ranbaxy’s position suffered from three serious deficiencies. First, the Federal Circuit did not agree that Torpharm represented to the PTO during prosecution of the ‘671 patent that the process claims were allowable simply because the product claim was allowed in the ‘423 patent. The Court noted that Torpharm advanced a number of arguments during prosecution, including the argument that the prior art failed to disclose the use of a lower alcohol solution during recrystallization. As a result, according to the Federal Circuit, the district court was incorrect in characterizing Torpharm’s position before the PTO as relying exclusively on the novelty of improved Form 1 ranitidine.

The second problem with Ranbaxy’s position, according to the Federal Circuit, was purely logical. Even if Torpharm’s sole argument during prosecution of the ‘671 patent was that if the improved Form 1 ranitidine product is patentable over the prior art, the process of making improved Form 1 ranitidine must also be patentable, the fact that the product is later found

unpatentable does not automatically render the process unpatentable as well.

Finally, the Federal Circuit held that even if the PTO allowed the process claims only because the product was novel, it does not necessarily follow that the PTO would never have allowed the process claims. The Court noted that it is not the district court's responsibility to determine whether or not the PTO would have allowed the process claims had the product claims lacked novelty.

In reversing the district court's SJ of invalidity, the Federal Circuit concluded that regardless of how Ranbaxy character-

ized the prosecution history of the '671 patent, collateral estoppel from the litigation invalidating the '423 patent does not relieve the district court from the necessity of performing a standard obviousness inquiry into the claims of the '671 patent.

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

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