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July 2010

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[Appealed from D. Mass., Judge Gorton]

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Abbreviations

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

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Claim Term Can Have Different Meanings in Different Claims When Used Inconsistently in Respective Embodiments in Specification

Timothy P. McAnulty

Judges: Lourie (author), Gajarsa, Moore
[Appealed from D. Mass., Judge Gorton]

In *Haemonetics Corp. v. Baxter Healthcare Corp.*, No. 09-1557 (Fed. Cir. June 2, 2010), the Federal Circuit reversed the district court's claim construction of the term "centrifugal unit" in claim 16 of U.S. Patent No. 6,705,983 ("the '983 patent") and held that the term used in claim 16 means a vessel and a plurality of tubes, irrespective of the meaning of the same term used in claim 1. The Court vacated the district court's grant of JMOL that claim 16 is definite, and vacated the jury's verdict regarding invalidity and infringement.

Haemonetics Corp. ("Haemonetics") and Baxter Healthcare Corp. and Fenwal Inc. (collectively "Fenwal") manufacture and sell centrifuge devices designed to separate red blood cells from human blood by apheresis. In contrast to manual collection, where an individual donates whole blood, apheresis collects red blood cells directly from the donor while returning the remaining blood components back to the donor. The '983 patent describes a centrifugal device comprising a vessel, in which blood components are separated in a separation chamber, and tubing, through which the blood flows in and out of the vessel. The tubing connects the rotating vessel to a nonrotating support structure.

Haemonetics initially brought suit against Fenwal alleging infringement of the '983 patent by Fenwal's ALYX® centrifugal system. After claim construction and SJ motions, Haemonetics limited its allegation of infringement to claim 16 of the '983 patent. Fenwal counterclaimed that claim 16 was invalid as indefinite, anticipated, and obvious.

Claim 16 claims a centrifugal unit comprising a centrifugal component and a plurality of tubes. The body of claim 16 refers back to "the centrifugal unit," further defining its height and radius dimensions. The district court construed the term "centrifugal unit" as used in claim 16 to mean only the vessel, not the vessel and the tubing. The district court relied on claim 16's use of dimensions that are identical to those used in other independent claims that used the term "centrifugal unit" to refer exclusively to the vessel, and not the tubing. The district court reasoned that because the vessel and tubing are always larger than the vessel alone, construing "centrifugal unit" to include the tubing in the context of dimensional limitations would yield an absurdity.

“[W]e do not redraft claims to contradict their plain language in order to avoid a nonsensical result.” Slip op. at 11.

The Court specifically noted that claim 16 unambiguously defines “centrifugal unit” as comprising two structural components: a centrifugal component and a plurality of tubes, and that the body of claim 16 further recites “*the* centrifugal unit,” and not “a centrifugal unit” or “the centrifugal *component*” when defining the height and radius dimensions. Furthermore, the specification of the '983 patent defines “centrifugal unit” in the context of the height and radius dimensions in two different embodiments. One of the embodiments tracks the language of claim 1 and the other embodiment tracks the language of claim 16.

The '983 patent describes the centrifugal unit in both embodiments as having the claimed dimensions. But, when describing the first embodiment, the '983 patent explains that the “centrifugal unit” has a plurality of tubes connected to it. When describing the other embodiment, the '983 patent describes the “centrifugal unit” as including “a centrifugal component *and* a plurality of tubes.” The Court concluded that the patentee’s inconsistent use of identical height and radius dimensions for two different embodiments indicates that the term “centrifugal unit” must have different meanings in the context of different claims. In other words, the description of the two embodiments, each tracking the language of different independent claims, most reasonably supports a construction in which “centrifugal unit” has one meaning in claim 1 and another meaning in claim 16.

The Court recognized that construing “centrifugal unit” in claim 16 to include the tubing may lead to an absurdity in the context of the dimensional limitations. It noted, however, that even so, “we do not redraft claims to contradict their plain language in order to avoid a nonsensical result.” Slip op. at 11. Claim 16 defines “centrifugal unit” to include a plurality of tubes and defines the dimensional limitations of that centrifugal unit. The Court concluded that, although an error may have occurred in drafting claim 16, it is what the patentee claimed and what the public is entitled to rely on.

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Erroneous Claim Construction of the Article “a” Results in Remand of Patent Suit

Hojung Cho

Judges: Radar (author), Lourie, Prost

[Appealed from W.D. Wis., Chief Judge Crabb]

In *Silicon Graphics, Inc. v. ATI Technologies, Inc.*, Nos. 08-1334, -1353 (Fed. Cir. June 4, 2010), the Federal Circuit held that the district court erroneously construed two of three contested claim terms in U.S. Patent No. 6,650,327 (“the ‘327 patent”), vacated the district court’s SJ of noninfringement with respect to claims in which only those two terms appear, and remanded for consideration in light of the correct construction. The Court also found that the district court erred with respect to the effect of a license between Silicon Graphics, Inc. (“Silicon Graphics”) and Microsoft Corp. (“Microsoft License”) on direct infringement. The Court affirmed the district court’s decisions in all other aspects.

Silicon Graphics owns the ‘327 patent, which is directed to a graphics system and process that predominantly operates on a floating point format. ATI Technologies, Inc., ATI Technologies ULC, and Advanced Micro Devices, Inc. (collectively “ATI”) make and sell graphics chips and processors. Because all of the asserted claims of the ‘327 patent require a display (or, in the case of the method claims, drawing the image for display on a display screen), Silicon Graphics asserted that ATI indirectly infringed through its sales of products to computer manufacturers and end-users.

The district court granted SJ of noninfringement of claims 1-6, 9-12, 15, and 16 of the ‘327 patent in favor of ATI. At a jury trial on the validity of the ‘327 patent following the SJ ruling, ATI unsuccessfully challenged the validity of claims 17, 18, 22, and 23. In its order directing entry of the judgment, the district court held that all of ATI’s counterclaims had been addressed, withdrawn, or abandoned, and denied ATI’s motions for JMOL and a new trial on the validity of claims 17, 18, 22, and 23, which ATI appealed. Silicon Graphics cross-appealed aspects of the district court’s claim construction as well as its conclusion that the Microsoft License authorized use of the invention claimed in the ‘327 patent.

On appeal, the Federal Circuit reviewed the district court’s claim construction regarding three challenged terms in the ‘327 patent: “a rasterization process” in claims 1-6, “scan conversion” in claims 1 and 9-16, and “s10e5” in claims 3 and 11. As to the first term, “a rasterization process,” the district court interpreted it to mean a process as a whole operating on a floating point format, and found that ATI’s products did not operate on a floating point format “as a whole.” Silicon Graphics proposed that when the claims refer to “a rasterization process,” they are referring to one of the subsets of rasterization (e.g., scan converting,

color, texture, fog, shading) listed in the specification, and argued that not all of the rasterization processes need to be conducted in floating point format. The Federal Circuit found that Silicon Graphics' proposed construction was supported by the language of the claims in context and the specification. The Court also pointed out that claims 1-6 recite "a rasterization process which operates on a floating point format . . .," not "*the* rasterization process." According to the Court, the use of the indefinite article "a" in the claim, when coupled with the list of processes provided in the specification, makes it clear that the claims' references to "a rasterization process" means "one or more rasterization processes." Slip op. at 11. Accordingly, the Court held that the district court erred in concluding that the claims require rasterization to occur entirely with floating point values.

"A construing court's reliance on the specification must not go so far as to 'import limitations into claims from examples or embodiments appearing only in a patent's written description . . . unless the specification makes clear that the patentee . . . intends for the claims and the embodiments in the specification to be strictly coextensive.'" Slip op. at 15.

Considering the second term, "scan conversion," the Court found that the specification supported the district court's construction that the claims require "scan conversion" to be on an entirely floating point basis. The Court explained that the "general language in the specification permitting some operations to be done in fixed point does not work to contradict the specific language that requires scan conversion in floating point." *Id.* at 13. The Court also took the exemplary statement from the "Summary of Invention" section of the '327 patent, which states both that "all color values exist as floating point format" and "scan conversion is handled entirely on a floating point basis."

Turning to the third term, "s10e5," the Court rejected the district court's construction. The Court found that the specification statement relied on by the district court was given as a part of one embodiment of the invention. The Court explained that a court's reliance on the specification must not go so far as to import limitations into claims from examples or embodiments unless the specification makes clear that the patentee intended for the claims and the embodiments in the specification to be strictly coextensive. Reviewing the Abstract and the Summary of the Invention of the '327 patent, the Court found that the specification did not suggest that the patentee intended to make that embodiment of s10e5 coextensive with the claims. The Court also noted that "[t]hose more general statements trump the definition found in the embodiment on which the district court relied." *Id.* at 16.

After analyzing the district court's claim constructions, the Federal Circuit affirmed the district court's SJ ruling of noninfringement with respect to those claims that contain the term "scan conversion" (claims 1, 9-12, 15, and 16). In evaluating the Microsoft License only with respect to apparatus claims 2 through 6 of the '327 patent, the Court found that the district court erred in enforcing the contract at the SJ stage because it relied on an erroneous assumption of what constitutes infringement of an apparatus claim. According to the Court, where a product includes the structural means for performing a claimed function, it can still infringe "separate and apart" from the operating system that is needed to use the product. The Court reasoned that even if the products cannot rasterize or store absent an operating system, they may include a rasterization circuit and a frame buffer for doing so. In that case, they infringe separate and apart from the operating system. The Court thus vacated the SJ ruling of noninfringement based on the Microsoft License and remanded for the district court to determine whether any genuine issues of material fact would allow ATI to continue to rely on the Microsoft License at trial.

Next, in reviewing the district court's denial of a motion for JMOL of invalidity, the Court found that the district court correctly upheld the jury's finding of no anticipation because sufficient evidence provided at trial supported the jury's verdict. Further, applying the Seventh Circuit law in reviewing the district court's denial of a motion for a new trial, the Court examined the propriety of the district court's resolution of an order-of-steps question. Although the Court noted that "[a]n erroneous instruction on claim interpretation that affects the jury's decision on anticipation is grounds for a new trial," *id.* at 28 (quoting *Seachange Int'l, Inc. v. C-Cor Inc.*, 413 F.3d 1361, 1381 (Fed. Cir. 2005)), the Court found that ATI failed to show prejudice to its position from the jury instructions. Instead, ATI only argued that it was prejudiced by Silicon Graphics' attorney argument. Thus, the Court affirmed the district court's denial of JMOL.

Finally, the Court evaluated whether ATI abandoned its invalidity claims raised in its counterclaims but not pursued at trial. The Court found that the district court appropriately characterized ATI's jurisdictional arguments as addressing its invalidity counterclaims as a whole. The Court further noted that it is a claimant's burden to keep the district court clearly apprised of what parts of its claim it wishes to pursue and which parts, if any, it wishes to reserve.

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Court Reverses SJ of Invalidity and Orders Assignment to New Judge

Beth Z. Shaw

Judges: Lourie, Linn (author), Moore
[Appealed from C.D. Cal., Judge Real]

In *TriMed, Inc. v. Stryker Corp.*, No. 09-1423 (Fed. Cir. June 9, 2010), the Federal Circuit held that a district court judge improperly resolved genuine issues of material fact on SJ, and reversed and remanded with an instruction to reassign the case to a different judge.

TriMed, Incorporated (“TriMed”) is the owner of U.S. Patent No. 5,931,839 (“the ‘839 patent”), which covers an implantable device used to set bone fractures. TriMed initiated the underlying action against Stryker Corporation (“Stryker”), asserting that a wrist fixation device manufactured and sold by Stryker infringed certain claims of the ‘839 patent.

In a previous appeal, the Federal Circuit reversed and remanded the district court’s grant of Stryker’s motion for SJ of noninfringement. In that grant of SJ, the district court judge had simply signed Stryker’s proposed statement of law and facts. On remand, Stryker again moved for SJ—this time for invalidity based on several prior art references. In response, TriMed filed a memorandum contesting nearly every aspect of Stryker’s motion for SJ. The district court granted SJ of invalidity in favor of Stryker and again simply signed Stryker’s proposed statement of law and facts without any changes other than crossing out the anticipation section.

On appeal, TriMed argued that the district court improperly resolved a number of material factual disputes in favor of Stryker, including whether the prior art references anticipated the claims. TriMed further contended that the district court ignored its evidence of secondary considerations of nonobviousness. TriMed also contended that the district court improperly characterized its claimed subject matter as a common-sense, predictable combination of known elements.

“Merely saying that an invention is a logical, common[-]sense solution to a known problem does not make it so.” Slip op. at 15.

Quoting *KSR*, the Court held that SJ of obviousness is appropriate if “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.” Slip op. at 11 (quoting *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 427 (2007)). The Court held that many factual questions are in dispute. For instance, the parties dispute what the asserted prior art teaches, and whether the claimed invention achieves predictable results and uses prior art elements according to their established functions.

Although reliance on common sense does not require a specific evidentiary basis, the Court held, “on summary judgment, to invoke ‘common sense’ or any other basis for extrapolating from prior art to a conclusion of obviousness, a district court must articulate its reasoning with sufficient clarity for review.” *Id.* at 14 (quoting *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1330 (Fed. Cir. 2009)). In this case, the Court held, neither the record nor the order of the district court explains why one of ordinary skill in the art at the time of the invention would have found replacing a cast normally used to stabilize a pin with a subcutaneous metal plate to be a logical, common-sense solution to the problem of pin migration.

The Court held that the record also fails to explain why the district court summarily dismissed the evidence of secondary considerations of nonobviousness submitted by TriMed. The Court emphasized that evidence of secondary considerations must be considered, if present. According to the Court, SJ was inappropriate because there are genuine issues of material fact and because the record fails to provide a reasoned basis for the district court’s decision.

Finally, the Federal Circuit concluded that reassignment to a different district court judge was necessary to preserve the appearance of justice. The Court noted that the district court has now been reversed twice after entering SJ against TriMed, in both instances simply signing Stryker’s proposed statement of law and facts relevant to the decided issues, which is a disfavored practice in the Ninth Circuit.

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Mere Knowledge of False Marking Insufficient to Irrebuttably Prove Intent to Deceive Under 35 U.S.C. § 292

Kay H. Hill

Judges: Rader, Lourie (author), Gajarsa
[Appealed from E.D. Va., Judge Brinkema]

In *Pequignot v. Solo Cup Co.*, No. 09-1547 (Fed. Cir. June 10, 2010), the Federal Circuit affirmed the district court's grant of SJ because Matthew A. Pequignot could not show that Solo Cup Company ("Solo") had the requisite intent to falsely mark its products. The Federal Circuit held that articles marked with expired patent numbers are "unpatented" under 35 U.S.C. § 292, and mere knowledge that a patent marking is false is insufficient to prove intent under § 292 if a party can prove that it did not consciously desire that the public be deceived.

Solo, a manufacturer of disposable tableware, owned U.S. Patent Re. 28,797 ("the '797 patent") and U.S. Patent No. 4,589,569 ("the '569 patent"). The '797 patent covered a plastic cold drink cup lid and issued in 1976; the '569 patent covered a plastic hot drink cup lid and issued in 1986. Solo uses thermoforming stamping machines that contain "mold cavities" to produce cup lids and, after the '569 patent and the '797 patent issued, Solo added the patent numbers to the mold cavities so that each cup lid would be marked with the appropriate patent number. The molds can last fifteen to twenty years and sometimes longer.

Under § 292, "[w]hoever marks upon . . . in connection with any unpatented article, the word 'patent' or any word or number importing that the same is patented, for the purpose of deceiving the public; . . . [s]hall be fined not more than \$500 for every such offense." The statute provides for *qui tam* actions, meaning that any person may sue for the penalty, in which case the person suing receives half of any recovered fines and the government receives the other half.

The '797 patent expired in 1988, and in June 2000, Solo became aware that it was marking its products with an expired patent number. Outside IP counsel advised Solo to remove the number, if possible, but if not, Solo should not further use any unintentional falsity in its product literature. As a result of this advice, Solo developed a new policy: when mold cavities needed to be replaced due to wear or damage, the new molds would not include the expired patent number. Solo indicated to its attorneys that a wholesale replacement of the molds would be costly and burdensome, and Solo's attorneys concluded that Solo's policy was permissible under § 292. When the '569 patent expired in 2003, Solo adopted the same

policy for the markings of the expired '569 patent number.

In 2004, out of concern that Solo was not providing adequate notice under the patent-marking statute, 35 U.S.C. § 287, Solo's outside counsel advised Solo to include on its packaging the following language: "This product may be covered by one or more U.S. or foreign pending or issued patents. For details, contact www.solocup.com." Following this advice, Solo added the "may be covered" language on packaging used for both patented and unpatented products.

In September 2007, patent attorney Pequignot brought a *qui tam* action under § 292, alleging that Solo had (1) falsely marked its products with the '797 and '569 patent numbers despite knowing that the patents were expired, and (2) falsely marked its packages with the "may be covered" language despite knowing that the products were not covered by any pending or issued patents. Pequignot accused Solo of falsely marking over 21 billion cup lids and sought an award of \$500 per article.

The district court found Solo did not have the requisite intent to deceive and granted SJ to Solo. The district court also granted SJ to Solo on the meaning of the term "offense" in § 292, finding Solo had committed at most three "offenses": two when it decided not to immediately stop marking the lids when each patent expired, and one when it decided to add the "may be covered" language to its packaging. Pequignot appealed.

On appeal, Solo argued that the legislative history of § 292 supports an interpretation of "unpatented article[s]" that excludes products previously covered by a patent that has since expired. The Federal Circuit rejected this argument, noting that the legislative history of a statute need not be consulted when the statute is unambiguous. Reasoning that an article that was once protected by a now-expired patent is no different from an article that has never received patent protection, the Federal Circuit agreed with Pequignot that products marked with expired patent numbers are "unpatented" under the statute.

“[M]ere knowledge that a marking is false is insufficient to prove intent if Solo can prove that it did not consciously desire the result that the public be deceived.” Slip op. at 13.

Addressing intent, the Federal Circuit agreed with the district court's conclusion that, under *Clontech Laboratories, Inc. v. Invitrogen Corp.*, 406 F.3d 1347 (Fed. Cir. 2005), the combination of a false statement and knowledge of the falsity merely creates a rebuttable presumption of intent to deceive rather than irrebuttably proving intent outright. The Court explained that the bar for proving deceptive intent is particularly high since the false-marking statute is a criminal one, despite being punishable with only a civil fine. Further, the Court noted that the statute specifically requires that the false marker act "for the purpose of deceiving the public," not with mere knowledge of falsity, and under *United States v. Bailey*, 444 U.S. 394, 404 (1980), a person who causes a particular result is said to act purposefully if he "consciously desires" that result. Thus, the Federal Circuit held that "mere knowledge that a marking is false is insufficient to prove intent if [a party] can prove that it did not consciously desire the result that the public be deceived." Slip op. at 13.

Next, the Federal Circuit concluded that Solo had successfully rebutted the presumption with respect to the expired markings. According to the Federal Circuit, because intent to deceive need only be shown by a preponderance of the evidence, a higher burden should not be required for rebutting the presumption, and, thus, Solo needed to show by a preponderance of the evidence that it did not have the requisite

intent. The Court noted that the *Clontech* presumption of intent is weaker when the false markings are expired patents that previously covered the marked products. The Federal Circuit agreed with the district court that Solo's actions in connection with the expired patent markings were not for the purpose of deceiving the public, but in good-faith reliance on the advice of counsel and out of a desire to reduce costs and business disruption. The Court rejected Pequignot's argument that good-faith reliance on advice of counsel cannot excuse liability, and noted Solo's implementation of its mold-replacement policy.

“Solo’s leaving the expired patent numbers on its products after the patents had expired, even knowingly, does not show a ‘purpose of deceiving the public.’” Slip op. at 15.

The Federal Circuit also found Solo rebutted the presumption of intent to deceive in connection with the “may be covered” language. The Federal Circuit reasoned that the language was truthful and provided a way for the consumer to verify if products were covered by a patent. The Court also noted that the language would not deceive the public into believing the products were definitely covered by a patent, that Solo had added the language based on reasonable advice of counsel, and that the language was added to all packaging for logistical and financial reasons.

Regarding Pequignot's appeal of the interpretation of “offense,” the Court noted its recent holding in *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009), that every falsely marked product constitutes an “offense” under § 292. However, the Court vacated the district court's determination on the meaning of the term “offense” as moot.

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When Based upon Conduct Pertaining to Inventorship, Attorney Fees May Be Awarded Without Determining Inventorship

Mai-Trang D. Dang

Judges: Rader (concurring), Archer, Gajarsa (author)

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

In *Advanced Magnetic Closures, Inc. v. Rome Fastener Corp.*, Nos. 09-1102, -1118 (Fed. Cir. June 11, 2010), the Federal Circuit affirmed the district court's holding that U.S. Patent No. 5,572,773 ("the '773 patent") is unenforceable due to the patentee's inequitable conduct before the PTO. The panel also affirmed the district court's award of attorney fees and costs under 35 U.S.C. § 285, but reversed the district court's sanction against one of Advanced Magnetic Closures, Inc.'s ("AMC") attorneys under 28 U.S.C. § 1927.

AMC owns the '773 patent, which discloses a magnetic snap fastener with a small hole through the center rivet that purportedly increases the magnetic attraction between the two halves of the fastener, according to claim 1. AMC's president, Irving Bauer, is the sole named inventor on the '773 patent, but his former employee, Robert Riceman, testified that he invented the claimed fastener. At his deposition, Mr. Riceman testified that Mr. Bauer did not list Mr. Riceman on the '773 patent in order to avoid the terms of a consulting agreement that would have caused the patent to be assigned to another former employer of Mr. Riceman, Mitchell Medina.

To rebut Mr. Riceman's claims, AMC submitted several documents into evidence that were later shown to be falsified or misleading. AMC submitted a 1993 invoice for an order of fastener prototypes, an invoice for the law firm that prosecuted the '773 patent, and copies of Mr. Bauer's sketches of the invention, which AMC submitted as "a copy of the copy of the original sketch," slip op. at 9, restating Mr. Bauer's original notations. Mr. Bauer testified that he created the enhanced copies in 2004. AMC also submitted an expert report in support of its infringement claim, opining that the rivets in the accused products increase the magnetic attraction, as required by the claim. The infringement expert cited the results of a "finite element analysis" test that measured magnetic flux with and without the hole in the rivets. The expert concluded that the test results showed that the holes in the rivets increase the magnetic attraction of the fastener. But after further discovery, it became clear that (1) the expert never performed the test, and (2) the person who did perform the test sent the expert test results that directly contradicted the expert report. AMC eventually withdrew the expert's report, citing "irreconcilable differences."

After it heard AMC's case-in-chief, the district court granted Rome Fastener Corp.'s ("Rome") JMOL motion on noninfringement. It then granted attorney fees based on litigation misconduct and inequitable misconduct for fraudulently listing Mr. Bauer as the inventor of the '773 patent. The district court also sanctioned AMC's attorneys for a portion of Rome's attorney fees under § 1927. AMC appealed the district court's finding that the '773 patent was unenforceable due to inequitable conduct and that this was an exceptional case under § 285. AMC, however, did not argue that the award of attorney fees due to litigation misconduct was improper.

On appeal, AMC asserted that the district court improperly awarded attorney fees to Rome without first deciding inventorship under § 102(f). AMC first argued that, because Rome withdrew a counterclaim pertaining to § 102(f), the district court did not have jurisdiction to address inequitable conduct based on underlying inventorship issues. The Federal Circuit held that, because district courts retain jurisdiction to address the issue of inequitable conduct under § 285 even after a party has dismissed its counterclaims, the district court properly addressed inequitable conduct even after Rome withdrew its counterclaim pertaining to inventorship under § 102(f). The Court next addressed AMC's due process argument based on a similar theory. The Court held that although AMC characterized the issue as one of the district court's failure to grant AMC a fair hearing on inventorship, what the district court actually addressed was Rome's motion for attorney fees under § 285. AMC had ample opportunity to respond, reasoned the Court, as evidenced by its own participation in the briefing and hearing on attorney fees in the district court, during which AMC actually discussed inventorship to rebut Rome's claim of inequitable conduct. The Court also observed that AMC addressed inventorship when it moved for SJ against Rome's "unclean hands" and § 102(f) defenses before trial.

"If district courts do not abuse their discretion in holding patents unenforceable when true inventors deliberately exclude co-inventors, a district court can, a fortiori, exercise its discretion to hold a patent unenforceable when a person falsely swears that he invented a device before the PTO." Slip op. at 23.

Next, the Federal Circuit dismissed AMC's argument that inequitable conduct based upon a false oath of inventorship necessarily requires a determination of inventorship first. The Court cited a case in which it held that a patent was unenforceable as to an "innocent" coinventor due to the inequitable conduct of the remaining inventors who deliberately excluded him. *Frank's Casing Crew & Rental Tools, Inc. v. PMR Techs., Ltd.*, 292 F.3d 1363, 1376-77 (Fed. Cir. 2002). The Federal Circuit in *Frank's Casing* affirmed the unenforceability of the patent, then remanded the case to the district court for determining correct inventorship. As in *Frank's Casing*, the Court held that the district court here had no obligation to resolve inventorship to hold the '773 patent unenforceable.

The Court then addressed the merits of the district court's inequitable conduct finding. It held that the district court properly found highly material the information concealed by the inventor: that he was "not the inventor he claimed to be." Slip op. at 18 (citation omitted). Further, the Court found the district court's determination on intent to deceive the PTO suitably supported by many underlying facts, including Mr. Bauer's contradictory testimony about his own inventorship, his inability to clearly discuss the invention in his testimony, and importantly, his fabricated evidence. It noted as well that, although the district court was required to weigh all evidence in analyzing intent to deceive, it did not commit clear error by failing to explicitly count certain letters as evidence of good faith. The Court also dismissed AMC's other arguments about the district court's findings on intent, acknowledging the district court's

discretion to consider the hearsay testimony of Mr. Riceman during a bench trial. The Federal Circuit observed that the district court, at most, relied on Mr. Riceman's testimony to infer why Mr. Bauer claimed he was the sole inventor—not as a basis for Mr. Bauer's intent to deceive. Although the Court found Mr. Riceman's testimony unreliable, it held the error harmless because AMC's own evidence alone provided a sufficient basis to infer intent to deceive.

The Federal Circuit also upheld the district court's award of attorney fees on the independent ground of AMC's litigation misconduct. The Court first noted that AMC waived its argument on the issue by failing to argue it in its opening brief or even in its reply brief. Further, by acknowledging the litigation misconduct argument in a sentence in its reply brief, AMC demonstrated that it clearly understood the issue.

Finally, the Federal Circuit reversed the district court's award of sanctions against AMC's trial counsel, David Jaroslawicz, under § 1927, finding that the district court did not meet the Second Circuit's requirement of a "high degree of specificity" in its bad-faith analysis. The Court held that the district court implicitly and improperly applied an objective standard to Mr. Jaroslawicz's actions, as evidenced by its statement that he "should have been aware of the deficiency of AMC's patent infringement claim." *Id.* at 26 (emphasis and citation omitted). The Second Circuit requires subjective bad faith of counsel, the Court reasoned, not bad faith relative to a reasonable attorney.

Judge Rader concurred, agreeing that the district court's error was harmless. In Judge Rader's view, however, except in extreme cases, the Federal Circuit should not decide inequitable conduct cases before addressing the issue en banc in the pending appeal of *Therasense, Inc. v. Becton, Dickinson & Co.*, 2010 WL 1655391 (Fed. Cir. Apr. 26, 2010). Judge Rader summarized the issue en banc as whether inequitable conduct should revert to its original application to "rare exceptional cases of egregious fraud that results in the grant of a patent that would not otherwise issue" from what it has become—"a rather automatic assertion in every infringement case." Rader Concurrence at 2.

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Federal Circuit Remands for New Trial on Liability of Individual Defendants After Finding Errors in Jury Instructions

Jin Zhang

Judges: Mayer, Gajarsa, Linn (author)
[Appealed from E.D. Cal., Judge England]

In *Wordtech Systems, Inc. v. Integrated Networks Solutions, Inc.*, No. 09-1454 (Fed. Cir. June 16, 2010), the Federal Circuit reversed the district court's denial of defendants' motion for a new trial and remanded the case for a new trial on liability of individual defendants due to errors in the jury instructions, remanded for a new trial on damages because the damages verdict conflicted with the clear weight of the evidence, and affirmed the denial of defendants' motion for leave to amend their answer to allege invalidity defenses.

Wordtech Systems, Inc. ("Wordtech") sued Integrated Networks Solutions, Inc. ("INSC") and its employees, Nasser Khatemi and Hamid Assadian (collectively "Defendants"), in the Eastern District of California for infringement of U.S. Patent No. 6,141,298 ("the '298 patent"), No. 6,532,198 ("the '198 patent"), and No. 6,822,932 ("the '932 patent"), involving technology for automated duplication of compact discs. The jury found Defendants liable for direct infringement, contributory infringement, and inducement of infringement, and awarded damages. Khatemi and Assadian appealed the liability verdicts against them as individuals; all three Defendants appealed the damages verdict and the district court's denial of their motion for leave to amend their answer to allege invalidity defenses.

The Federal Circuit first addressed the issue of individual liability for infringement. Regarding the direct-infringement issue, Khatemi and Assadian argued that INSC's corporate veil shielded them from direct-infringement liability because they acted as company employees, and INSC was a valid corporation during all periods of alleged infringement. The Federal Circuit noted that patent infringement is a tort, and in general, a corporate officer is personally liable for his tortious acts, just as any individual may be liable for a civil wrong. But the Court also noted that the "corporate veil" shields a company's officers from personal liability for direct infringement that the officers commit in the name of the corporation, unless the corporation is the officers' "alter ego."

On appeal, Wordtech defended the verdict on two grounds. First, Wordtech claimed that INSC did not exist during the alleged infringement because, under Nevada law, INSC permanently forfeited its corporate charter when it neglected to file required annual statements for five consecutive years, and

could not be reinstated. Alternatively, Wordtech contended that even if INSC was a valid corporation, the jury heard substantial evidence that supported piercing INSC's corporate veil. The Court noted that the district court never instructed the jury on INSC's corporate status. Moreover, the Court found neither the jury instructions nor the jury's verdict form mentioned piercing the corporate veil or the Nevada statutory scheme that Wordtech asserted on appeal.

“[T]he jury’s verdict of Khatemi and Assadian’s individual liability, despite the lack of instructions on INSC’s existence or piercing its corporate veil, was plain error that requires a new trial. . . . [F]ailure to instruct the jury was plainly erroneous because “[p]ersonal liability under § 271(a) . . . requires sufficient evidence to justify piercing the corporate veil.” Slip op. at 10.

Because the jury was not instructed about INSC's corporate status, the Court had to determine whether this omission required a new trial. The Federal Circuit reviewed jury instructions under the law of the relevant regional circuit—in this case, the Ninth Circuit. The Court noted that, in the Ninth Circuit, if a party does not object properly to jury instructions at trial, the instructions are reviewable only for plain error. In this case, the Federal Circuit found, the jury's verdict of Khatemi and Assadian's individual liability was plain error that requires a new trial. Although Defendants conceded that they did not object to the jury instructions, the Court nevertheless held that failure to instruct the jury was plainly erroneous because personal liability under § 271(a) requires sufficient evidence to justify piercing the corporate veil.

Because resolution of INSC's corporate status was a legal prerequisite to finding Khatemi and Assadian individually liable, the Court found that the jury instruction omissions were obvious and important, and seriously affected the trial's fairness. The Court held that Wordtech needed to prove either that INSC was not a valid corporation when Khatemi and Assadian committed infringing acts on its behalf, or that INSC's corporate veil should be disregarded under state law. While Wordtech identified evidence that INSC did not exist or served as Defendants' alter ego, the Court held that a correctly instructed jury could have concluded otherwise.

Moreover, the Court noted, the trial record showed that even though the district court ruled that Wordtech waived its arguments about INSC's corporate status, it nonetheless allowed Wordtech to introduce evidence on these issues. The Court concluded that, because the jury instructions were plainly erroneous, the proceedings rested on “a mistake of law” that warrants retrial, and therefore reversed the district court's denial of Defendants' Rule 59(a) motion and remanded for a new trial on Khatemi and Assadian's personal liability for direct infringement.

Defendants also challenged their individual liability for inducement. Khatemi and Assadian claimed that Wordtech produced insufficient evidence of inducement to support the verdict. The Court reviewed their motion for a new trial on inducement, asking whether the verdict conflicted with the clear weight of the evidence or involved a mistake of law. The Court began with the jury's verdict form and found that it included no other inducement questions or instructions that might have mitigated these errors. Moreover, the Court found, the legal test for inducement was never presented to the jury.

“Running-royalty agreements can be relevant to lump-sum damages, but ‘some basis for comparison must exist in the evidence presented to the jury.’” Slip op. at 22 (quoting *Lucent Techs. v. Gateway, Inc.*, 580 F.3d 1301,

1308 (Fed. Cir. 2009)).

Wordtech argued that the instructions did not mislead the jury because the jury received proper instructions on willful infringement and, in fact, found willfulness. But the Court held that the legal standards for willfulness and inducement, such as the requisite intent, are not identical. Therefore, the Court concluded, these mistakes of law precluded legitimate verdicts on inducement.

Khatemi and Assadian also challenged their individual liability for contributory infringement. Wordtech argued that Khatemi and Assadian waived any challenge to the sufficiency of the evidence for contributory infringement by failing to raise it in their preverdict Rule 50(a) motion. Defendants did not refer to contributory infringement in their Rule 50(a) motion, contesting only their individual liability as INSC employees. The Court held that the district court correctly denied Khatemi and Assadian's motion for JMOL on contributory infringement. The Court held, however, that the district court's legal error in presenting the contributory infringement issue to the jury requires a new trial. The Court found a new trial was also required because Wordtech failed to identify proof of elements needed for contributory infringement.

For the foregoing reasons, the Court vacated the liability verdicts against Khatemi and Assadian, reversed the denial of their Rule 59(a) motion on these issues, and remanded the case to the district court to address the issues of piercing INSC's corporate veil and INSC's corporate status, whether Wordtech preserved these arguments for trial, the law governing these issues, and whatever jury instructions might be necessary.

Next, the Court turned to the damages issue. Khatemi, Assadian, and INSC challenged the jury's \$250,000 damages award.

At trial, Wordtech sought only a hypothetically negotiated royalty, and the jury received damages instructions for this theory alone. Wordtech claimed that INSC sold \$950,000 of infringing Robocopiers and asked for at least 12% of the \$950,000—or \$114,000. The Court observed, however, that the \$250,000 verdict equated to a 26.3% royalty on the \$950,000 total alleged sales. Wordtech also relied on testimony from its President, David Miller, and introduced thirteen patent licenses that it previously granted to third parties for rights to some or all of the patents-in-suit. The Court stressed that comparisons of past patent licenses to damages for infringement must account for the technological and economic differences between them.

In this case, the jury awarded the \$250,000 as a lump-sum royalty. Of Wordtech's thirteen licenses, only two were lump-sum agreements. The first licensee paid Wordtech \$175,000; the second, \$350,000. Wordtech argued that \$250,000 is reasonable because it is roughly the average of these two lump-sum fees. But the Federal Circuit found this averaging theory flawed because the two lump-sum licenses provided no basis for comparison with INSC's infringing sales. For example, the Court noted that neither license described how the parties calculated each lump sum, the licensees' intended products, or how many products each licensee expected to produce. The Court further noted that if Wordtech's previous licensee paid \$350,000 to produce one thousand devices, for example, INSC would not have agreed ex ante to pay \$250,000 if it expected to make only fifty-six units. Thus, the Court held that, without additional data, the licenses offered the jury little more than a recitation of royalty numbers.

The Court noted that the remaining eleven licenses, which used running royalties, also failed to support

the verdict. As the Court noted, running-royalty agreements can be relevant to lump-sum damages, but some basis for comparison must exist in the evidence presented to the jury. In this case, the Court found that the remaining licenses revealed no such basis. For example, the Court noted that one license listed per-unit fees of \$100-195 instead of a royalty percentage, and by contrast, the verdict reflected a per-unit fee that exceeds \$4400 (\$250,000 for 56 units). The Court also noted that the other ten licenses stated royalty rates in the range of 3-6% of the licensees' sales—far less than the 26.3% rate that the jury effectively awarded.

Wordtech told the jury that INSC sold \$950,000 of Robocopiers but argued on appeal that INSC's sales totaled at least \$1,278,133 based on "reasonable inferences." The Court found that Wordtech supplied no evidence that explained why its estimated sales abruptly increased by \$328,133. Furthermore, the Court found Wordtech's original \$950,000 figure was itself suspect because Miller, who did not qualify as a damages expert, calculated it by using "the second highest value" from INSC's invoices "as a phantom value." The Court further held that the invoice dates also suggested that the jury incorrectly apportioned damages among the three patents.

Wordtech implied that INSC withheld records of sales, which permitted the jury to infer greater sales. The Court noted, however, that the district court did not find that Defendants withheld or destroyed any documents. The Court concluded that it was impossible for the verdict to fall within the range encompassed by the record as a whole. The Court further found that Wordtech's remaining arguments continued this pattern of guesswork because it provided no damages analysis—only the conclusory statement that the verdict was "supported by the evidence at trial." Because the verdict was clearly not supported by the evidence and was based only on speculation or guesswork, the Court reversed the denial of Defendants' Rule 59(a) motion and remanded for a new trial on damages.

Last, Defendants claimed that the district court erred by denying their motion to amend their answer to allege invalidity affirmative defenses. The Court noted that Defendants filed their motion to amend five months after the scheduling order, three months after the close of discovery, and almost three weeks after it first learned that the San Juan Unified School District intended to settle. Furthermore, the Court noted that INSC retained an expert and secured an invalidity report as early as 2004, and therefore should have known its relevant defenses long before the Rule 16(b) order. Considering all these factors, the Court concluded that the trial court did not abuse its discretion by denying Defendants' motions for leave to amend.

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All Applications in Chain of Priority Must Reference Original Application to Be Entitled to Its Priority Date

Zhenyu Yang

Judges: Bryson, Gajarsa, Moore (author)

[Appealed from W.D. Tex., Judge Yeakel]

In *Encyclopaedia Britannica, Inc. v. Alpine Electronics of America*, Nos. 09-1544, -1545 (Fed. Cir. June 18, 2010), the Federal Circuit held that, to claim priority through a chain of applications, 35 U.S.C. § 120 requires each application in the chain to specifically refer to the prior applications. In this case, because of a broken priority chain, the Court held that the patents-in-suit were not entitled to the earliest priority date as claimed on the face of the patents. Therefore, it affirmed the district court's grant of SJ invalidating the patents under 35 U.S.C. § 102(b).

Encyclopaedia Britannica, Inc. ("Britannica") owns the two patents-in-suit. Both patents-in-suit were filed on June 13, 2005, and both patents claimed priority back to October 26, 1989, through a chain of patents and applications. The only issue on appeal was whether a second application filed on August 31, 1993, was entitled to the priority date of a first application filed on October 26, 1989, the earliest application in the chain.

When filed, the second application was missing the filing fee and the inventors' oath or declaration. Also missing was the entire first page of the specification. The application neither made reference to the earliest application nor claimed priority to any earlier-filed applications. Shortly thereafter, the PTO notified Britannica of the deficiencies of the second application, stating that its filing date would be the date that the PTO received page 1 of the specification unless the applicant established by petition that the application was complete without page 1.

"The applicants allowed the '955 application to go abandoned even after being informed by the PTO of its infirmities. It makes no sense to allow the applicant to rewrite history and resurrect the '955 application's priority claim." Slip op. at 12.

Britannica then filed a petition asserting that the missing page was not necessary to understand the

subject matter claimed. The PTO rejected Britannica's petition because of its failure to include the required oath or declaration from the inventors. Although the PTO dismissed the petition, it indicated that the second application without page 1 could receive the filing date of August 31, 1993, if Britannica would file a request for reconsideration and a supporting oath or declaration from the inventors. Britannica did not do so. The PTO later issued a notice of abandonment for the second application.

Before abandoning the second application, Britannica filed a third application claiming priority to the second application and indicating that the second application claimed priority to the earliest application. Later, Britannica filed a fourth application claiming priority to the earliest application through the third application and the second application. The two patents-in-suit claimed priority back to the earliest application through the fourth application and this chain of the priority.

The defendants moved for SJ of invalidity under § 102(b). The district court held that the second application was not entitled to the priority date of the earliest application because it did not contain a specific reference to that application as required by 35 U.S.C. § 120. Consequently, the later patents in the chain, including the patents-in-suit, could not claim the October 26, 1989, priority of the earliest application. Reasoning that the patents-in-suit were anticipated by Britannica's May 16, 1991, published foreign patent application, the district court granted SJ of invalidity.

On appeal, the Federal Circuit affirmed, agreeing with the district court that § 120 requires all applications in a chain of priority, including both the final application and the intermediate applications, to specifically reference the original application. The Court thus found that the second application failed to satisfy the requirements of § 120 because it did not contain a specific reference to the earliest application. Later applications could not cure this defect and restore the priority chain. The Federal Circuit thus held that there was no factual disputes regarding anticipation and affirmed the grant of the SJ of invalidity.

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Contractual Obligation to Perform an Act Is Not Sufficient to Show Performance of Step of Method Claim

Elizabeth D. Ferrill

Judges: Mayer, Clevenger (concurring), Moore (author)

[Appealed from N.D. Iowa, Judge Bennett]

In *Lincoln National Life Insurance Co. v. Transamerica Life Insurance Co.*, Nos. 09-1403, -1491 (Fed. Cir. June 23, 2010), the Federal Circuit reversed the district court's denial of JMOL of noninfringement and remanded for entry of judgment of noninfringement in favor of the defendants.

Lincoln National Life Insurance Company ("Lincoln"), assignee of U.S. Patent No. 7,089,201 ("the '201 patent"), sued Transamerica Life Insurance Company ("Transamerica") for infringement of the '201 patent. The '201 patent relates to computerized methods for administering variable deferred annuities. During the "accumulation phase," the variable deferred annuity owner deposits money into an account controlled by the insurer who invests it. For variable annuities, the overall account value varies according to the performance of those investments. Later, in the "distribution phase," the insurer periodically pays the annuitant from the proceeds of the account. The amount of the payment depends on the current account value and, given sufficiently poor fund performance, the payments could theoretically decrease to zero when the account is exhausted. To mitigate uncertainty related to an exhausted account, insurers offer a guaranteed minimum payment regardless of market activity. Transamerica sells and administers a variable deferred annuity that includes such a minimum payment guarantee rider.

Claim 35 of the '201 patent recites a computerized method by which insurers may administer variable annuity plans with a guaranteed minimum payment feature. The claim requires computerized monitoring of the account's value, determining the amount of each scheduled payment, and, in the last step, "periodically paying the scheduled payment to the owner for the period of benefit payments, *even if the account value is exhausted before all payments have been made.*"

Transamerica filed a complaint seeking DJ of noninfringement and invalidity under 35 U.S.C. §§ 102, 103, and 112, but not § 101. Lincoln, in turn, filed a counterclaim for infringement. The district court construed the last step of claim 35 of the '201 patent to mean "[a]t the regular intervals required by the plan, paying the scheduled payment to the owner for the period of benefit payments, even if the account value is less than the scheduled payment amount or zero before the payments guaranteed under the

plan have been made,” but not to require actual exhaustion of the account value.

Following the Federal Circuit’s decision in *Bilski*, Transamerica filed a motion to amend its complaint to assert a claim under 35 U.S.C. § 101, which the district court denied because it found that Transamerica had not diligently pursued its § 101 claim and thus lacked good cause for untimely asserting it. Following the jury’s verdict that claim 35 of the ’201 patent was infringed and not invalid, the district court denied Transamerica’s motions for JMOL of noninfringement and invalidity.

On appeal, Transamerica argued that it was entitled to JMOL of noninfringement of the asserted claims and that the district court abused its discretion in denying leave to amend its complaint to assert the § 101 claim. Applying Eighth Circuit law, the Federal Circuit engaged in a de novo review of the district court’s denial of JMOL.

Transamerica primarily argued that the district court erred in denying its motion for JMOL of noninfringement because Transamerica does not perform the last step of claim 35 of the ’201 patent for a number of reasons. First, Transamerica asserted that none of its policy owners has ever had an exhausted account and, therefore, that it has never made payments after an “account value is exhausted.” The Federal Circuit agreed with Lincoln that Transamerica’s contention is directly contrary to the district court’s construction of the last step of the claimed method, which does not require actual exhaustion; rather, it recites making a guaranteed payment regardless of the account value. Under the district court’s construction, Lincoln was not required to prove actual exhaustion to establish infringement. Instead, Lincoln was required to prove that Transamerica’s computerized method of administering guaranteed payment riders must necessarily make a scheduled payment in the event of an exhausted account. Because actual exhaustion is not required to infringe the claim, the Federal Circuit concluded that Transamerica’s first argument does not provide any basis for reversing the district court’s denial of JMOL.

“A contractual obligation to perform an act is not performance; indeed, a party could avoid infringement simply by breaching its contract.” Slip op. at 12.

Second, Transamerica asserted that it has not yet implemented a computer system that will make a payment in the event an account becomes exhausted. Lincoln asserted that the evidence was sufficient to support the jury’s verdict, arguing that Transamerica uses multiple computer systems to make a payment that reduces an account’s value to zero (i.e., that exhausts an account). The Federal Circuit noted that the record shows that none of Transamerica’s multiple computerized systems makes a scheduled payment if an account is exhausted. Rather, Transamerica’s computerized system stops making payments when an account becomes exhausted and its Distribution Services department provides a manual check to the policy owner. Given that Transamerica’s computerized system is specifically configured such that it does not make a payment if an account is exhausted, the Federal Circuit concluded that Transamerica does not perform the last step of the claimed method.

Lincoln also argued that Transamerica is contractually obligated to practice the claimed method through its sale of the guaranteed payment riders. The district court instructed the jury that rider sales are “evidence of infringement to the extent that the sale of the riders or annuities *necessarily requires* or *obligates* Transamerica to practice each and every step of the claimed invention.” Slip op. at 11 (citation omitted). Relying on this instruction, Lincoln argued that the guaranteed payment riders require

Transamerica to continue making payments to policy owners even in the event of account exhaustion. Although it was undisputed that the guaranteed payment riders require Transamerica to make payments after an account is exhausted, the Federal Circuit explained the fact that such payment is required does not mean that it must be made by a computerized method. The Federal Circuit specifically pointed out that the claim at issue is not directed to the concept of guaranteed minimum payment variable annuities but to a computerized method of administering the same.

More fundamentally, even if the guaranteed payment riders did obligate Transamerica to perform the claimed method, the Federal Circuit held that such evidence would not be sufficient to establish infringement. The Court emphasized that “a method claim is directly infringed only if each step of the claimed method *is performed*.” *Id.* at 12 (quoting *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1328 (Fed. Cir. 2008)). A contractual obligation to perform an act is not performance; indeed, a party could avoid infringement simply by breaching its contract. To the extent the jury instructions implied that Lincoln could establish direct infringement by relying on the terms of the guaranteed payment riders rather than on Transamerica’s actual performance of the claimed steps, the Federal Circuit held that this instruction was erroneous.

Because it found that the evidence of record did not support the jury’s verdict of infringement, the Federal Circuit reversed the district court’s denial of JMOL of noninfringement and remanded. Because the Federal Circuit reversed the finding of infringement, it concluded there was no longer any case or controversy between these parties and declined to address Transamerica’s argument that the district court abused its discretion in denying Transamerica leave to amend its complaint to assert a claim for invalidity under 35 U.S.C. § 101.

Judge Clevenger concurred with the majority in all respects except whether the district court erred in denying Transamerica’s motion for leave to amend its complaint. In Judge Clevenger’s view, the majority should have reviewed the denial of the motion to amend under the regional circuit standard—here, abuse of discretion. Judge Clevenger concluded that the district court did not abuse its discretion in denying Transamerica’s motion for leave to amend because Transamerica clearly knew of the import of the § 101 issue to its case well before the deadline for amendments passed, yet waited too long to file its motion.

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Spotlight Info

Last month, in *Pequignot v. Solo Cup Co.*, No. 09-1547 (Fed. Cir. June 10, 2010), the Federal Circuit affirmed the decision of the Eastern District of Virginia that Solo Cup Company (“Solo”) was not liable for false marking because it did not exhibit the requisite intent to falsely mark its products. While the Court acknowledged that articles marked with expired patent numbers are, in fact, falsely marked, it concluded that the false marking statute also requires that the marker act “for the purpose of deceiving the public.” Thus, false marking, combined with knowledge of the falsity, merely creates a rebuttable presumption of intent to deceive. In this case, the Federal Circuit held that Solo had rebutted the presumption of intent to deceive by seeking advice of counsel, instituting a policy of replacing worn “marked” cup molds with new “unmarked” molds, and incorporating language that its cups “may be covered” by particular patents. See the full summary in this issue.

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The logo for Finnegan, featuring the word "FINNEGAN" in a large, white, sans-serif font. The letters are superimposed over a background of several dark brown, leather-bound book spines, suggesting a legal or scholarly context.

Last Month at the Federal Circuit

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July 2010

Looking Ahead

On July 7, 2010, in *In re Giacomini*, No. 09-1400 (Fed. Cir. July 7, 2010), the Federal Circuit held that the effective reference date of a U.S. patent claiming priority on a provisional application disclosing the same invention is the filing date of the provisional. The Giacomini appellants unsuccessfully argued that, because under *In re Hilmer*, 359 F.2d 859 (C.C.P.A. 1966), the patent-defeating date of a U.S. patent claiming priority under the Paris Convention is *not* dated back to the priority date, the same result should apply for priority based upon a provisional application. Read the full summary in next month's edition of *Last Month at the Federal Circuit*.

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