

Last Month at the Federal Circuit

March 2007

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- In *Regents of the University of California v. Dako North America, Inc.*, Misc. Docket No. 842 (Fed. Cir. Feb. 14, 2007), the Federal Circuit agreed to hear an interlocutory appeal of a claim construction ruling because the district court's claim construction was already before the Federal Circuit in two pending appeals from an order denying a preliminary injunction motion. The Court concluded that its consideration of the claim construction in conjunction with the already pending appeals would be an efficient use of judicial resources and would facilitate resolution of all of the claim construction disputes.
- In *Whirlpool Corp. v. LG Electronics, Inc.*, No. 07-1088 (Fed. Cir. Mar. 1, 2007) (nonprecedential order), the Federal Circuit dismissed Whirlpool Corporation's ("Whirlpool") appeal as premature because the district court had not disposed of all of LG Electronics, Inc.'s ("LG") counterclaims and had not entered judgment under Fed. R. Civ. P. 54(b). Although the district court granted SJ of noninfringement of one of Whirlpool's asserted patents, granted SJ of invalidity of the other of Whirlpool's asserted patents, denied all other SJ motions as moot, and entered a "judgment," the district court had not decided all of LG's counterclaims, and thus, the appeal was premature.
- In *Voda v. Cordis Corp.*, No. 05-1238 (Fed. Cir. Feb. 1, 2007), the Federal Circuit, on interlocutory appeal, held that a district court had erred in granting supplemental jurisdiction under 28 U.S.C. § 1367 over claims of infringement of European, British, Canadian, French, and German patents. See the summary below.

U.S. District Court Lacked Supplemental Jurisdiction Under 28 U.S.C. § 1367 over Infringement Claims Based on Foreign Patents

Deborah M. Herzfeld

Judges: Newman (dissenting), Gajarsa (author), Prost

[Appealed from W.D. Okla., Judge Leonard]

In *Voda v. Cordis Corp.*, No. 05-1238 (Fed. Cir. Feb. 1, 2007), the Federal Circuit, on interlocutory appeal, held that the district court had erred in granting supplemental subject matter jurisdiction under 28 U.S.C. § 1367 over foreign patent infringement claims.

All the patents at issue relate generally to angioplasty guide catheters. All three U.S. patents, U.S. Patent Nos. 5,445,625 ("the '625 patent"), 6,083,213 ("the '213 patent"), and 6,475,195 ("the '195 patent"), stemmed from a common CIP application. The foreign patents issued from a common PCT application.

Jan K. Voda, M.D. sued Cordis Corporation ("Cordis") alleging infringement of Voda's three U.S. patents. Cordis pleaded noninfringement and

invalidity of the U.S. patents. Voda then moved to amend his complaint to add claims from the European, British, Canadian, French, and German patents that issued from the PCT application, asserting that the catheter covered by the U.S. patents is also covered by the foreign patents. Cordis opposed Voda's attempt to amend his complaint and asserted that the district court lacked subject matter jurisdiction over such claims. The parties briefed the issue as to whether the court had jurisdiction over foreign patent infringement claims under 28 U.S.C. § 1367(a) and its discretion to exercise supplemental jurisdiction under § 1367(c). The district court granted Voda's motion based on two circuit court cases, determining that *Ortman v. Stanray*, 371 F.2d 154 (7th Cir. 1967) (finding jurisdiction), had more similarity to the facts at hand than *Mars, Inc. v. Kabushiki-Kaisha Nippon Conlux*, 24 F.3d 1368 (Fed. Cir. 1994) (finding no jurisdiction). Cordis appealed.

The Federal Circuit held that a proper exercise of subject matter jurisdiction under § 1367 requires not just the presence of jurisdiction under subsection (a), but also an appropriate decision to exercise that jurisdiction under subsection (c), and concluded that the district court had erred under subsection (c). However, the Federal Circuit stated that "the critical disputed issue is whether there is any statutory basis for such subject matter jurisdiction." Slip op. at 7. Because Voda's assertion of the district court's jurisdiction was based solely on 28 U.S.C. § 1367, the Federal Circuit did not consider other rationales for judicial authority to apply foreign law.

“Permitting our district courts to exercise jurisdiction over infringement claims based on foreign patents in this case would require us to define the legal boundaries of a property right granted by another sovereign and then determine whether there has been a trespass to that right.” Slip op. at 20.

The Federal Circuit briefly discussed the four limits on the reach of § 1367(a) and concluded that the only § 1367(a) issue was whether Voda’s claims of foreign patent infringement are part of the same case or controversy under Article III. The Court then conducted a legal analysis of the requirements for a “common nucleus of operative fact” under the standard first set forth in *United Mine Workers of America v. Gibbs*, 383 U.S. 715, 725 (1966), as elucidated by the Federal Circuit’s case in *Mars*. However, because the district court’s order failed to articulate any findings regarding the *Mars* factors, and because the Federal Circuit held that the district court abused its discretion under § 1367(c), the Court deemed it “to be the more prudent course not to decide this ‘common nucleus of operative fact’ question in the first instance.” Slip op. at 13. The Court also discussed that some ambiguity exists as to whether § 1367(a) also requires a determination that the district court would “ordinarily be expected to try [domestic and foreign patent infringement claims] all in one proceeding.” *Id.* (alteration in original). Once again, the Court did not reach this issue, citing the district court’s abuse of discretion under § 1367(c).

The Federal Circuit reviewed the district court’s decision not to decline supplemental jurisdiction under an abuse of discretion standard. The Federal Circuit relied on the Supreme Court’s statement that “a federal court should consider and weigh in each case, and at every stage of the litigation, the values of judicial economy, convenience, fairness, and comity.” *Id.* at 17 (citation omitted). Finding that the district court’s order contained no § 1367(c) analysis, the Federal Circuit held that the district court abused its discretion by assuming jurisdiction. The Court then analyzed the legal values enumerated by the Supreme Court, including having “treaties as the supreme law of the land.” Thus, the Federal Circuit held that (a) not one of the Paris Convention, the Patent Cooperation Treaty (PCT), or the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) contemplates or allows one jurisdiction to adjudicate patents of another;

(b) the purpose underlying comity would not be furthered, and would be potentially hindered, by the adjudication of the foreign claims; (c) lack of institutional competence and likelihood of jury confusion weighed heavily against judicial economy; (d) convenience, like judicial economy, was not discussed in the district court’s order, further showing abuse of discretion; and (e) the act of state doctrine may render the exercise of supplemental jurisdiction over foreign patent infringement claims fundamentally unfair, and none of the parties have shown that the grant of a patent by a sovereign is not an act of state.

Accordingly, the Federal Circuit held that several reasons would have compelled the district court to decline jurisdiction if it had undergone the proper analysis, and that the district court abused its discretion in exercising supplemental jurisdiction.

Judge Newman dissented, stating that the majority essentially held that the district court did not have discretion to accept supplemental jurisdiction because the subject matter involved foreign patents. She pointed out that U.S. courts routinely decide issues of foreign law, and that it was inappropriate for the Federal Circuit to carve out a “unique exception to the authority of American courts to resolve controversies that require the application of foreign law.” Dissent at 3. Judge Newman further argued that 28 U.S.C. § 1367 pertains to the relationship between federal and state law, and does not affect judicial authority to decide matters of foreign law. Finally, in Judge Newman’s view, the majority did not properly apply the abuse of discretion standard, and that the majority’s reliance on the rules of supplemental jurisdiction did not support its holding.

Trademark Protection in Pentagonal-Shaped Speaker Design Barred by Doctrine of Res Judicata

Daniel P. Kaufman

Judges: Lourie (author), Rader, Schall

[Appealed from TTAB]

In *In re Bose Corp.*, No. 06-1173 (Fed. Cir. Feb. 8, 2007) (“*Bose II*”), the Federal Circuit affirmed the TTAB’s denial of trademark registration of Bose

Corporation's ("Bose") proposed speaker design. Bose filed an application to register its pentagonal-shaped speaker design as a trademark. In *In re Bose Corp.*, 772 F.2d 866 (Fed. Cir. 1985) ("*Bose I*"), the Federal Circuit previously considered registration of the identical mark and held that it was functional and, therefore, not entitled to trademark registration. The Court held that there was a functional reason for the speaker design.

When presented with the identical mark in a later application on appeal, the TTAB affirmed the examiner's refusal to register the proposed mark, holding that the appeal was barred by the doctrine of res judicata. The TTAB determined that Bose was the same applicant, the Federal Circuit rendered a final judgment, and no conditions, facts, or circumstances had changed.

Bose appealed, conceding that the applicant and the mark in *Bose II* were identical to the applicant and mark in *Bose I*, but arguing that the facts and circumstances had changed since *Bose I* so as to prevent application of the doctrine of res judicata.

In addressing Bose's first argument that the "curved front edge" of the speaker in *Bose II*, which was not at issue in *Bose I*, was neither litigated nor decided in *Bose I*, the Federal Circuit explained that the Court did address the "curved front edge" as part of the functionality analysis of the Bose design in *Bose I*. The Court explained that in a footnote in *Bose I*, it acknowledged that its characterization of Bose's design as "substantially pentagonal" was not exactly accurate because the "front edge of the subject design is bowed." *Bose I*, 772 F.2d at 870 n.3. The Court rejected Bose's argument that "bowed" had a different meaning than "curved" and explained that the picture in the design from *Bose I* showed the same curved edge as in *Bose II*.

The Federal Circuit also rejected Bose's second argument that an intervening Supreme Court decision altered the functionality analysis. Bose cited to a passage from *TrafFix Devices v. Marketing Displays*, 532 U.S. 23, 34 (2001), stating that "where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain. There the manufacturer could perhaps provide that those aspects do not serve a purpose within the terms of the utility patent." Bose argued that the language from *TrafFix*

supported registration of the pentagonal-shaped design because of its "arbitrary" curved front edge. The Court disagreed and held that because Bose had not sought to register solely the curved front edge of the design, and instead sought to register the entire pentagonal-shaped design as the source indicator, the language of *TrafFix* was inapplicable.

Finally, the Federal Circuit rejected Bose's third argument that because its promotional materials did not "tout" any utilitarian advantage of the curved front edges, there had been a change in circumstances that should bar application of res judicata. The Court explained that Bose's design was not just the curved front edge, but was the pentagonal-shaped speaker design, and therefore, promotional materials that discuss the curved front edge alone are not relevant to the functionality of the design as a whole. As discussed in *Bose I*, the promotional advertisements cited by Bose did discuss the functional reasoning for the overall design of the speaker.

Thus, the Federal Circuit affirmed the TTAB's decision to bar the registration of Bose's mark due to the doctrine of res judicata in view of *Bose I*.

Despite a Finding of Inequitable Conduct, Patentee Retains Antitrust Immunity

Joyce Craig-Rient

Judges: Mayer, Rader, Gajarsa (author)

[Appeal from N.D. Tex., Judge Thrash]

In *Dippin' Dots, Inc. v. Mosey*, Nos. 05-1330, -1582 (Fed. Cir. Feb. 9, 2007), the Federal Circuit affirmed the district court's grant of SJ of noninfringement and the judgment following trial that the claims are obvious and the patent unenforceable due to inequitable conduct. The Court reversed the holding that Dippin' Dots, Inc. and Curt D. Jones (collectively "DDI") violated antitrust laws by asserting a patent procured through fraud.

DDI developed a form of cryogenically prepared novelty ice cream sold under the DDI brand. The method of preparing the ice cream product, as claimed in claim 1 of U.S. Patent No. 5,126,156

(“the ’156 patent”), consists of six steps: (1) preparing the composition, (2) dripping the composition, (3) freezing the composition, (4) storing the composition, (5) bringing the composition to a higher temperature, and (5) serving the composition.

The initial patent application omitted the final serving step from claim 1 and was rejected by the PTO as obvious over the prior art. DDI amended the claim to include the serving step and the claim was again rejected for obviousness. DDI subsequently filed a declaration in which it submitted evidence of the significant commercial success of the claimed method. The PTO was persuaded and issued the ’156 patent in June 1992.

The critical date for DDI’s patent is March 6, 1988, with sales made before this date implicating the on-sale bar of 35 U.S.C. § 102(b). Beginning on July 24, 1987, the inventor sold cryogenically prepared, largely beaded ice cream at the Festival Market mall in Kentucky for at least five days to about eight hundred customers. These sales were never disclosed to the PTO during prosecution of the ’156 patent. Moreover, the declaration of significant commercial success contained a sworn statement that initial sales of the product took place in March 1988.

Several distributors of the DDI product entered into competition with DDI. DDI subsequently filed patent infringement lawsuits against these competitors. The defendants counterclaimed for violation of § 2 of the Sherman Act, alleging that DDI was attempting to enforce a fraudulently acquired patent. The district court granted SJ of noninfringement, both literally and under the DOE. The district court denied SJ on the claims of invalidity and inequitable conduct.

At trial, a jury found that the Festival Market sales were prior art, and that all claims of the ’156 patent were invalid for obviousness. The jury also found that the inventor had, with intent to deceive, made material representations or omissions to the PTO. Thus, the jury found that the defendants had proven all required elements of their antitrust claim. The district court denied DDI’s JMOL motion and found the ’156 patent unenforceable due to inequitable conduct. It also awarded attorney’s fees to two of the defendants pursuant to the Clayton Act. DDI appealed.

On appeal, the Federal Circuit affirmed the district court’s finding that the claim steps mentioning “beads” were limited to covering processes that produce beads and only beads. Because it found that the accused processes produce irregularly shaped particles other than beads, the Court concluded the defendants do not literally infringe the ’156 patent.

With regard to obviousness, the Federal Circuit concluded that the Festival Market sales were prior art and the process, combined with other relevant prior art, rendered the claims of the ’156 patent obvious. Further, the Court concluded that substantial evidence existed for the jury to find the facts necessary for both conclusions. Specifically, the inventor testified that his purpose at Festival Market was to determine the

marketability of his ice cream product and not to improve it technically. Accordingly, the jury could conclude that because the prior sales were not experimental in nature, the “experimental use” exception to the § 102(b) on-sale bar was inapplicable. Further, the inventor testified that the first three steps of claim 1 (preparing, dripping, and freezing) were practiced at Festival Market. The Court found the last two steps (bringing and serving) were probably practiced as well. Further, the Court concluded that extended cold storage, reflected in the fourth step (storing), was an obvious part of distributing and retailing the product at Festival Market. The Federal Circuit also found that someone of ordinary skill in the art of ice cream retailing would seek the appropriate temperature ranges within which to store and serve the product. Because the factors that led to DDI’s later commercial success were already largely present at Festival Market, the Court concluded that the jury could reasonably have seen the later changes to the process as not improving the prior art’s commercial appeal. Accordingly, the Court affirmed the judgment of obviousness.

“[W]hen *Walker Process* claimants wield [a patentee’s] conduct as a ‘sword’ to obtain antitrust damages rather than as a mere ‘shield’ against enforcement of the patent, they must prove deceptive intent independently. The defendants have not done so here to the extent necessary for a reasonable jury to find *Walker Process* fraud.”
Slip op. at 19
(citation omitted).

With regard to inequitable conduct, the Federal Circuit concluded that the district court did not abuse its discretion in balancing relatively weak evidence of DDI's intent to deceive the PTO against strong evidence that the omission of the Festival Market sales was highly material to the issuance of the '156 patent. Thus, the Federal Circuit affirmed the finding of inequitable conduct. Regarding the antitrust claims, the Federal Circuit applied the test for *Walker Process* fraud, which requires higher threshold showings of both materiality and intent than are required to show inequitable conduct. The Court concluded that there was evidence of sufficient materiality to support a finding of fraud because the evidence supports a finding that the '156 patent would not have issued had DDI disclosed the Festival Market sales to the PTO. However, noting that the mere failure to cite a reference to the PTO is not sufficient to show *Walker Process* intent, and finding no separate evidence of intent to withhold the information in the evidentiary record, the Federal Circuit concluded that there was no proof of deceptive intent to the extent necessary for a reasonable jury to find *Walker Process* fraud.

The Federal Circuit distinguished the facts of this case from those in *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1068 (Fed. Cir. 1998). In *Nobelpharma*, a patent agent deleted from a foreign patent application all references to a book written by the patentee that anticipated the patent. The agent also failed to mention the book in the U.S. application that led to the patent at issue in that case. When pressed on the issue at trial, the agent could not explain his actions. The Federal Circuit concluded that evidence of actual deletion by the patent agent was a reasonable ground on which to find intent to defraud the PTO. In this case, however, the Federal Circuit concluded that there was no similarly strong evidence that the omission of the Festival Market sales was fraudulent. For these reasons, the Federal Circuit concluded that DDI retained its antitrust immunity as a patent holder and reversed the district court's holding as to the antitrust counterclaim. Because it reversed the judgment of antitrust liability, the Federal Circuit vacated the grant of attorney's fees awarded by the district court under § 4 of the Clayton Act.

Omission of Test Data Related to the Issue That Bedeviled the Examiner Is Evidence of an Intent to Deceive the PTO

Amelia F. Morani

Judges: Linn, Prost, Jordan (author, sitting by designation)

[Appealed from D. Or., Judge Mosman]

In *Cargill, Inc. v. Canbra Foods, Ltd.*, Nos. 06-1265, -1302 (Fed. Cir. Feb. 14, 2007), the Federal Circuit affirmed the district court's judgment of invalidity and unenforceability in favor of Canbra Foods, Ltd., Dow Agrosciences, LLC, and Dow Agrosciences Canada, Inc. (collectively "Defendants"), thereby rendering the Defendants' cross-appeal moot.

Cargill, Incorporated ("Cargill") is the owner of U.S. Patent Nos. 5,969,169 ("the '169 patent"), 6,201,145 ("the '145 patent"), 6,270,828 ("the '828 patent"), and 6,680,396 ("the '396 patent"). The '169 and '145 patents are directed to nonhydrogenated canola oils useful for food applications that have a specified fatty acid content and possess superior oxidative and fry stability. The '828 and '396 patents relate to canola oil with low glucosinolate content and low α -linolenic acid content. The low glucosinolate content and low α -linolenic acid content result in low sulfur content, improved sensory characteristics, and greater oxidative stability. Two measures of oxidative stability are in terms of AOM (Active Oxygen Method) hours and in terms of peroxide and para-anisidine values.

"The repeated nature of that rejection demonstrates that the applicant should have been aware of the materiality of the omitted test data, and, therefore, the district court properly considered it as significant circumstantial evidence of an intent to deceive the PTO about the evidence relevant to the application." Slip op. at 10.

Cargill filed suit against the Defendants for infringement of all four patents. On SJ, the district court held the '828 and '396 patents invalid under the on-sale bar of 35 U.S.C. § 102(b). The district court also held on SJ that Defendants infringed the '169 and '145 patents. However, several issues relating to the '169 and '145 patents remained for trial, and following the trial, the district court granted Defendants' motion for judgment that the '169 and '145 patents are unenforceable due to inequitable conduct. Cargill appealed the invalidity and unenforceability holdings, and Defendants cross-appealed the claim construction and grant of SJ of infringement.

On appeal, the Federal Circuit affirmed the district court's finding of inequitable conduct, holding that there was clear and convincing evidence that the withheld evidence was material and that intent to deceive existed. During prosecution, Cargill failed to disclose two documents that contained internal test data regarding oxidative stability of canola oils having fatty acid compositions reading on the claimed fatty acid content. While the data in the specification indicated a difference in oxidative stability for canola oils with very similar fatty acid contents, the undisclosed documents contained test data that showed similar oxidative stability in oils of similar fatty acid content. The Court reasoned that, even if applicant believes the data was irrelevant because it was flawed, materiality is determined from the viewpoint of a reasonable examiner, and a reasonable examiner would have wanted to review the undisclosed test data, taking applicant's arguments into consideration.

The Federal Circuit also agreed with the district court's finding of intent to deceive based on three factors: (1) repeated omission of the disclosure, (2) applicant's motive to conceal, and (3) the high materiality of the undisclosed test data. The Court noted that the prosecution history shows that there were five rejections relating to the issue of whether the oxidative stability of applicant's claimed oil was superior to that of oils with similar fatty acid content. The Court held that the applicant should have known that the information was material when the examiner repeatedly raised an issue to which the information relates. Thus, the repeated omission was evidence of intent to deceive.

In addressing motive, the Federal Circuit agreed with the district court's reliance on the applicant's need to

show more than an incremental improvement over existing canola oils as evidence of motive to deceive. The omitted data did not support a new oil or more than an incremental improvement. In fact, the undisclosed oxidative stability data overlaps with the claimed range. And finally, the Federal Circuit also recognized the district court's finding that the high degree of materiality of the omitted data is the strongest evidence of intent. "[T]he omitted test data was related to 'the heart of the question that bedeviled the examiner . . .'" Slip op. at 12.

Having found both materiality and intent, the Federal Circuit held that given the high materiality of the undisclosed information and the strong circumstantial evidence of intent to mislead, the district court did not abuse its discretion in weighing the findings and affirmed the district court's decision that the '169 and '145 patents were unenforceable.

Turning to the invalidity of the '396 and '828 patents, the Federal Circuit affirmed the district court's SJ holding of invalidity under the on-sale bar of 35 U.S.C. § 102(b). First, the Court held that there was no genuine dispute that there was an offer for sale. A letter between Cargill's predecessor and Proctor & Gamble ("P&G") was found to constitute an offer for sale of the claimed oil to P&G because it contained provisions for the amount of oil to be delivered, a specified unit price, and assignment of risks and responsibilities by "FOB," free on board, by standard contract language. The Court agreed with the district court that this was powerful evidence of a sales transaction.

Second, the Federal Circuit held that the district court correctly concluded that the claimed oil was reduced to practice when it was composed or made. While Cargill asserted that the district court made an error of law because an invention is only reduced to practice when it is shown to work for its intended purpose, the Federal Circuit disagreed, explaining that if a claimed material is sold under circumstances in which no question exists that it is useful, it was reduced to practice. In this case, the Court found that evidence, a letter from Cargill's predecessor to Du Pont speaking of the superiority and utility of the claimed oil, demonstrated that Cargill's predecessor was aware of the utility of the claimed oil before offering to sell it to P&G. Although Cargill asserted that the transaction with P&G was for experimental purposes, the Court held that an offer to sell the oil for the purpose of continued testing does not prevent

a finding that the oil had already been reduced to practice. Thus, because the oil claimed in the '828 and '396 patents was at least the subject of an offer for sale before the critical date and was already reduced to practice, the Federal Circuit affirmed the district court's finding of invalidity of these two patents under 35 U.S.C. § 102(b).

In view of the Federal Circuit's affirmation of the district court's holdings of unenforceability and invalidity, Defendants' cross-appeal was rendered moot.

District Court Improperly Granted Judgment on the Pleadings Where Plaintiff Voluntarily Dismissed the Case Before Being Properly Served with an Answer

Alpa D. Gandhi

Judges: Michel, Schall, Prost (author)

[Appealed from N.D. Tex., Judge Kinkeade]

In *RFR Industries, Inc. v. Century Steps, Inc.*, Nos. 05-1610, 06-1285 (Fed. Cir. Feb. 16, 2007), the Federal Circuit vacated the district court's grant of judgment on the pleadings and for attorney's fees. The Court held that plaintiff RFR Industries, Inc. ("RFR") had properly voluntarily dismissed the action under Fed. R. Civ. P. 41(a)(1)(i) before defendant Century Steps, Inc. ("Century") had served its answer, and thus, the district court's grant of judgment on the pleadings was improper and without effect.

RFR is the assignee of U.S. Patent Nos. 5,577,662 ("the '662 patent") and 5,535,947 ("the '947 patent"). Those patents are directed to an embedded railway track system known as a "flangeway filler" and a method of installing the "flangeway filler." As part of a settlement agreement in 2000 in a previous patent infringement action between RFR and Century, Century was obligated to purchase an amount of filler from RFR. Century was also granted an express license under the '662 and '947 patents to use and sell the purchased filler. In 2004, RFR filed suit against Century, alleging that Century had failed to pay for some filler it had purchased. RFR further

alleged that the filler sold by Century had been installed in a manner that infringed the '662 and '947 patents.

Century filed an answer with the court and faxed a copy of the answer to RFR's attorney. In response, RFR voluntarily dismissed the action under Fed. R. Civ. P. 41(a)(1)(i). In the alternative, RFR motioned for the court to dismiss the action without prejudice under Rule 41(a)(2). Century, in turn, moved for judgment on the pleadings under Fed. R. Civ. P. 12(c). The district court granted Century's motion for judgment on the pleadings and denied RFR's motions to dismiss. It held that RFR's patent rights in the filler provided to Century were exhausted, and awarded Century attorney's fees.

On appeal, RFR argued that it had an absolute right to dismiss its action without prejudice because Century had not properly served RFR with an answer before RFR filed a notice of dismissal.

"So long as a plaintiff has not been served with an answer or a motion for summary judgment, the plaintiff need do no more than file a notice of dismissal to dismiss the case." Slip op. at 5.

Applying Fifth Circuit law to issues not unique to patent law, the Federal Circuit explained that under Rule 41(a)(1)(i), so long as a plaintiff has not been served with an answer or a motion for SJ, the plaintiff need do no more than file a notice of dismissal to dismiss the case. No order from the court is necessary. Indeed, the Federal Circuit noted, the court has no power or discretion to deny the plaintiff the right to dismiss under Rule 41(a)(1)(i). Moreover, the Fifth Circuit has made it clear that the adverse party must actually serve the plaintiff—not just file an answer—in order to prevent the plaintiff from dismissing its action under Rule 41(a)(1)(i).

The Federal Circuit held that Century's faxing of a copy of its answer to RFR did not constitute service on RFR. Service by fax under Fed. R. Civ. P. 5(b)(2) is only permitted if consented to in writing by the person being served, and RFR had not so consented. The Federal Circuit further rejected Century's request to excuse its noncompliance with Rule 5(b)(2) for "exceptional good cause." The Court found that the Fifth Circuit did not recognize such an exception and Century did not point to any circumstances that would amount to exceptional good cause.

The Court thus held that RFR’s action was dismissed without prejudice upon its filing of a notice of dismissal and vacated the district court’s grant of judgment on the pleadings. The Court also vacated the award of attorney’s fees under 35 U.S.C. § 285 because RFR’s voluntary dismissal without prejudice did not bestow “prevailing party” status upon Century.

Specification Required That Network Service Providers Must Authenticate Users

Mai-Trang D. Dang

Judges: Newman, Schall, Bryson (author)

[Appealed from E.D. Tex., Judge Davis]

In *MyMail, Ltd. v. America Online, Inc.*, Nos. 06-1147, -1172 (Fed. Cir. Feb. 20, 2007), the Federal Circuit affirmed the district court’s SJ of noninfringement of U.S. Patent No. 6,571,290 (“the ’290 patent”). The Federal Circuit also affirmed the district court’s ruling that the patent holder, MyMail, Ltd. (“MyMail”), had standing to assert infringement of the ’290 patent.

The ’290 patent relates to a method of providing network customers with access to a network, such as the Internet, when they are away from their normal base of operations. According to the claimed method, a customer who is temporarily in a remote location uses contact and login information to access the Internet through an Internet service provider (“ISP”) or through a third-party modem bank affiliated with that ISP. Through that Internet connection, the user then contacts another entity called an “internet service provider access service” or ASP. The ASP provides the user with login information for a new ISP that is more suitable to the customer’s remote location, typically because it is closer to that location. The user then terminates the connection to the Internet established through the first ISP and reconnects to the Internet using the new ISP. To generalize the invention, the claims use the term Network Service Provider or NSP to refer to a party in a generic network performing the function of an ISP and providing modem services to network users.

The district court construed NSP as “a party that provides a connection to the network and

authenticates users for access to the network.” Slip op. at 3. All of the accused parties are ISPs who use third-party modem banks to connect their customers to the Internet. Typically, a user dials into a third-party modem bank, which compares the user’s ID with a list of affiliated ISPs and connects the user if an affiliated ISP name is part of the user’s ID, a process called “realm string checking.” MyMail theorized that the defendants infringed because the third-party modem banks, serving as the claimed NSPs, and the defendants, serving as the claimed ASPs, connected users to the Internet using the claimed methodology.

The district court found that the defendants could not infringe on MyMail’s patent because the patent requires that the NSP authenticate the user, defining “authentication” as validating a user ID and a password. The district court found that the NSPs are the third-party modem banks and do not perform the required authentication.

“Having agreed to that construction before the district court, MyMail ‘cannot now argue against that claim construction simply because it resulted in an adverse ruling on summary judgment.’” Slip op. at 10.

On appeal, MyMail argued that the authentication does not have to be performed by the NSP. Secondly, MyMail argued that even if the NSP must authenticate the user, the third-party modem bank’s screening process based on user ID *is* authentication. Four of the defendants, NetZero, Juno, NetBrands, and EarthLink, cross-appealed, arguing that MyMail had no standing because it acquired the assignment from an individual who had secured the patent application through a state foreclosure action on a fraudulent promissory note secured by the application.

The Federal Circuit first addressed the cross-appeal, noting that an enforceable state court judgment transferred title under Texas law to MyMail. The Court held that the defendants must nullify that judgment to establish a break in the title chain, and they had not attempted to do so. The Court rejected defendants’ argument that the federal court was required to make an independent review of the title. While fraud in the procurement of a patent can be raised as a defense in federal court because it bears on the enforceability of the patent, asserting that a third party owns a particular patent is an issue addressed by state law. The Court thus affirmed with respect to the cross-appeal.

The Court then addressed MyMail’s contention that the NSP did not have to perform the authentication. Both parties agreed that the term “NSP” is a coined term, without a meaning apart from the ’290 patent. To determine the requirements of the NSP, the Court looked to the specification. It noted that the invention centers around giving users IDs and passwords associated with an ISP to allow the user to gain access to the Internet. The IDs and passwords described would serve no function, the Court concluded, if the user did not have to be authenticated before being connected to the Internet. The Court also noted that MyMail agreed during the *Markman* hearing before the district court that the NSPs authenticate the users, and the Court would not allow it to argue against the construction later. As to MyMail’s argument that the ASP does the authentication because the specification describes an embodiment in which “all user authentication for ISPs happens at the [ASP],” the Court found it to be part of an invention that MyMail conceded was unclaimed. Thus, the Court required the NSP to perform the authentication function.

Next, the Court rejected MyMail’s argument that the third-party modem bank, by performing realm string checking, was authenticating users as required by the claims. Not so, the Court said, because authentication requires validating a user’s ID and password and realm string checking falls short of that requirement. The third-party modem banks can only deny access to a subset of unauthorized users but cannot determine whether the user is authorized to connect to the Internet. Therefore, the Federal Circuit affirmed the district court’s grant of SJ of noninfringement.

Government Contractor Immunity Is Appropriate Where the Contract Required Use of Patented Method

Kevin M. Cronin

Judges: Linn (author), Dyk

[Appealed from W.D.N.Y., Judge Arcara]

In *Sevenson Environmental Services, Inc. v. Shaw Environmental, Inc.*, Nos. 06-1391, -1408 (Fed. Cir. Feb. 21, 2007), the Federal Circuit affirmed the

district court’s holding on SJ that government contractor immunity under 28 U.S.C. § 1498 barred suit against a hazardous waste remediation contractor because the contract was performed “for the Government” and “with the authorization and consent of the Government.”

The Corps of Engineers contracted with Shaw Environmental, Inc. (“Shaw”) for cleanup and remediation of hazardous waste at a government-owned waste site. The contracts covering Shaw’s work included an authorization and consent clause and provisions for development of a Work Plan. The consent clause stated that the government authorized and consented to the use and manufacture of any inventions covered by U.S. patents whose use necessarily results from compliance with specifications or written provisions forming a part of the contract. The Work Plan provided the project specifications, detailed Shaw’s approach to the contracted project, and described the work necessary for Shaw to meet its obligations under the contract.

Sevenson Environmental Services, Inc. (“Sevenson”), the holder of several U.S. method patents, filed an infringement suit against Shaw, alleging that Shaw’s work for the Corps of Engineers infringed Sevenson’s method patents. Shaw moved for SJ, and the district court granted Shaw’s motion for dismissal pursuant to 28 U.S.C. § 1498, holding that the United States was the only proper defendant. Sevenson appealed, and Shaw cross-appealed.

The appeal turned on the application of 28 U.S.C. § 1498, which sets forth the provisions of government contractor immunity and limits a patent owner’s remedy for infringement to an action against the United States. The Federal Circuit evaluated whether under Shaw’s contract with the government, Shaw’s use of the accused method was (1) “for the Government” and (2) “with the authorization and consent of the Government.”

First, the Federal Circuit interpreted the “for the Government” prong to “impose only a requirement that the use or manufacture of a patented method or apparatus occur pursuant to a contract with the government and for the benefit of the government.” Slip op. at 6. The Court explained that Shaw’s use of the accused method was in its capacity as a government contractor and pursuant to its contract for the benefit of the government, and the question of who made the choice to use an infringing method (Shaw or the government) is not a factor. The fact

that the government sought and received hazardous waste remediation services, and that Shaw performed those tasks for the benefit of the government, satisfied the “for the Government” prong.

Second, with respect to the “with the authorization and consent of the Government” prong, the Federal Circuit held that the government, through its contract with Shaw, expressly authorized and consented to the use of the accused method. The Court noted that the scope of the government’s authorization and consent resided in the language of the contract, and in evaluating the contract, the Court pointed to language that required Shaw to use the accused method. In particular, the Work Plan required use of the accused method. The Court distinguished the present case from a previous case, where a contractor could have chosen between an infringing and a noninfringing device to fulfill the terms of a contract. In the instant case, Shaw would have had to breach its contract to avoid using the accused process. Thus, the Court found that the accused use necessarily resulted from compliance with the contract and, thus, the government had authorized and consented to the use.

The Federal Circuit also affirmed the district court’s ruling related to Shaw’s cross-appeal on the issue of sanctions, as it discerned no error.

A Disclaimer Made During Prosecution Must Be Explicitly Rescinded

Jennifer A. Johnson

Judges: Michel, Newman, Rader

[Appealed from W.D. La., Judge James]

In *Hakim v. Cannon Avent Group, PLC*, No. 05-1398 (Fed. Cir. Feb. 23, 2007), the Federal Circuit affirmed the district court’s grant of SJ of noninfringement of U.S. Patent No. 6,321,931 (“the ’931 patent”) and SJ of invalidity under 35 U.S.C. § 102(b) of U.S. Patent No. 6,357,620 (“the ’620 patent”).

Mr. Nouri Hakim sued Cannon Avent Group, PLC, Cannon Rubber Limited, and Avent America, Inc. (collectively “Avent”) for infringement of the ’931 and ’620 patents based on their leak-resistant drinking cups. Generally speaking, Hakim’s patented

cups have a valve that fluid can pass through when a person sucks on a drinking spout. When a person is not sucking on the spout, the valve closes, thereby sealing the cup and preventing accidental leaking.

“Although a disclaimer made during prosecution can be rescinded, permitting recapture of the disclaimed scope, the prosecution history must be sufficiently clear to inform the examiner that the previous disclaimer, and the prior art that it was made to avoid, may need to be re-visited.”
Slip op. at 7.

During prosecution of the parent application to the application that issued as the ’931 patent, while arguing that the claims were patentable over the prior art, Hakim explained that none of the cited references taught or suggested “a no-spill mechanism having a slit sitting against a blocking element such as is recited in all of the pending claims.” After receiving a notice of allowance for the claims using the word “slit,” Hakim filed a continuation application and an amendment changing “slit” to “opening” in claims 1 and 2. Hakim also included a letter from his attorney stating that claims 1 and 2 were being broadened. The examiner allowed the continuation claims without any comment or further prosecution.

The district court construed the asserted claims of the ’931 patent as requiring a sealing mechanism that uses a flexible valve material or diaphragm having a “slit” based on Hakim’s statements in the parent application distinguishing the prior art. As such, the district court found that Avent’s accused drinking cup, containing a hole in the diaphragm and no slit, did not infringe the ’931 patent.

On appeal, Hakim argued that this claim construction was too narrow, especially considering that claims 1 and 2 do not require a slit that opens and closes with suction, but rather use only the word “opening” when claiming the aperture in the diaphragm. Specifically, Hakim argued that the district court should not have relied on the argument distinguishing the prior art made in the abandoned parent application to limit the claim scope to a diaphragm with a “slit.”

The Federal Circuit rejected Hakim’s position and held that the district court correctly construed the claims. While recognizing Hakim’s right to refile the application and broaden the claims, the Court noted

that an applicant cannot recapture claim scope that was surrendered or disclaimed. Importantly, the Court noted that “[a]lthough a disclaimer made during prosecution can be rescinded, permitting recapture of the disclaimed scope, the prosecution history must be sufficiently clear to inform the examiner that the previous disclaimer, and the prior art that it was made to avoid, may need to be re-visited.” Slip op. at 7. Since Hakim did not effectively rescind the argument made in the parent application distinguishing his invention from the prior art, the Federal Circuit affirmed the district court’s claim construction and SJ decision of noninfringement.

Hakim also challenged the district court’s decision invalidating the ’620 patent. Hakim first attacked the district court’s decision by asserting that it erred in not construing the claims before performing its invalidity analysis. Since Hakim failed to propose alternative meanings for any disputed claim terms that might affect the validity of the claim, the Federal Circuit declined to address this point.

Next, Hakim challenged the district court’s finding that that ’620 patent was anticipated under 35 U.S.C. § 102(b) by an Italian patent, specifically whether the reference described a “closed position.” According to Hakim, the claims of the ’620 patent each require a closed position where the valve blocks the passage of liquid, while the Italian patent discloses only a valve tight enough to prohibit the passage of air but not necessarily strong enough to block the passage of liquid. The district court disagreed, noting that the Italian patent states that its purpose is to prevent liquid from flowing when suction was not applied. The Federal Circuit found that no reasonable jury could find that all of the limitations of the ’620 patent were not present in the Italian patent and affirmed. Hakim also argued that the district court had erred in not performing its § 102(b) analysis on a claim-by-claim basis. Specifically, Hakim contended that the district court ignored a limitation of claim 12 requiring that the flexible valve “invert upon the application of negative pressure.” After agreeing that each claim must be considered separately in an anticipation analysis, the Federal Circuit found that the district court did indeed address this limitation. Since Hakim did not show reversible error, the Federal Circuit affirmed the district court’s SJ decision that the ’620 patent was invalid.

Finally, Hakim argued that the district court improperly struck his expert declaration and testimony supporting his proposed claim construction and validity opinions. The district court granted the motion to strike because (1) Hakim did not submit his report in a timely manner and did not make himself available for deposition, (2) the district court did not need Hakim’s testimony, and (3) it found Hakim’s testimony self-serving and biased. The Federal Circuit affirmed this evidentiary ruling, stating that there was no showing that it led the trier of fact into error or that the trier of fact could have reasonably reached a different conclusion had the evidence been admitted.

In Opposing a Motion for Summary Judgment of Noninfringement Under the Doctrine of Equivalents, Patentee Must Present Particularized Evidence of Evidentiary Burden

Patricia M. Mitchell

Judges: Rader, Dyk (author), Whyte (sitting by designation)

[Appealed from M.D. Tenn., Judge Echols]

In *AquaTex Industries, Inc. v. Techniche Solutions*, No. 06-1407 (Fed. Cir. Feb. 27, 2007), the Federal Circuit affirmed the grant of SJ of noninfringement because AquaTex Industries, Inc. (“AquaTex”) did not satisfy its burden to present particularized evidence of equivalents in opposition to a motion for SJ by Techniche Solutions (“Techniche”).

AquaTex is the assignee of U.S. Patent No. 6,371,977 (“the ’977 patent”). The ’977 patent is directed to a method for cooling a person through evaporation by use of a multilayered, liquid-retaining composite material as a garment. Claims 1 and 9 of the ’977 patent are directed to a method performed using a device comprising, among other things,

“a fiberfill batting material.” Techniche manufactures multilayered, liquid-retaining composite materials for use in evaporative cooling garments. Techniche uses a fabric called Vizorb®, which consists of both natural and synthetic fibers, as a filler layer in its composite materials.

AquaTex sued Techniche for contributory infringement, alleging that Techniche made a product that consumers used to perform the method of claims 1 and 9 of the '977 patent. In 2004, Techniche moved for SJ of noninfringement. While it conceded that its commercial product met most limitations of claims 1 and 9 of the '977 patent, it argued that its product did not satisfy the “fiberfill batting material” limitation of the claim because Vizorb® incorporates both natural and synthetic fibers, and only materials containing exclusively synthetic fibers constitute “fiberfill.”

The district court construed the phrase “fiberfill batting material” to require only synthetic batting material, and therefore found no literal infringement, as Vizorb® includes natural fibers as well as synthetic fibers. The district court also found that the claim of infringement under the DOE was barred by prosecution history estoppel. On appeal for the first time, in *AquaTex Industries, Inc. v. Techniche Solutions*, 419 F.3d 1374 (Fed. Cir. 2005), the Federal Circuit affirmed the district court’s finding of no literal infringement. However, the Court also held that prosecution history estoppel did not bar consideration of the DOE because neither the arguments nor the narrowing amendments made during prosecution had any relation to the composition of the fiberfill batting material. The Court then remanded the case to the district court to determine if the claims were infringed under the DOE.

On remand, the district court again granted SJ of noninfringement. It held that “AquaTex’s narrowing amendments made during prosecution of the '977 patent ‘surrender[ed] subject matter within which [Techniche’s] product falls’ and therefore AquaTex was barred by prosecution history estoppel from asserting infringement by equivalents.” Slip op. at 5 (alterations in original). As an alternative ground for SJ, the district court held that AquaTex had failed to prove infringement under the DOE because AquaTex did not demonstrate that Techniche’s filler layer performs substantially the same function in substantially the same way as the patented method. Critical to the district court’s finding was its determination that AquaTex did not show that

Techniche’s “filler layer includes a hydrophobic material, like the fiberfill used in [AquaTex’s] product, to create air pockets to promote evaporation.” *Id.* at 6 (alteration in original). AquaTex appealed again.

On appeal for the second time, the Federal Circuit held that the district court had again erred in concluding that prosecution history estoppel barred AquaTex

“AquaTex was required to provide particularized testimony and linking argument on a limitation-by-limitation basis that created a genuine issue of material fact as to equivalents.” Slip op. at 13.

from asserting the DOE. The district court stated that this approach was foreclosed by the court’s prior opinion, which held that “[t]he subject matter surrendered by the narrowing amendment bears no relation to the composition of the fiberfill batting material.” *Id.* at 7-8 (alteration in original).

The Federal Circuit also found that the district court had erred in its analysis of its alternate ground for SJ. A finding of infringement under the DOE requires a showing that the difference between the claimed invention and the accused product or method is insubstantial or that the accused product or method performs substantially the same function in substantially the same way with substantially the same result as each limitation of the patented product or method. The district court determined that *the function* of the “fiberfill batting material” was to promote evaporation, and *the way* it did so was by using hydrophobic material to create air pockets. Although the district court asserted that its conclusion regarding the function of the invention came from reading the specification as a whole, the Federal Circuit did not find support for this conclusion in the specification, and instead determined that the district court found these “distinguishing features” in information taken from AquaTex’s Web site describing AquaTex’s product. The Court stated that “the identification of the elements of the function, way, result test solely ‘entails an examination of the claim and the explanation of it found in the written description of the patent,’ as well as ‘[i]n some cases[] the patent’s prosecution history.’” *Id.* at 11 (alterations in original). Therefore, the Court found that the district court committed error when it relied on features not disclosed in the '977 patent in concluding that Techniche’s Vizorb® layer was not equivalent to the “fiberfill batting material” limitation.

Although the Federal Circuit found that the district court erred in the grounds on which it granted SJ, the Court affirmed the grant of SJ after conducting its own de novo review of whether Techniche's product infringed under the DOE. The Court agreed with AquaTex that the function of the fiberfill batting material was to retain and distribute absorbent materials throughout the filler layer, rather than to promote evaporation. However, the Court held that AquaTex failed to meet its evidentiary burden of providing particularized testimony and linking argument on a limitation-by-limitation basis to demonstrate a genuine issue of material fact as to the existence of equivalents. To meet this burden, AquaTex was required to provide testimony of a person of ordinary skill in the art who, on a limitation-by-limitation basis, could explain the insubstantiality of the differences between the patented method and the accused product or discuss the function, way, result test.

AquaTex did not provide this evidence. The only evidence AquaTex presented on the issue of equivalents was the deposition of Chris Frost, Techniche's Chief Executive Officer. Although Frost explained how Techniche's product operated, his testimony did not specifically address equivalents or compare Techniche's product to the patented method on a limitation-by-limitation basis, as required.

Thus, the Federal Circuit concluded that AquaTex had failed to demonstrate a genuine issue of material fact that would prevent the grant of SJ because they "only provided lawyer argument and generalized testimony about the accused product." *Id.* at 15.

Docketing Error and Birth of Child Did Not Constitute Excusable Neglect

A. Denise Main

Judges: Bryson, Gajarsa, Linn (author)

[Appealed from the TTAB]

In *FirstHealth of the Carolinas, Inc. v. CareFirst of Maryland, Inc.*, No. 06-1148 (Fed. Cir. Feb. 27, 2007), the Federal Circuit affirmed the Board's denial to reopen the testimony period for FirstHealth of the Carolinas, Inc. ("FirstHealth") and dismissal of

FirstHealth's counterclaim to cancel trademarks registered by CareFirst of Maryland, Inc. ("CareFirst").

FirstHealth filed two intent-to-use trademark applications for the FIRSTCAROLINACARE mark used in conjunction with healthcare insurance claims administration and health maintenance organizations ("HMOs"). Alleging a likelihood of confusion and dilution with its registered CAREFIRST mark, CareFirst filed notices of opposition to FirstHealth's applications. Seeking cancellation of the CAREFIRST trademark registration through counterclaim, FirstHealth alleged that CareFirst had abandoned its mark due to uncontrolled licensing and failure of use in services other than HMO services.

Stipulating a two-month extension of FirstHealth's case-in-chief testimony period, both parties agreed to the deadline of January 31, 2004. Missing the deadline, FirstHealth filed a motion to reopen its testimony period on February 26, 2004, ascribing the filing delay to "the birth of counsel's son, the significant amount of testimony that was taken, counsel's time conflicts with unrelated matters, and a docketing error made by a new paralegal." Slip op. at 2. Reopening FirstHealth's testimony period would have allowed for a heavily relied-upon deposition to become of record.

The Board dismissed FirstHealth's motion to reopen testimony, finding failure to demonstrate excusable neglect. As such, the Board dismissed FirstHealth's counterclaims for failure to prove uncontrolled licensing or failure of use of CareFirst's mark. The Board further dismissed CareFirst's oppositions, finding no likelihood of confusion or dilution of CareFirst's mark. Although both parties appealed the Board's decision, CareFirst moved to dismiss its appeal, leaving only FirstHealth's appeal of the cancellation ruling.

CareFirst first asserted that the appeal was moot, arguing that the result of the Board's ruling on the likelihood of confusion with and dilution of the CAREFIRST mark precluded any future assertion of the CAREFIRST mark against FirstHealth's FIRSTCAROLINACARE mark, and thus, there could be no potential damage under 15 U.S.C. § 1064 to support FirstHealth's cancellation counterclaim.

Citing the Board's regulations that the Board is not authorized to determine right to use, infringement, or

unfair competition, the Federal Circuit held that the Board’s decision did not preclude CareFirst from asserting its mark in future claims against FirstHealth for infringement or unfair competition. Rather, CareFirst would only be precluded from relitigating the narrow issue of likelihood of confusion and dilution. Accordingly, the Court ruled that the appeal was not moot.

“[T]o the extent an attorney’s family matters caused delay, FirstHealth provides no explanation as to why other authorized individuals in the same firm could not have assumed responsibility for the case.”
Slip op. at 6-7.

The Federal Circuit further held that the Board did not abuse its discretion in denying FirstHealth’s motion to reopen the testimony period. The Federal Circuit noted that the Board’s regulations allow for reopening of a testimony period if “excusable neglect,” a term not defined in the regulations, is demonstrated. Citing *Thomas Jefferson University v. Shalala*, 512 U.S. 504 (1994), the Federal Circuit pointed out that even though the Board may interpret within reason the meaning of “excusable neglect” in the context of its own regulations, the Board turned to a ruling by the Supreme Court for guidance, which was also acceptable. In determining whether FirstHealth had demonstrated “excusable neglect,” the Board applied a balancing test to weigh certain factors as outlined by the Supreme Court in *Pioneer Investment Services Co. v. Brunswick Associates Ltd.*, 507 U.S. 380 (1993). *Pioneer* requires that all relevant circumstances surrounding a party’s omission be taken into account when determining whether a party’s neglect is excusable. According to

Pioneer, those circumstances include “[1] the danger of prejudice to the [non-moving party], [2] the length of the delay and its potential impact on judicial proceedings, [3] the reason for the delay, including whether it was within the reasonable control of the movant, and [4] whether the movant acted in good faith.” *Id.* at 395.

The Federal Circuit noted that the Board had previously applied the *Pioneer* test in *Pumpkin Ltd. v. The Seed Corps*, 43 U.S.P.Q.2d 1582 (1997). Relying heavily on the third factor of the *Pioneer* test, the Board in *Pumpkin* denied a motion to reopen the testimony period, finding a docketing error wholly within the control of the movant. Similarly emphasizing the third factor of the *Pioneer* test, the Federal Circuit held that FirstHealth’s reasons for delay, including a docketing error and an attorney’s absence due to family matters, were wholly within FirstHealth’s reasonable control. Citing *HKG Industries, Inc. v. Perma-Pipe, Inc.*, 49 U.S.P.Q.2d 1156 (1998), the Federal Circuit observed that other authorized individuals in the firm could have assumed responsibility for the case. Noting that the Board’s finding was consistent with its prior practice, e.g., as in *Pumpkin*, the Court affirmed the Board’s denial to reopen the testimony period for FirstHealth.

Second, the Federal Circuit held that the Board did not err in dismissing FirstHealth’s counterclaim for cancellation of CareFirst’s trademark. The Federal Circuit rejected FirstHealth’s argument that even without the testimony evidence, the facts of record alone proved FirstHealth’s cancellation claims. The Court emphasized that the burden of proving abandonment is by a preponderance of the evidence, and that burden falls upon FirstHealth. Without the excluded evidence, the Court found that FirstHealth failed to show uncontrolled licensing or failure to use, thereby affirming the Board’s decision.

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

- On March 22, 2007, Amgen, Inc. (“Amgen”) filed a petition for writ of certiorari in *Amgen, Inc. v. Hoechst Marion Roussel, Inc.*, No. 06A739, appealing the Federal Circuit’s decision in *Amgen, Inc. v. Hoechst Marion Roussel, Inc.*, 469 F.3d 1036 (Fed. Cir. 2006). Amgen is seeking review of whether the Federal Circuit should give deference to findings made by the district court during claim construction pursuant to the *Markman* rule.

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Last Month at the Federal Circuit



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