

Last Month at the Federal Circuit

May 2007

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In April, the Supreme Court issued two significant decisions:

- In *KSR International Co. v. Teleflex Inc.*, No. 04-1350 (U.S. Apr. 30, 2007), the Supreme Court, in a unanimous opinion, reversed the Federal Circuit and established a new test of obviousness. See the summary below.
- In *Microsoft Corp. v. AT&T Corp.*, 127 S. Ct. 1746 (U.S. Apr. 30, 2007), in a 7-1 opinion (Chief Justice Roberts did not take part in deciding the case), the Supreme Court reversed the Federal Circuit, ruling that the copying of Microsoft Corporation's Windows software abroad and installation on computers by foreign computer manufacturers were not infringing acts under 35 U.S.C. § 271(f). See the summary below.

Application of Common Sense and Consideration of Marketplace Demands Are Now Mandated When Using the "Teaching-Suggestion-Motivation" Test for Determining Obviousness

Allen M. Sokal

[Justice Kennedy delivered the unanimous opinion of the Court.]

In *KSR International Co. v. Teleflex Inc.*, No. 04-1350 (U.S. Apr. 30, 2007), the Supreme Court reversed the Federal Circuit and ruled that when determining obviousness, the "teaching-suggestion-motivation" ("TSM") test may be appropriately considered, but mandated the use of a more flexible version of the test that includes the application of common sense and consideration of marketplace demands. The Court also elaborated extensively on how the PTO and the courts should determine obviousness.

The patent at issue, U.S. Patent No. 6,237,565 ("the '565 patent"), claimed the combination of an adjustable vehicle accelerator pedal assembly and an electronic sensor, attached to a fixed pivot point, that provides a signal corresponding to the position of the pedal. A prior art patent, U.S. Patent No. 5,010,782 ("the Asano patent"), which the PTO did not consider, disclosed an adjustable pedal with a fixed pivot point. Other prior art patents disclosed sensors for signaling the position of accelerator pedals. U.S. Patent No. 5,241,936 ("the '936 patent") disclosed a pedal with an electronic sensor on a pivot point in the pedal assembly, and U.S. Patent No. 5,063,811 ("the Smith patent") disclosed mounting the sensor on a fixed part

of the pedal assembly to prevent the wires connecting the sensor to a computer from chafing and wearing out. U.S. Patent No. 5,819,593 ("the Rixon patent") disclosed attaching an electronic sensor to the pedal foot pad of an adjustable pedal assembly, but was known for wire chafing.

Teleflex Inc. ("Teleflex"), which owned the patent in question, sued KSR International Company ("KSR") for infringement in the U.S. District Court for the Eastern District of Michigan. The trial court had granted KSR's motion for SJ of invalidity for obviousness in view of the prior art, but the Federal Circuit reversed. The Supreme Court reversed the judgment of the Federal Circuit, reinstating the SJ of the trial court.

In doing so, the Supreme Court mandated a more flexible test than the TSM test, including the application of common sense and consideration of marketplace demands, such as the demand for accelerator pedals that can operate with computers. Moreover, the Court emphasized the need for caution in granting a patent for a combination of prior art elements with no change in their functions, stating that "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." Slip op. at 12. On the other hand, the Court observed that "when the prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious," and that the Court had previously held a patent valid when "the elements worked together in an unexpected and fruitful manner . . ." *Id.*

The Court further explained that even if different fields of endeavor are involved, a person of ordinary skill can implement a "predictable variation," and "if a technique has been used to improve one device, and a

person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill. . . . [A] court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.* at 13.

“The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Slip op.* at 12.

“When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, . . . the fact that a combination was obvious to try might show that it was obvious under § 103.” *Id.* at 17.

Still, however, the Court stated that one challenging a patent may not demonstrate merely that it claims a combination of known elements. The Court required that lower courts determine, preferably explicitly, “whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.” *Id.* at 14. But that determination “need not seek out precise teachings” directed to the specifically claimed subject matter, “for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.* Thus, the Court stated that the TSM test “captured a helpful insight,” *id.*, but that “[t]he obviousness analysis cannot be confined by a formalistic conception . . . or by overemphasis on the importance of published articles and the explicit content of issued patents,” *id.* at 15. Rather, “it often may be the case that market demand, rather than scientific literature, will drive design trends.” *Id.* Acknowledging that the Federal Circuit has applied the TSM test in many cases, however, the Court commented that the TSM test is not necessarily inconsistent with the proper application of 35 U.S.C. § 103.

The Court further elaborated that one can prove obviousness by establishing a known problem with an obvious solution encompassed by the patent claims, regardless of whether the patentee was trying to solve that problem. Furthermore, even if the prior art is directed to solving a different problem, “[c]ommon sense teaches . . . that familiar items may have obvious uses beyond their primary purposes,” *Id.* at 16. Thus, the Federal Circuit had erred in discounting the Asano patent for expressing a different primary purpose—ensuring a constant force for depressing the pedal regardless of its position—from Teleflex’s—providing a simplified, less expensive pedal assembly—because the Asano patent nevertheless disclosed an adjustable pedal with a fixed pivot point, while other prior art taught that a fixed pivot point was an ideal mount for a sensor.

The Federal Circuit had also reasoned that it was irrelevant that it might have been obvious to try the claimed combination, because “obvious to try” does not constitute obviousness. The Supreme Court rejected that reasoning, ruling that “[w]hen there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, . . . the fact that a combination was obvious to try might show that it was obvious under § 103.” *Id.* at 17.

The Court concluded that it would have been obvious to a person of ordinary skill to combine the Asano patent’s pedal assembly with a pivot-mounted pedal position sensor, in view of the marketplace demand for converting mechanical pedals to electronic pedals and the prior art teachings for how to achieve that. Because the Court found the invention obvious regardless of the presumption of validity, it expressly did not reach the question of whether the presumption was voided because the PTO had not considered the Asano patent. Nevertheless, the Court noted “that the rationale underlying the presumption—that the PTO, in its expertise, has approved the claim—seems much diminished here.” *Id.* at 23.

As to the Federal Circuit’s ruling that a genuine issue of material fact existed that precluded SJ, the Court disagreed. The Federal Circuit had relied on expert statements Teleflex had offered that the combination was novel and unobvious because the sensor was mounted on the pedal assembly differently from the way it was attached in the Rixon patent. The trial

judge had determined the level of ordinary skill based on expert testimony and the parties' stipulations. Dismissing the expert affidavits as conclusory, the Supreme Court reasoned that "[w]here . . . the content of the prior art, the scope of the patent claim, and the level of ordinary skill in the art are not in material dispute, and the obviousness of the claim is apparent in light of these factors, summary judgment is appropriate." *Id.*

In conclusion, the Court remarked, "[T]he results of ordinary innovation are not the subject of exclusive rights under the patent laws. Were it otherwise, patents might stifle, rather than promote, the progress of useful arts." *Id.* at 24.

Sending and Copying Software Abroad for Installation on Computers Made and Sold Abroad Does Not Constitute Infringement Under 35 U.S.C. § 271(f)

Edward J. Naidich

[Justice Ginsburg delivered the opinion of the Court. Justice Alito filed a concurring opinion, in which Justices Thomas and Breyer joined. Justice Stevens filed a dissenting opinion.]

In *Microsoft Corp. v. AT&T Corp.*, 127 S. Ct. 1746 (U.S. Apr. 30, 2007), the Supreme Court reversed the Federal Circuit and held that the sending of Microsoft Corporation's ("Microsoft") Windows software abroad to foreign computer manufacturers, who then copied the software for installation on computers made and sold abroad, did not constitute infringement under 35 U.S.C. § 271(f).

The Supreme Court explained that it is the general rule under United States patent law that no infringement occurs when a patented product is made and sold in another country. There is an exception. Section 271(f) of the Patent Act, adopted in 1984, provides that infringement does occur when one "supplies . . . from the United States," for "combination" abroad, a patented invention's "components." 35 U.S.C. § 271(f)(1). This case, explained the Court, concerns the applicability of § 271(f) to computer software,

Windows operating system, first sent by Microsoft from the United States to a foreign manufacturer on a master disk, or by electronic transmission, then copied by the foreign recipient for installation on computers made and sold abroad. The master disk or electronic transmission Microsoft sends from the United States is never installed on any of the foreign-made computers in question. Instead, copies made abroad are used for installation.

AT&T Corporation ("AT&T") holds a patent on an apparatus for digitally encoding and compressing recorded speech. Microsoft's Windows operating system incorporates software code that, when installed, enables a computer to process speech in the manner claimed by that patent.

In 2001, AT&T filed an infringement suit in the U.S. District Court for the Southern District of New York, charging Microsoft with liability for domestic and foreign installations of Windows. Regarding the foreign installations, the district court held Microsoft liable for infringement under § 271(f), and the Federal Circuit affirmed.

The Supreme Court reversed, beginning its analysis by reviewing its decision from some thirty-five years ago in *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972), which led Congress to enact § 271(f). In that case, the Supreme Court held that Deepsouth Packing Company ("Deepsouth") did not infringe Laitram Corporation's ("Laitram") U.S. patent by making *parts* of a patented invention in the United States and selling those *parts* to foreign buyers for assembly and use abroad. Nor was Deepsouth liable for inducing or contributing to infringement because Deepsouth's foreign buyers did not infringe Laitram's patent by assembling the parts and using the assembled machine outside the United States. The *Deepsouth* Court emphasized that our patent system makes no claim to extraterritorial effect, and absent "a clear congressional indication of intent," courts had no warrant to stop the manufacture and sale of parts of patented inventions for assembly and use abroad. In response to the *Deepsouth* decision, Congress enacted

"Given that Congress did not home in on the loophole AT&T describes, and in view of the expanded extraterritorial thrust AT&T's reading of § 271(f) entails, our precedent leads us to leave in Congress' court the patent-protective determination AT&T seeks." 127 S. Ct. at 1760.

§ 271(f), which expands the definition of infringement to include supplying from the United States a patented invention's "components."

After reviewing its decision in *Deepsouth*, the Supreme Court then considered when, or in what form, does software become a "component" under § 271(f). The Court noted that § 271(f)(1) applies to the supply abroad of the "components of a patented invention, where *such components* are uncombined in whole or in part, in such manner as to actively induce the combination of *such components* . . ." The Court emphasized that the provision applies only to "such components" as are combined to form the "patented invention" at issue.

The Court concluded that until it is expressed as a computer-readable "copy," e.g., on a CD-ROM, Windows software—indeed any software detached from an activating medium—remains "uncombinable." It cannot be inserted into a CD-ROM drive or downloaded from the Internet; it cannot be installed or executed on a computer. The Court reasoned that abstract software code is an idea without physical embodiment, and as such, it does not match § 271(f)'s categorization: "components" amenable to "combination." The Court analogized abstract software code to a blueprint or schematic that may contain instructions for the construction and combination of the components of a patented device, but is not itself a combinable component of that device.

The Court was not persuaded by AT&T's distinction that after a device has been built according to a blueprint's instructions, the blueprint's work is done, whereas software's instructions are contained in and continuously performed by a computer. The Court explained that what retailers sell, and consumers buy, are *copies* of software. It is the actual copy of the software on a CD-ROM, for example, that forms a usable, combinable part of a computer, not the abstract software code. Thus, the Court concluded, only a copy of Windows, not Windows in the abstract, qualifies as a "component" under § 271(f).

Based on that reasoning, the Supreme Court concluded that Microsoft was not liable for infringement because it did not "suppl[y] . . . from the United States" components of the computers. Instead, the foreign-made copies of Windows actually installed

on the computers were "supplie[d]" from places outside the United States.

The Supreme Court further agreed with Judge Rader's dissent below that "supplying" is ordinarily understood to mean an activity separate and distinct from any subsequent copying or replicating. Moreover, nothing in § 271(f)'s text renders ease of copying a relevant factor in triggering liability for infringement. The Court concluded that the copies of Windows actually installed on the foreign computers were not themselves supplied from the United States, but were generated by third parties outside the United States.

Although copying software abroad is easy and inexpensive, the Court noted, the same could be said of other items that could be copied from a master, such as keys or machine parts. The Court reasoned that "[s]ection 271(f) contains no instruction to gauge when duplication is easy and cheap enough to deem a copy in fact made abroad nevertheless 'supplie[d] . . . from the United States.'" 127 S. Ct. at 1757. Moreover, "[t]he absence of anything addressing copying in the statutory text weighs against a judicial determination that replication abroad of a master dispatched from the United States 'supplies' the foreign-made copies from the United States within the intendment of § 271(f)." *Id.*

Furthermore, the Court concluded that any doubt that Microsoft's conduct falls outside § 271(f)'s compass would be resolved by the presumption against extraterritoriality. The Court explained that "the presumption that United States law governs domestically but does not rule the world applies with particular force in patent law." *Id.* at 1758. "Applied to this case, the presumption tugs strongly against construction of § 271(f) to encompass as a 'component' not only a physical copy of the software, but also software's intangible code, and to render 'supplie[d] . . . from the United States' not only exported copies of software, but also duplicates made abroad." *Id.*

Nor was the Court persuaded by AT&T's urging that reading § 271(f) to cover only those copies of software actually dispatched from the United States creates a "loophole" for software makers. The Court reasoned that the "loophole" is "properly left for Congress to consider, and to close if it finds such

action warranted.” *Id.* at 1759. The Court explained that Congress enacted § 271(f) as a direct response to a gap in our patent law revealed by the *Deepsouth* decision, in which the items exported were kits containing all the physical, readily assemblable parts of a machine, not an intangible set of instructions. Having attended to the gap made evident in *Deepsouth*, Congress did not address other arguable gaps, such as supplying information, instructions, or other materials needed to make copies abroad. Thus, the Court concluded, “[g]iven that Congress did not home in on the loophole AT&T describes, and in view of the expanded extraterritorial thrust AT&T’s reading of § 271(f) entails, our precedent leads us to leave in Congress’ court the patent-protective determination AT&T seeks.” *Id.* at 1760.

The Court further noted that Congress is doubtless aware of the ease with which software can be copied and has addressed that problem in certain instances, for example, in the Digital Millennium Copyright Act, 17 U.S.C. § 1201 et seq. Similarly, the Court held that “[i]f the patent law is to be adjusted better ‘to account for the realities of software distribution,’ . . . the alteration should be made after focused legislative consideration, and not by the Judiciary forecasting Congress’ likely disposition.” *Id.* (citation omitted).

Justice Alito, in a concurring opinion joined by Justice Thomas and Justice Breyer, agreed with the majority’s holding, but would extend it one step further. The majority declined to reach the issue of whether a disk shipped from the United States and used to install Windows *directly* on a foreign computer would give rise to liability under § 271(f) if the disk were removed after installation. Justice Alito opined that even that situation would not give rise to § 271(f) liability because the physical form of the Windows program on the master disk is the engravings on the CD-ROM, he concluded, and no physical part of the disk becomes a physical part of the foreign-made computer.

In a dissenting opinion, Justice Stevens wrote that if a disk with software inscribed on it is a “component,” then he “find[s] it difficult to understand why the most important ingredient of that component is not also a component.” *Id.* at 1763. The master disk, he opined, is the functional equivalent of a warehouse of components. Whether attached or detached from any medium, software plainly satisfies the dictionary definition of the word “component,” he concluded. And unlike a blueprint that merely instructs a user how to do something, he noted, software actually causes infringing conduct to occur.

Certificate of Correction Held Invalid Where the Proposed Correction from “Osmolarity” to “Osmolality” Was Not Clearly Evident to One Skilled in the Art

Jeffrey E. Danley

Judges: Schall, Gajarsa (author), Prost

[Appealed from N.D. Ala., Judge Hopkins]

In *Central Admixture Pharmacy Services, Inc. v. Advanced Cardiac Solutions, P.C.*, No. 06-1307 (Fed. Cir. Apr. 3, 2007), the Federal Circuit vacated the district court’s finding of infringement under an invalid certificate of correction, and remanded the case for a determination of infringement under the patent’s original, uncorrected terms. The Federal Circuit, however, affirmed the district court’s holdings that the plaintiff had standing to bring the suit, that the patent is not invalid, that the plaintiff did not commit false marking or advertisement, and that the accused infringers could not amend their pleadings to allege patent misuse or to adequately plead inequitable conduct.

The patent at issue in this case, U.S. Patent No. 4,988,515 (“the ’515 patent”), involves a chemical solution used during heart surgery that nourishes heart tissue even without a continuous blood supply. The claims of the ’515 patent recite a solution having an “osmolarity . . . of between about 400-500 mOsmol.” Because the research leading to the ’515 patent was conducted using a grant awarded by the National Institute of Health (“NIH”), the government has certain rights in the ’515 patent under the Bayh-Dole Act, including the right to a royalty-free, nonexclusive license. When the designated assignee, the University of California, waived its rights in the ’515 patent application, the inventor requested that NIH also waive its rights in the application and allow the inventor to pursue the application in his individual capacity. NIH agreed upon the condition that the inventor execute a nonexclusive license to allow the U.S. government to use the invention. The inventor never executed this license. When the ’515 patent was granted, the inventor exclusively licensed the ’515 patent to Central Admixture Pharmacy Services, Inc. (“CAPS”).

On December 15, 1999, CAPS applied for a certificate of correction to change the term “osmolarity” to “osmolality.” Osmolarity refers to the amount of solute per liter of total solution and has units of mOsmol/L, while osmolality refers to the amount of solute per kilogram of solvent with units of mOsmol/kg. Because the term in the ’515 patent claims lacks a denominator, both osmolarity and osmolality would technically be a correct unit of measurement in the claims. On January 30, 2001, after CAPS initiated the current suit, the PTO granted a certificate of correction to change “osmolarity” to “osmolality” in the claims of the ’515 patent. This correction resulted in the claimed concentration range shifting slightly downward by about 1-2%. All of the allegedly infringing products have concentrations near the low end of the range.

“Since the error corrected here was not clearly evident to one of skill in the art and the result of its correction was to broaden the claims, ACS should be granted summary judgment that the certificate of correction is not valid.”
Slip op. at 12.

On August 31, 2000, CAPS filed suit against Advanced Cardiac Solutions, P.C. and Charles Wall (collectively “ACS”) for patent infringement. The inventor later joined as a plaintiff. The district court granted SJ that disposed of most of the issues in the case. As part of its holding, the district court found that CAPS had standing to bring this suit, notwithstanding the inventor’s failure to execute a license to NIH. The district court also upheld the validity of the certificate of correction, and based on the claims as corrected, it granted SJ of infringement and willfulness. The district court also held that the ’515 patent was not invalid and that CAPS had not committed false marking or false advertising. Finally, the district court dismissed an inequitable conduct defense for failing to provide the requisite specificity and refused to allow ACS to amend its pleadings.

On appeal, the Federal Circuit first held that CAPS had standing to assert the ’515 patent, despite the inventor’s failure to execute a nonexclusive license to the U.S. government as required by NIH. According to the Federal Circuit, while the Bayh-Dole Act gives the government the discretion to take title in the patent for the inventor’s failure to comply with the Act’s provisions, it did not operate to automatically void title in the patent to the patentee. In this case, the

government had exercised its discretion not to void title in the ’515 patent, and the alleged infringer had no basis to challenge this discretion.

The Federal Circuit then reversed the holding by the district court that the patentee had validly obtained the certificate of correction to change the term “osmolarity” to “osmolality” within the claims. To invalidate a certificate of correction requires showing the corrected claims are broader than the original claims, and the presence of a clerical error or how to correct that error is not clearly evident to one of skill in the art. According to the Federal Circuit, the claims were broadened by the certificate of correction as the corrected claims covered less-concentrated solutions. The Federal Circuit also found that this correction would not have been clearly evident to one having skill in the art. The term “osmolarity” is spelled correctly and reads logically in the context of the ’515 patent claims. Further, the claimed range is generally effective for the stated purpose; in fact, the difference in this case between “osmolarity” and “osmolality” is slight. Accordingly, because the claims mean precisely what they say, correcting “osmolarity” to “osmolality” would not have been clearly evident to one skilled in the art, resulting in an invalid certificate of correction.

After finding the certificate of correction invalid, the Federal Circuit construed the ’515 patent claims using the original term “osmolarity.” Because the asserted claim recited an “osmolarity . . . of between about 400-500 mOsmol,” the Federal Circuit looked in the specification of the ’515 patent to determine the effective range of the solution. In the specification, the inventor disclosed that the solution becomes effective at a concentration of 385 mOsmol. Accordingly, the Federal Circuit held that this disclosure operated to extend the claimed range of osmolality down to 385 mOsmol/L.

The Federal Circuit then affirmed the district court’s decision to dismiss ACS’s claim of inequitable conduct for failing to plead this conduct with particularity. The Federal Circuit held that inequitable conduct, while broader than fraud, must be pled with particularity. In this case, ACS failed to plead with the requisite particularity because it did not identify the relevant and undisclosed prior art known by the patentee, and it similarly failed to identify the measurements and tests that the patentee had allegedly manipulated and how those manipulations would have misled the PTO.

Applying the law of the Eleventh Circuit, the Federal Circuit also found that the district court did not abuse its discretion in refusing to allow ACS to amend this element of its pleadings. According to the district court's findings, ACS sought to amend its pleadings over three years after the close of discovery. Further, this amendment would require the parties to conduct new discovery, including new expert discovery, essentially reopening a case that had been pending for over four years. Because of the district court's broad powers to conduct and shape discovery, the Federal Circuit found that the district court did not abuse its discretion in refusing to grant ACS leave to amend. The Federal Circuit also affirmed the district court's finding of no invalidity of the '515 patent based on certain clinical trials allegedly performed by the inventor before the critical date of August 21, 1984. ACS based these allegations on an article coauthored by the inventor describing a study of the patented solution conducted between May 1984 and April 1985. Although part of this period occurred before the critical date, the study does not actually describe the type of activity that occurred before the critical date. Without this information, the Federal Circuit held that ACS could not prove by clear and convincing evidence that the clinical trial qualified as prior art. Finally, the Federal Circuit summarily affirmed the district court's findings of no false marking and no false advertisement without discussion.

The Specification and Prosecution History Limit Invention to Device with Full Vest

Colin C. Heitzmann

Judges: Newman (author), Cleverger, Dyk

[Appealed from W.D. Mo., Judge Dorr]

In *Bass Pro Trademarks, L.L.C. v. Cabela's, Inc.*, No. 06-1276 (Fed. Cir. Apr. 6, 2007), the Federal Circuit vacated the district court's contempt order and accompanying sanctions against Cabela's, Inc. ("Cabela's").

Bass Pro Trademarks, L.L.C. ("Bass Pro") is the owner of U.S. Patent No. 5,620,227 ("the '227 patent"), directed to "[a] combination vest and

pivotable seat member," wherein said vest and seat member are comprised of various elements. In April 2003, Bass Pro accused Cabela's of infringing the '227 patent based on Cabela's "Stadium Seat Turkey Vest" device. Cabela's and Bass Pro entered into a settlement agreement embodied in a Consent Judgment. In the Consent Judgment, Cabela's admitted to infringing the '227 patent and agreed to be permanently enjoined from future infringement. On October 3, 2003, the district court entered the Consent Judgment, which encompassed the settlement agreement and the final judgment.

Approximately two years later, Cabela's began to sell a device called the "EZ Chair Combo." Cabela's described the device as a folding seat held by backpack-type straps. Bass Pro, on the other hand, contended that the device is a folding seat attached to the back of a garment. Neither party disputed that the EZ Chair Combo has a pivotable seat with support consisting of adjustable straps and a fabric panel at the wearer's back. Bass Pro moved for contempt based on violation of the Consent Judgment. During the contempt hearing, the district court construed the claims of the '227 patent as not limited to a traditional vest and explained that claim 1 only requires "said vest comprising a fabric to be worn on an upper torso of a user, said vest comprising at least a dorsal member and shoulder support means." Slip op. at 7. The district court found that the EZ Chair Combo literally infringed claim 1 and granted the contempt motion. Cabela's appealed.

On appeal, the Federal Circuit held that the district court incorrectly construed the claim and that Cabela's did not infringe the '227 patent. The Court rejected Bass Pro's argument that use of a full vest is only a preferred embodiment and that, when construed, the actual scope of the claims encompasses a broader array of garments. Rather, the Court agreed with Cabela's position that the term "vest" is a substantive claim limitation and not simply a word in the preamble.

In reviewing the prosecution history, the Federal Circuit noted that the term "vest" was not originally included as a claim limitation. Original claim 1 recited: "A garment having a seat member, said garment comprising of a fabric to be worn on an upper torso of a user, said garment comprising at least a dorsal member and shoulder support means," *Id.* at 8. The "vest" limitation was added to replace

“a garment having a seat member” with “a combination vest and pivotable seat member” in response to a rejection. In making the amendment, Bass Pro stated that the cited prior art “has ‘no vest or other type garment to which it attaches.’” *Id.* Additionally, in response to another rejection, Bass Pro stressed that the invention had a “unique combination of vest and pivotable seat member” *Id.* Thus, the Federal Circuit concluded that Bass Pro’s argument that the vest “adds nothing” to the claims and that the claims encompass other garments worn on the upper body is contrary to the prosecution history.

In holding for Cabela’s, the Federal Circuit stated that “[c]laims are construed to implement the invention described in the specification and prosecution history, within the confines of the prior art. It is clear that this patentee procured the patent based on the ‘unique combination of vest and pivotable seat member’ stressed in the prosecution history, where the applicant placed these limitations in the claims.” *Id.* at 8-9 (citations omitted). The Court concluded that with the correct claim construction, the vest is a material element of the claim. As a result, the Federal Circuit vacated the contempt order, along with the accompanying sanctions.

Patentee Cannot Import Features of Preferred Embodiment into Claims

Christopher T. Kent

Judges: Gajarsa (author), Linn, Moore (dissenting)

[Appealed from D. Or., Judge Brown]

In *Acumed LLC v. Stryker Corp.*, Nos. 06-1260, -1437 (Fed. Cir. Apr. 12, 2007), the Federal Circuit affirmed the district court’s findings of infringement and willfulness, but vacated the permanent injunction issued against Stryker Corporation (“Stryker”) and remanded the case for reconsideration in light of the Supreme Court’s decision in *eBay Inc. v. MercExchange, LLC*, 126 S. Ct. 1837 (2006).

Acumed LLC (“Acumed”) is the assignee of U.S. Patent No. 5,472,444 (“the ’444 patent”), which

includes disclosure and claims directed to an orthopedic nail for treatment of fractures in the humerus (the upper arm bone, which ends in the shoulder ball at the top and the elbow joint at the bottom). Orthopedic surgeons use orthopedic nails, like the patented invention, to treat fractures of the upper part of the humerus by excavating a hole through the shoulder ball and down the longer part of the bone, inserting the nail into the hole, then fixing it in place using bone screws that pass through holes in the nail. The surgeons also secure pieces of the shoulder ball bone to each other and the nail using screws.

Stryker began selling a humeral nail in the United States in early 2004, and Acumed sued Stryker in April 2004, alleging that Stryker willfully infringed the claims of its ’444 patent.

After trial, the jury found that Acumed’s asserted claims were valid, literally infringed, and that Stryker’s infringement was willful. The district court denied Stryker’s motion for judgment notwithstanding the verdict, awarded Acumed damages enhanced by 50% for willful infringement, and permanently enjoined Stryker from selling its accused orthopedic nail in the United States. Stryker appealed.

On appeal, the Federal Circuit upheld the district court’s claim construction and its finding of infringement. Concerning the meaning of “curved shank,” Stryker argued that this limitation should have been construed by the district court to mean a shank that has “a nonangular continuous bend,” rather than the district court’s broader interpretation of a shank that “has a bend or deviation from a straight line without sharp corners or sharp angles.” Slip op. at 6. Stryker argued that the ’444 patent specification discloses that the curved shape of the invention permits the nail to be inserted into a cavity formed by a broach, and further discloses that objects having angled bends or small radius curves do not pass through their own envelope on insertion and are not well-suited to insertion into a broached hole. In light of this disclosure, Stryker asserted that “curved shank” should be construed to have Stryker’s narrower definition. The Federal Circuit disagreed, calling Stryker’s construction of “curved shank” an improper “attempt to import a feature from a preferred

“[T]his argument is an improper attempt to read a feature of the preferred embodiment into the claims as a limitation.”
Slip op. at 10.

embodiment into the claims,” *id.* at 7, characterizing the ’444 patent disclosure of the nail’s usability with a broaching tool as being “merely a feature of a preferred embodiment.” *Id.* at 8. The Court also noted that a dependent claim would be rendered identical in scope to an independent claim if Stryker’s construction were adopted. Despite Stryker’s argument that the district court’s construction is insufficiently definite, the Court noted that sound claim construction need not always purge every shred of ambiguity. Calling the district court’s construction of “curved shank” correct, the Court held that the jury’s finding that Stryker’s nail possesses the “curved shank” is supported by substantial evidence.

The Federal Circuit also upheld the district court’s construction of “transverse holes.” Stryker argued that “transverse holes” should be limited to holes that are perpendicular to the nail shaft because every description of the transverse holes in the ’444 patent contemplates perpendicular holes. While the Court agreed that all of the transverse holes disclosed in the ’444 patent are perpendicular holes, the Court also viewed Stryker’s construction as an improper attempt to narrow the claims based on characteristics of a preferred embodiment. The Federal Circuit also noted that Acumed used both “transverse” and “perpendicular” in the specification of the ’444 patent in a distinguishable manner, which provides intrinsic evidence that Acumed knew the difference and chose to use the broader term “transverse” in the claims.

Concerning “angularly offset,” Stryker did not challenge the district court’s definition that holes having axes that are “angularly offset” means that “the axes of the . . . holes are spaced apart from each other, an angle is formed by the axes of any two such holes when viewed in two dimensions from the butt end or from the side, and the axes are not aligned in a parallel orientation.” *Id.* at 15. Rather, Stryker argued that its accused nail does not fall within this definition. The Federal Circuit disagreed and held that the jury’s finding that Stryker’s nail embodies the “angularly offset” claim limitation is supported by substantial evidence. The Court countered Stryker’s argument that its nail does not include an angle formed between two holes because its hole axes are neither parallel nor form angles with respect to one another in three dimensions, by noting that when viewed in two dimensions, the hole axes of Stryker’s nail form angles with respect to one another and thus fall within the district court’s construction of “angularly offset.”

Further, the Federal Circuit upheld the district court’s finding of willful infringement despite an opinion letter of patent counsel concluding that Stryker’s accused orthopedic nail would not infringe the ’444 patent. The Court relied on the fact that two patent attorneys had strongly discouraged Stryker from marketing its nail in the United States. Stryker argued that an opinion letter of competent patent counsel concluding that Stryker’s nail would not infringe the ’444 patent should preclude a finding of willfulness. However, the Federal Circuit noted that favorable opinions of counsel do not provide absolute protection against a finding of willfulness.

Concerning Stryker’s request to overturn the district court’s grant of an injunction, the Federal Circuit noted that the Supreme Court’s recent *eBay* decision requires application of the traditional four-factor test when evaluating a request for permanent injunction against a patent infringer and remanded the issue. Despite Acumed’s argument that the facts found by the district court could serve as independent support for the injunction regardless of *eBay*, the Court declined to weigh the evidence, holding that reconsideration of the four-factor test is an issue for the district court.

In a dissenting opinion, Judge Moore disagreed with the majority’s affirmance of the district court’s finding that the term “transverse holes” does not require holes that are perpendicular and its finding of literal infringement. Judge Moore stated that the district court had erred by beginning its claim construction inquiry by looking to dictionary definitions of “hole” and “transverse,” and selecting the broadest of two dictionary definitions of “transverse” after finding no express disavowal of the broader definition in the specification of the ’444 patent. According to Judge Moore, this is contrary to the guidance of *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc), which holds that a claim term should be construed as having “the meaning that the term would have to a person of ordinary skill in the art . . . in the context of the entire patent, including the specification.” Judge Moore asserts that, contrary to the guidance of *Phillips*, the district court appeared to be using the methodology expressed in *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1201-02 (Fed. Cir. 2002), which *Phillips* repudiates as placing too much reliance on extrinsic evidence, such as dictionaries, treatises, and encyclopedias, rather than on intrinsic evidence, such as the patent specification.

Domain Name LAWYERS.COM Is “Inextricably Intertwined” with Featured Services and Is Generic and Not Registerable

Christianna L. Barnhart

Judges: Mayer (author), Schall, Bryson

[Appealed from TTAB]

In *In re Reed Elsevier Properties Inc.*, No. 06-1309 (Fed. Cir. Apr. 12, 2007), the Federal Circuit affirmed the TTAB’s decision to deny Reed Elsevier Properties Inc.’s (“Reed”) registration of the mark LAWYERS.COM on the ground that the mark was generic.

Through its Martindale-Hubbell division, Reed operates the Web site *www.lawyers.com* that features information on finding and contacting lawyers, as well as legal news headlines, information on legal practice areas, and message boards where Web site users can ask or answer legal questions.

Soon after Reed first used the LAWYERS.COM mark in commerce on July 30, 1998, it applied to register the mark for Class 42 services, identified as “[p]roviding access to an online interactive database featuring information exchange in the fields of law, lawyers, legal news, and legal services.” Slip op. at 2. The examining attorney refused registration of the mark based on the ground that the mark was generic and not registerable. Reed responded by removing “lawyers” from the description of the application and sought registration on the supplemental register. The examining attorney issued a final refusal based on genericness. Reed appealed to the TTAB.

The TTAB agreed with the examining attorney’s determination. The TTAB found that the genus of services Reed provided in connection with its Web site was “inextricably intertwined” with information about lawyers and information from lawyers. *Id.* The TTAB also found that members of the public would readily understand the mark LAWYERS.COM to identify a Web site about lawyers and how to access lawyers. Thus, given the related nature of the services that Reed sought to identify with its mark and the relevant public’s understanding of the services the mark evoked, the TTAB affirmed the examining attorney’s refusal based on genericness. Reed appealed.

The Court affirmed the TTAB’s decision, finding that the mark LAWYERS.COM was generic. In doing so,

the Court applied a two-part inquiry: “First, what is the genus of goods or services at issue? Second, is the term sought to be registered . . . understood by the relevant public primarily to refer to that genus of goods or services?” *Id.* at 3 (citation omitted). The Court rejected Reed’s argument that the TTAB improperly considered all of the services offered on the Web site *www.lawyers.com* in connection with the mark instead of only focusing on the services identified in the application, and held that by necessity, lawyers are an integral part of the information exchange about and from lawyers, as well as the law and legal news. Thus, contrary to Reed’s argument that information about lawyers and providing information to assist in contacting lawyers was discrete from information about the law, legal news, and legal services, the Court upheld the TTAB’s finding that the services offered by the Web site and lawyers were “inextricably intertwined,” and that its genus determination was proper. Moreover, the Court concluded that it was proper that the TTAB reviewed all the content on the Web site *www.lawyers.com* to understand the meaning of the phrase “information exchange about legal services” in Reed’s application.

Because of the interrelatedness between the mark and the services provided on the Web site, the Court also held that the TTAB correctly held that consumers would identify the mark with a Web site providing information and access to lawyers. Moreover, the Court determined that it was appropriate for the TTAB to consider eight other Web sites that also used the term “lawyers.com” in its domain name to understand what services the public would perceive Reed as providing on the Web site. Accordingly, the Court affirmed the TTAB’s holding and refused registration of the LAWYERS.COM mark on the ground that the mark was generic.

Claim Differentiation Indicates That “Intermediary” in Patented Roller Coaster Braking System Claim Is Broader Than Nonmagnetic Substances

Joyce Craig-Rient

Judges: Rader (author), Plager, Prost

[Appealed from C.D. Cal., Judge Feess]

In *Intamin, Ltd. v. Magnetar Technologies, Corp.*, Nos. 05-1546, -1579 (Fed. Cir. Apr. 18, 2007), the

Federal Circuit vacated part of the district court’s claim construction and reversed a grant of SJ of noninfringement, affirmed the district court’s decision to vacate a previous award of Rule 11 sanctions, and remanded the case to the district court for further proceedings.

Intamin, Ltd. (“Intamin”) owns U.S. Patent No. 6,062,350 (“the ’350 patent”) for a magnetic braking system used to stop amusement park rides such as roller coasters. Magnetic brakes create eddy currents when a conductor passes through a gap between two sets of magnets, resulting in magnetic friction that slows, and eventually stops, the ride. Intamin sued Magnetar Technologies, Corporation (“Magnetar”), alleging that Magnetar’s brakes infringe claim 1 of the ’350 patent.

Claim 1 of the ’350 patent requires “an intermediary disposed between adjacent pairs of said plurality of magnet elements.” Dependent claim 2 discloses the braking system of claim 1 “wherein said intermediary is non-magnetic.” The district court granted SJ of noninfringement after concluding that the term “intermediary” in claim 1 means a nonmagnetic member between the adjacent magnetic pairs and finding that the accused device lacked such an arrangement. Claim 1 also requires that a conductive rail be configured for attachment to a fixed device part and be adapted to extend the length of the fixed device part. The district court concluded that Magnetar’s brakes did not literally infringe the limitation requiring the conductive rail to “extend the length of the fixed device part” because Magnetar’s conductive rail does not run the entire length of the track to which it is attached.

Initially, the district court granted Rule 11 sanctions because it found that Intamin’s complaint was frivolous and filed for an improper purpose. Upon reconsideration, the district court vacated its finding that the complaint was frivolous and later vacated its decision to award Rule 11 sanctions altogether.

Intamin appealed the district court’s grant of SJ of noninfringement and Magnetar cross-appealed the lower court’s decision to vacate the Rule 11 sanctions. With regard to the limitation requiring an “intermediary,” the Federal Circuit, relying on *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005), concluded that the claim language itself does not require a nonmagnetic intermediary. It found that the claim language implied a broader meaning for “intermediary” in claim 1 and a narrower meaning in

dependent claim 2. Even without relying on the doctrine of claim differentiation, the Court concluded that the overall context of claim 1 does not limit the broad language to nonmagnetic intermediaries. The Court found that the district court impermissibly seized upon the description of an embodiment with a “non-magnetic” intermediary in limiting the “intermediary” to nonmagnetic substances only. Accordingly, the Federal Circuit vacated the district court’s construction of the term “intermediary” and remanded for determination of whether the ’350 patent limits the term “adjacent magnets of alternating polarity” to magnets of opposite polarity. The Federal Circuit also invited the district court to revisit its finding of noninfringement with the understanding that an “intermediary” may be magnetic.

With regard to the limitation requiring a “conductive rail being adapted to extend the length of the fixed device part,” Intamin argued that nothing required “length” to extend to the fixed part’s entire length. The Federal Circuit was not persuaded. It concluded that the verb “extend” suggests that the “length”

“[D]ependent claims can supply additional context for construing the scope of the independent claims associated with those dependent claims. An independent claim impliedly embraces more subject matter than its narrower dependent claim.” Slip op. at 9 (citation omitted).

reaches from one end to another. Further, the Court noted that the ’350 patent specification uses the term consistent with its meaning as a distance, and the context of the specification underscores the express statement in the claim that the rail extends the length of the fixed device part. Accordingly, the Court agreed with the district court that “length” meant entire length. The Court remanded to the district court for a determination of whether Magnetar’s brakes would infringe this limitation, either literally or under the DOE.

In reviewing the district court’s denial of Rule 11 sanctions against Intamin, the Court applied Ninth Circuit law, which provides that Rule 11 sanctions may be appropriate where a complaint is either frivolous or filed for an improper purpose. The Ninth Circuit defines a “frivolous” claim as one that is legally or factually baseless from an objective perspective and made without a reasonable and competent inquiry. Magnetar argued that Intamin’s prefiling investigation was insufficient because it did

not obtain and physically open the metal casing on the magnets in Magnetar’s amusement ride braking system. The Federal Circuit concluded that the technology at issue in this case presented Intamin with “unreasonable obstacles” to any effort in obtaining a sample of Magnetar’s braking system and cutting open the casing. Accordingly, the Court concluded that the district court did not abuse its discretion in finding that Intamin’s prefiling inquiry was reasonable, based upon Intamin’s evaluation of the ’350 patent portfolio, analysis of the ’350 patent’s validity, determination of the scope of the ’350 patent’s claims, and expert analysis of infringement.

Prior Art Disclosing Only Product Ingredients Can Inherently Anticipate a Process Claim

Leigh M. Warren

Judges: Newman (concurring in part and dissenting in part), Rader (author), Bryson

[Appealed from S.D.N.Y., Judge Jones]

In *In re Omeprazole Patent Litigation*, Nos. 04-1562, -1563, -1589 (Fed. Cir. Apr. 23, 2007), the Federal Circuit affirmed the district court’s judgment that the asserted claims of U.S. Patent No. 6,013,281 (“the ’281 patent”) were literally infringed but inherently anticipated, thereby permitting a generic alternative to Prilosec®, the “purple pill” for relieving heartburn.

AstraZeneca L.P. and related companies (collectively “Astra”) asserted the claims in the ’281 patent relating to a process for making a formulation of omeprazole (found in Prilosec®) against generic drug manufacturer Andrx Pharmaceuticals, Inc. (“Andrx”). Omeprazole inhibits gastric acid production in cells lining the stomach (parietal cells). Astra’s formulation of omeprazole contains two components allowing the drug to survive gastric acids until it reaches parietal cells: a protective coat and an alkaline reaction component to stabilize the active ingredient in the core. The ’281 patent claimed a process for making that formulation by “forming *in situ* a separating layer as a water-soluble salt product,” which separates the coating from the core. Andrx asserted counterclaims of invalidity and unenforceability. The district court held that the claims of the ’281 patent were literally infringed but invalid as anticipated or obvious over a

Korean patent application. The district court also ruled that certain counterclaims relating to unenforceability were moot in light of invalidity.

On appeal, the Federal Circuit first affirmed that Andrx’s process of formulating omeprazole literally infringed the ’281 patent. Andrx contended that its process did not form a layer of “a water-soluble salt” because its separating layer included talc, which is insoluble in water. Focusing on the ’281 patent specification, the Court determined that the claimed separating layer could include an insoluble material. The “Summary of the Invention” stated that “the separating layer comprises a water soluble salt,” noted the Court, and one example in the ’281 patent included talc. Because Andrx’s separating layer included talc in an otherwise water-soluble separating layer, the Court held that Andrx’s formulation process literally infringed the asserted claims.

Addressing the invalidity counterclaims, the Court held that all but one of the asserted claims in the ’281 patent were anticipated by a Korean patent application assigned to a company that was earlier accused by Astra of infringing Astra’s related Korean patent in a litigation in Korea. That patent claimed a process of manufacturing omeprazole. The Korean application expressly disclosed all limitations but the “forming *in situ* a separating layer.” In the earlier Korean proceedings, Astra relied on expert testimony and argued that the accused process inherently involved *in situ* formation of the separating layer.

The Federal Circuit affirmed the district court’s finding that the Korean application inherently anticipated Astra’s patent, emphasizing the expert testimony in the Korean proceeding. The Federal Circuit echoed the district court’s characterization of the testimony as “prior admissions of inherency” and “evidence that *in situ* formation does result from the [accused] process.” Slip op. at 13. The Court also cited its precedent that artisans of ordinary skill need not recognize the inherent characteristics or functioning of the prior art in order to anticipate. Here, the Court reasoned, “[t]he record shows formation of the *in situ* separating layer in the prior art even though that process was not recognized at the

“The record shows formation of the *in situ* separating layer in the prior art even though that process was not recognized at the time. The new realization alone does not render that necessary prior art patentable.” Slip op. at 14 (citations omitted).

time.” *Id.* at 14. The Court referred to the earlier testimony by Astra’s experts supporting their realization that the “formation of a separating layer [in the accused process] was a natural result flowing from the combination of certain ingredients listed in [the method].” *Id.* at 14-15. According to the Court, “[t]he new realization alone does not render that necessary prior art patentable.” *Id.* at 14.

Regarding the one dependent claim that was not anticipated, the Court held that it was obvious. The claim was drawn to the alkaline reaction component of the core as an alkaline salt. In affirming the district court’s determination of obviousness, the Court noted that the prior art (the same Korean patent application) identified the core ingredient, arginine, as “basic” and “alkali.” Further, the Court perceived certain statements made by Astra in the prior Korean proceeding as general admissions of obviousness; for instance, that the claimed alkaline reaction compound and arginine listed in Astra’s Korean patent could act as substitutes. The Court rejected Astra’s argument that its statements in the Korean proceeding should apply only to Astra’s Korean patent, not to the ’281 patent at issue. Nonetheless, the Court found no error in the district court’s finding of obviousness with respect to that claim.

Regarding Andrx’s claims of unclean hands, fraud, and inequitable conduct, the Court held that the district court did not err in declining to find the ’281 patent unenforceable. The district court had refused to fully address Andrx’s fraud and inequitable conduct claims, calling them moot after finding all the asserted claims invalid. The Court disagreed, stating that such claims were technically not moot, since they could render the entire patent unenforceable, rather than just the asserted claims being held invalid. But the Court found that the ruling on mootness did not prejudice Andrx here, as the record failed to show any misrepresentation by the inventors. Indeed, the Court noted, the inventors had disclosed the Korean proceeding to the PTO, and the accused company in that case insisted that its product did *not* have a separating layer. The inventors then had every reason to believe they had invented the process in the ’281 patent. Thus, the Court found nothing inequitable in their conduct.

The Court also affirmed the denial of attorneys’ fees to Andrx, agreeing with the district court that Andrx was not the prevailing party and, thus, could not assert a

claim under 35 U.S.C. § 285. The judgment in this patent case represented but one phase in this four-phase litigation involving multiple patents. In other phases, Astra had prevailed on many of its infringement claims based on related patents. Overall, Astra was the prevailing party, and Andrx therefore could not recover attorneys’ fees.

Judge Newman concurred that the claims of the ’281 patent were literally infringed but disagreed that they were anticipated or obvious. In her dissent, Judge Newman questioned the Court’s “novel theory of ‘inherent anticipation.’” In her view, the Court confused the law governing the patentability of a newly discovered use of a known composition (here achieved by a process claim) with the unpatentability of the known composition itself. Judge Newman also discredited the Korean application as an anticipatory reference, since it neither made public the trade-secret process nor did it enable those skilled in the art to carry out that process.

Claim Terms Are Presumed to Have the Same Meaning in All Claims Absent Evidence to the Contrary

Grace S. Law

Judges: Lourie, Dyk (author), O’Malley (District Judge sitting by designation)

[Appealed from M.D. Florida, Judge Pizzo]

In *PODS, Inc. v. Porta Stor, Inc.*, No. 06-1504 (Fed. Cir. Apr. 27, 2007), the Federal Circuit reversed the district court’s finding of patent infringement, holding that the district court had erred in its claim construction, that no literal infringement occurred under the correct construction, and that prosecution history estoppel barred a finding of infringement under the DOE. The Court also reversed the district court’s grant of JMOL on copyright infringement and remanded the case for a new trial on this issue.

PODS, Inc. (“PODS”) and Porta Stor, Inc. (“Porta Stor”) provide storage containers to customers, who either use the containers for on-site storage or fill the containers for storage in a warehouse or delivery to another location. PODS sued Porta Stor, alleging that

Porta Stor’s apparatus for lifting, handling, and transporting containers infringed U.S. Patent No. 6,071,062 (“the ’062 patent”), of which PODS is the assignee. The claims of the ’062 patent are directed to an apparatus for lifting, handling, and transporting a container, and a method for lifting a storage container from a transport vehicle. In addition, PODS alleged copyright infringement, claiming that Porta Stor copied its rental agreement.

“We apply a ‘presumption that the same terms appearing in different portions of the claims should be given the same meaning unless it is clear from the specification and prosecution history that the terms have different meanings at different portions of the claims.’”
Slip op. at 11-12 (citations omitted).

Claims 1 and 32 of the ’062 patent require that “the *carrier frame* . . . is capable of being lowered *around* the container.” The parties had agreed that the terms “carrier frame” and “around” in claims 1 and 32 required “an apparatus that uses a four-sided or rectangular-shaped carrier frame.” Slip op. at 7. On appeal, Porta Stor argued that it was an error for the district court to construe the terms “carrier frame” and “around” in claim 29 differently than in claims 1 and 32. The Federal Circuit agreed, reasoning that absent an indication from the specification or prosecution history, there is a presumption that the same terms appearing in different portions of the claims should have the same meaning. The Court noted that PODS did not provide any evidence that the term “carrier frame” in claim 29 had any meaning other than the meaning agreed upon in claim 1. In addition, the ’062 patent specification only disclosed four-sided embodiments. Moreover, during prosecution, PODS distinguished the ’062 patent from the prior art on the basis that it claimed a rectangular-shaped frame. The Court thus concluded that the term “carrier frame” in claim 29 requires a rectangular or four-sided shape.

With respect to the term “around,” the Federal Circuit held that because the term “carrier frame” necessarily requires a four-sided structure, the term “around”

requires the frame to surround the container on all sides. This construction is confirmed by the ordinary meaning of the term “around,” which is defined in this context as a boundary on all sides of an object that encircles or encloses it.

PODS had conceded that Porta Stor’s product did not literally read on claim 1, because the accused device is a U-shaped or open-ended carrier frame. In light of the construction of claim 29 in accordance with claim 1, the Court held that Porta Stor’s product also did not literally infringe claim 29 and that the district court had erred in finding infringement of that claim.

The Court also found that PODS was barred from asserting infringement of claims 1 and 32 by equivalents because of its arguments during prosecution that the prior art lacked a rectangular-shaped frame. Although PODS argued that it was not necessary to use the rectangular shape of the frame to distinguish the prior art, the Federal Circuit explained that “[c]lear assertions made during prosecution in support of patentability, whether or not actually required to secure allowance of the claim, may also create an estoppel, . . . because ‘[t]he relevant inquiry is whether a competitor would reasonably believe that the applicant had surrendered the relevant subject matter.’” *Id.* at 15 (citations omitted). The Court thus concluded that the district court had erred in finding that Porta Stor’s device infringed claims 1 and 32 under the DOE.

On the issue of copyright infringement of PODS’s rental agreement, the Court found that it was not clear from the evidence whether PODS’s outside counsel was the sole author of the rental agreement or whether the outside counsel and PODS’s employees jointly created the work. In order to show that it owned the copyright to the rental agreement as a “work for hire,” PODS was required to show that its employees participated in jointly creating the agreement. Because it was unclear whether PODS’s employees had contributed to creating the rental agreement, the Court found that the district court had erred in granting JMOL in PODS’s favor and remanded the case on this issue.

Abbreviations | Acronyms

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

Looking Ahead

- Speaking to a patent law ethics group at Catholic University on March 29, 2007, Chief Judge Michel stated that the Federal Circuit will shift the filing of appellate briefs to electronic form within a few months. Briefs will be viewable by the public via the Federal Circuit's Web site.
- Briefing has been completed and oral argument is scheduled for June 7, 2007, in *In re Seagate Technology LLC*, Misc. Docket No. 830 (Fed. Cir. Jan. 26, 2007), in which the Federal Circuit will consider en banc the scope of the attorney-client privilege waiver when an accused infringer invokes the advice-of-counsel defense to willful infringement. Twenty-one amici briefs have been filed.

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Last Month at the Federal Circuit



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