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November 2012

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[Appealed from Board]

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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On *Inter Partes* Reexamination, the Board Lacks Jurisdiction to Consider Arguments Based on References Determined by the Director as Not Raising a Substantial New Question of Patentability

Liang Huang

Judges: Rader, Lourie (author), Wallach
[Appealed from Board]

In *Belkin International, Inc. v. Kappos*, No. 12-1090 (Fed. Cir. Oct. 2, 2012), the Federal Circuit affirmed the Board's decision on *inter partes* reexamination that it lacked jurisdiction to consider arguments based on three references that the Director of the PTO ("the Director") had previously determined did not raise substantial new questions of patentability.

Belkin International, Inc. ("Belkin") filed a request for *inter partes* reexamination of U.S. Patent No. 7,035,281 ("the '281 patent"). In the request, Belkin alleged substantial new questions of patentability based on four prior art references. The Director determined that only one of the four references ("Peirce") raised such a question, and ordered reexamination of the '281 patent. Belkin did not petition for review the Director's determination that the other three references did not raise substantial new questions of patentability.

During the reexamination proceeding, the examiner issued an Action Closing Prosecution and a Right of Appeal Notice addressing only Peirce. Belkin appealed to the Board, arguing that the examiner should have made rejections involving the other three references. The Board found that it did not have jurisdiction to decide whether the three references raised substantial new questions of patentability, because the Director's determination to the contrary was statutorily nonappealable under 35 U.S.C. § 312(c). The Board also found that because there had been no final decision on patentability regarding the three references, appeal under 35 U.S.C. § 315(b) and 37 C.F.R. § 41.61 was unavailable. Belkin appealed the Board's decision to the Federal Circuit.

"To allow an otherwise non-appealable decision by the Director to become appealable simply by raising it a second time during the later reexamination would impermissibly circumvent the statutory bar on appeals." Slip op. at 9.

On appeal, the Federal Circuit held that the Board did not err, because issues determined by the Director to not raise substantial new questions of patentability are nonappealable. The Court reasoned that *inter partes* reexamination is a two-step process, and that the statute makes clear that the first step of determining whether there is a substantial new question of patentability is "final and non-appealable." Slip op. at 6 (quoting 35 U.S.C. § 312(c)). "The statutory framework . . . requires that an issue must raise

a 'substantial new' question of patentability, as determined by the Director, with respect to cited prior art before it can be considered during *inter partes* reexamination." *Id.* The Court stated that a requester who disagrees with the Director's determination that certain prior art does not raise a substantial new question of patentability is permitted under 37 C.F.R. § 1.927 only to petition the Director for review.

The Court held that once the Director determined that Peirce raised a substantial new question of patentability, the Director was entitled to order reexamination on the limited issue of answering that question. "Belkin, at that point, could only raise the [other] three references if they were necessary to rebut findings of fact by the examiner or as a response to the patent owner relevant to answering that single patentability question." Slip op. at 8 (citing 37 C.F.R. § 1.948(a)). The Court noted that Belkin did not argue that the three references were cited for such a purpose, and held that the Board was correct not to consider previously raised and rejected issues based on the three references.

The Court disagreed with Belkin's argument that "such a result is inconsistent with the appeals statutes, 35 U.S.C. §§ 134(c) and 315(b), and the regulations such as 37 C.F.R. § 41.61(a)(2)." Slip op. at 8. The Court reasoned that there was no final decision favorable to patentability regarding the issues based on the three references. "To allow an otherwise non-appealable decision by the Director to become appealable simply by raising it a second time during the later reexamination would impermissibly circumvent the statutory bar on appeals." *Id.* at 9.

The Court was also not persuaded by Belkin's argument that it did not petition for review because, based on MPEP § 2648, it believed that the claims would be reexamined in view of all prior art. The Court explained that the MPEP provision does not discuss the preclusive effect of a determination that an issue does not raise a substantial new question of patentability, and noted that the MPEP does not have the force of law. The Court dismissed Belkin's argument that its interpretation was supported by 37 C.F.R. § 1.104, stating that "the 'available prior art' cited by the regulation is only that which the Director has indicated constitutes a substantial new question of patentability." Slip op. at 10.

The Court also found unwarranted Belkin's concerns that once reexamination is granted, the requester must put forward all eligible prior art or be estopped from later asserting the invalidity of any claim found patentable and valid during reexamination under 35 U.S.C. § 315(c). The Court noted that the question of whether the estoppel statute would preclude citation to prior art that the Director had determined did not raise a substantial new question of patentability was not before it. "Suffice it to say here that the courts have the final say on unpatentability of claims, not the PTO." Slip op. at 11. The Court thus affirmed the Board's decision to not consider the issues that the Director found did not raise a substantial new question of patentability.

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For a Geographically Significant Mark, the Origin of the Designer Does Not Establish the Origin of the Goods

Hillary C. Matheson

Judges: Rader, Linn, O'Malley (author)

[Appealed from TTAB]

In *In re Miracle Tuesday, LLC*, No. 11-1373 (Fed. Cir. Oct. 4, 2012), the Federal Circuit affirmed the TTAB's refusal to register the mark JPK PARIS 75 and design because it was primarily geographically deceptively misdescriptive under section 2(e)(3) of the Lanham Act, 15 U.S.C. § 1052(e)(3).

"JPK" are the initials of Jean-Pierre Klifa, who designs handbags and manages Miracle Tuesday, LLC ("Miracle Tuesday"). Mr. Klifa is a French citizen who resides in the United States, although he lived in Paris for approximately twenty-two years until 1986.

Miracle Tuesday applied to register the mark JPK PARIS 75 in connection with various fashion accessories. The examining attorney refused to register the mark on the ground that it was primarily geographically deceptively misdescriptive in relation to those goods, because the primary significance of the mark was Paris, but the goods did not geographically originate from Paris. The TTAB affirmed the examiner's decision.

On appeal, the Federal Circuit held that the mark was primarily geographically deceptively misdescriptive, and thus barred from registration. The Court first noted that a mark falls in this category if (1) the primary significance of the mark is a generally known geographic location; (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place; and (3) the misrepresentation was a material factor in the consumer's decision to purchase the goods. The Court acknowledged that Miracle Tuesday did not challenge the TTAB's finding that the primary significance of the mark was Paris, a well-known center of design and fashion, but instead argued only the second and third elements.

"[T]he relevant inquiry under the statute is whether there is a connection between the goods and Paris – not between the designer and Paris. . . . Given the statutory focus on the geographic origin of the goods, Miracle Tuesday's attempts to shift the inquiry to the historical origin of the designer must fail." Slip op. at 9 (citation omitted).

Addressing the second element, the Federal Circuit held that Miracle Tuesday's goods did not come from the place the public would reasonably believe them to originate. The Court noted that the element

involves two questions: whether there is an association between the goods and the place identified (a goods/place association) and whether the goods come from that place. The Court determined that there was a goods/place association because relevant purchasers were likely to think of Paris as a known source for fashion accessories.

As to whether the goods came from Paris, Miracle Tuesday argued that they did because the designer, Mr. Klifa, has a significant connection with Paris and consumers are more interested in the designer's origin than the origin of the goods themselves. The Federal Circuit acknowledged that goods may be deemed to originate from their place of manufacture, place of design, place where their main component or ingredient comes from, or place where the applicant has its headquarters or research and development facilities. But the Court rejected the argument that the origin of the designer of the goods is sufficient to establish the origin of the goods: "Regardless of whether today's consumers consider and care about the origin of the designer of the goods they purchase, the relevant inquiry under the statute is whether there is a connection between the *goods* and Paris – not between the designer and Paris." Slip op. at 9. The Court concluded that there was no evidence of a current connection between Miracle Tuesday's goods and Paris.

Turning to the third element, the Federal Circuit held that the mark's geographic misrepresentation was a material factor in the buying decision. The Court noted that a prima facie case of materiality requires "some indication that a substantial portion of the relevant consumers would be materially influenced in the decision to purchase the product or service by the geographic meaning of the mark." *Id.* at 10 (quoting *In re Spirits Int'l, N.V.*, 563 F.3d 1347, 1357 (Fed. Cir. 2009)). The Court noted further that the TTAB inferred materiality based on evidence that Paris is famous as a source of the goods in question. Miracle Tuesday argued that the standard for materiality should have been whether the word Paris did in fact deceive the public, relying for support on *In re Les Halles de Paris J.V.*, 334 F.3d 1371 (Fed. Cir. 2003). Rejecting the argument for a heightened standard, the Court explained that *Les Halles de Paris* involved a services mark and that there is a "distinction between the evidence necessary to give rise to an inference of materiality for goods and that necessary to give rise to that same inference for services." Slip op. at 12. The Court concluded that Paris's fame for fashion would create a presumption of materiality in consumers' buying decisions and that Miracle Tuesday had failed to rebut the presumption. The Court accordingly held that the geographic misrepresentation was material and would deceive consumers regarding the source of Miracle Tuesday's goods.

Lastly, the Federal Circuit rejected Miracle Tuesday's argument that the TTAB failed to consider articles Miracle Tuesday submitted regarding consumer purchasing decisions and "country of origin" issues. Acknowledging that the TTAB did not specifically refer to the articles in its decision, the Court noted that their absence did not mean the evidence was not considered. Further, the Court concluded that the TTAB's decision made it clear that the TTAB fully considered Miracle Tuesday's theory of the word "originate," which the articles were meant to support.

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Dedication-Disclosure Rule Requires Disclosing to One of Ordinary Skill That Equivalent Is an Alternative to a Claim Limitation

Theresa M. Weisenberger

**Judges: Prost (author), Reyna (concurring-in-part and dissenting-in-part), Wallach
[Appealed from W.D. Wis., Senior Judge Crabb]**

In *SanDisk Corp. v. Kingston Technology Co.*, No. 11-1346 (Fed. Cir. Oct. 9, 2012), the Federal Circuit reversed two of the district court's claim constructions as improperly narrow. The Court vacated the judgment of noninfringement as to claims containing those terms, but affirmed the judgment of no literal infringement of another claim. The Court also vacated the district court's finding of noninfringement under the DOE and remanded to the district court for further proceedings.

SanDisk Corporation ("SanDisk") owns U.S. Patent Nos. 6,763,424 ("the '424 patent"); 6,757,842 ("the '842 patent"); and 6,149,316 ("the '316 patent"), which are directed to flash memory and, more specifically, to minimizing the wear that results from multiple read/writes of flash memory by identifying pages of data using a combination of logical and physical addressing of the data. A typical flash memory device includes a controller and one or more flash memory chips. Each flash memory chip contains memory cells for storing data. These cells are arranged into pages, and the pages in turn are arranged into blocks. To keep track of data stored in these cells, physical and logical addresses are monitored. SanDisk sued Kingston Technology Co., Inc. and Kingston Technology Corp. (collectively "Kingston") for infringement of five of SanDisk's flash memory patents.

After claim construction, SanDisk voluntarily withdrew its infringement claims based on two patents and withdrew certain claims of the '842 patent. Both parties moved for SJ. The district court granted SanDisk's motion as to SanDisk's claim that Kingston was contributorily infringing claims 20, 24, 28, and 30 of the '424 patent by selling products containing a certain controller. With respect to all remaining asserted claims, the district court found that Kingston was not infringing as a matter of law and ultimately entered judgment in favor of Kingston on those claims. After the district court's SJ order, the parties entered into a Stipulation and Order Dismissing Remaining Claims for Relief ("Stipulation"), whereby SanDisk dismissed without prejudice its remaining infringement claims involving the '424 patent, and Kingston dismissed without prejudice its related invalidity and enforceability counterclaims. SanDisk appealed.

"Whether a person of ordinary skill ultimately could employ the disclosures of the patent to implement a purported equivalent does not amount to actually disclosing to one of ordinary skill that equivalent 'as an alternative to a claim limitation.'" Slip op. at 27 (citing *Pfizer, Inc. v. Teva Pharms. USA, Inc.*, 429 F.3d 1364, 1379 (Fed. Cir. 2005)).

On appeal, the Federal Circuit first concluded that it had no jurisdiction to address SanDisk's claim construction arguments that related only to claims SanDisk had voluntarily dismissed without the parties stipulating to a judgment of noninfringement. Without final judgment by the district court, the Court held that there was no "case or controversy" with respect to these claim terms. Although the parties agreed that the "Stipulation shall not in any way prejudice any parties' [sic] right to appeal this matter," the Court clarified that without any final judgment to support the Court's jurisdiction, the Stipulation cannot, by itself, grant jurisdiction to the Court to address the dismissed claims. Slip op. at 8 (alteration in original) (citation omitted).

The Federal Circuit next concluded that SanDisk had not waived its claim construction arguments for the terms "user data portion" and "overhead data portion" because SanDisk had not raised its arguments in its SJ motion. The Court found that SanDisk had raised the arguments during *Markman* proceedings and need not repeat unsuccessful arguments to the district court during SJ to preserve these issues for appeal. Thus, the Court addressed the claim construction issues of the "at least a user data portion and an overhead portion" limitation, as well as the "recording a relative time of programming" limitation.

The district court construed "recording a relative time of programming" to cover writing a timestamp on each page of memory, but to exclude the Block Recording Method described in the specification of the '424 patent. The Block Recording Method, which does not require a timestamp to be stored on each page, records a single timestamp for each block and updates the timestamp each time a page of data is written into the block. The Court reversed the district court's construction as improperly narrow, finding that, in particular, the claim's use of "relative" was significant, as it "merely requires recording some indication of the order of programming for those pages sharing a logical address." *Id.* at 14. Thus, the Court held that the proper construction of this term includes the Block Recording Method because the claims require only "recording a *relative* time of programming," not a "time of programming."

The Federal Circuit also found improperly narrow the district court's construction of "user data and overhead information," which limited the term to only a single user data and a single overhead portion. The Court found that the district court had improperly relied upon the claim's reference to "*the* user data portion" and "*said* overhead portion" for its construction. The Court reiterated the general rule that the use of the indefinite articles "a" and "an" in patent parlance is open ended, meaning "one or more." Subsequent use of "the" or "said" in a claim to refer back to the same term does not change this general rule. As the facts surrounding SanDisk's patents did not demonstrate any intention otherwise, the Court held that proper construction included multiple user data and/or overhead portions.

The Federal Circuit then affirmed the district court's finding of no literal infringement of claim 79 of the '316 patent, as SanDisk failed to present evidence that read/write components located separate from the controller satisfied the claim's requirement that the controller include such components.

The Court next addressed the district court's application of the disclosure-dedication rule from *Johnson & Johnston Associates, Inc. v. R.E. Service Co.*, 285 F.3d 1046 (Fed. Cir. 2002) (en banc), in finding no infringement of claim 20 of the '424 patent and claim 79 of the '316 patent under the DOE. During SJ proceedings, SanDisk had argued that Kingston infringed under an equivalent to the claim limitation "programming . . . a logical page address" shown in Figure 9 of the '424 patent. The district court held that this proposed equivalent was disclaimed under the disclosure-dedication rule, which finds subject matter that a patent drafter discloses but declines to claim is dedicated to the public, and thus must be excluded from the DOE analysis. But the Federal Circuit clarified that the disclosure-dedication rule does not mean that a generic reference in the specification dedicates all that material to the public. Rather, the disclosure must be one that a person having ordinary skill in the art could identify as the subject matter that had been disclosed and dedicated. Thus, the Court concluded that the disclosure in Figure 9 of the '424 patent of a proposed equivalent to "programming . . . a logical page address" did not satisfy the requirements of the disclosure-dedication rule.

Likewise, the Court found that the dedication-disclosure rule was not satisfied for the “controller” limitation in claim 79 of the ’316 patent. The district court relied upon a document incorporated by reference into the ’316 patent to satisfy this rule. The Court held that to determine whether incorporated subject matter satisfies the dedication-disclosure rule, the asserted patent must inform one of ordinary skill that the incorporated document contains subject matter that is an alternative to a claim limitation. As the ’316 patent did not satisfy the requirement, the Court held that the dedication-disclosure rule did not apply.

In a separate opinion, Judge Reyna dissented from the majority’s construction of “recording a relative time of programming.” Judge Reyna disagreed that “recording a *relative* time of programming’ merely requires recording some indication of the order of programming for those pages sharing a logical address.” Reyna Dissent at 3 (quoting slip op. at 14). Judge Reyna concluded that a time must be recorded and it must be an actual time, not just an indication of order. Judge Reyna explained that, in the majority’s view, because recording new updates in the next available page in the most recent block implicitly encodes the order in which the updates were received, the majority concluded that the claim was met. In Judge Reyna’s view, this construction improperly ignores express limitations of the claims and uses the specification to broaden the patent.

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Causal Nexus Test for Irreparable Harm Requires Plaintiff to Prove That Allegedly Infringing Features Affirmatively Drive Consumer Demand for the Accused Product

*J. Preston Long**

Judges: Prost (author), Moore, Reyna

[Appealed from N.D. Cal., Judge Koh]

In *Apple Inc. v. Samsung Electronics Co.*, No. 12-1507 (Fed. Cir. Oct. 11, 2012), the Federal Circuit held that the district court abused its discretion by entering a preliminary injunction and that it erroneously construed the terms of an asserted claim.

Apple Inc. (“Apple”) filed suit against Samsung Electronics Company, Ltd., Samsung Electronics America, Inc., and Samsung Telecommunications America, LLC (collectively “Samsung”), alleging that Samsung’s Galaxy Nexus smartphone infringes eight patents. The only patent-at-issue in this appeal, however, was U.S. Patent No. 8,086,604 (“the ‘604 patent”). Claim 6 of the ‘604 patent is directed to an apparatus for “unified search” that employs heuristic modules to search multiple data storage locations. Simply put, the claimed device can access information stored in more than one location through a single interface by using a particular search algorithm. When a user inputs a search query to the unified search interface, the claimed device submits it to different heuristic modules, each confined to a predetermined search area. The device then compiles the results, optionally filters them, and displays them to the user. Apple’s search assistant, Siri, for example, employs unified searching.

Apple alleged that the Quick Search Box feature implemented in Samsung’s Galaxy Nexus (through its use of Google’s open-source Android platform) infringes claim 6. Relying on four of the eight patents asserted in its complaint, Apple further moved for a preliminary injunction, requesting an immediate halt to sales of the Galaxy Nexus. Ultimately, the district court issued an injunction based solely on Samsung’s alleged infringement of the ‘604 patent. Samsung moved to stay the injunction pending appeal, but the district court refused. Samsung appealed immediately. Not only did the Federal Circuit grant Samsung a temporary stay of the injunction until resolution of this interlocutory appeal, but it also expedited the proceedings.

“The causal nexus requirement is not satisfied simply because removing an allegedly infringing component would leave a particular feature, application, or device less valued or inoperable.” Slip op. at 10.

Reviewing the district court’s decision de novo, the Federal Circuit first laid out the traditional four factors that a court must weigh when determining whether to grant a preliminary injunction: (1) whether the plaintiff is likely to succeed on the merits; (2) whether the plaintiff is likely to suffer irreparable harm

without such relief; (3) whether the balance of equities favors the plaintiff; and (4) whether an injunction serves the public interest. This appeal focused primarily on what constitutes irreparable harm. Although prior Federal Circuit case law offers little guidance in that regard, it does state that when an accused product incorporates many features—only a small minority of which may infringe—irreparable harm does not alone justify injunctive relief. Rather, such circumstances further require that the harm bears a “sufficiently strong causal nexus” to the alleged infringement. Slip op. at 6.

Here, the Court pointed out that the irreparable harm and causal nexus inquiries are inextricably related, i.e., part of the same inquiry. “The relevant question is not whether there is some causal relationship between the asserted injury and the infringing conduct, but to what extent the harm resulting from selling the accused product can be ascribed to the infringement.” *Id.* at 7-8. In this case, the Court clarified that merely establishing a connection between the alleged harm and infringement does not suffice; rather, the allegedly infringing feature must affirmatively drive consumer demand. The district court, on the other hand, erroneously believed that a sufficient nexus also exists when the patented feature’s absence would suppress consumer demand or render the accused product inoperable.

Because Apple’s evidence of causal nexus was limited, the Federal Circuit held that the district court abused its discretion in granting a preliminary injunction. Apple offered no direct evidence, only minimal circumstantial evidence, mostly relating to the popularity of its Siri application. The panel noted, however, that Samsung’s Galaxy Nexus does not contain anything equivalent to Siri. Moreover, the unified search feature of Siri comprises only a small portion of its functionality. Thus, the mere fact that Samsung’s Quick Search Box also incorporates unified searching does not itself establish a sufficient causal nexus. Nor do any of the other three documents relied on by Apple, which consist primarily of blogger opinion and Android information provided to developers.

Having reversed the district court’s injunction order, the Federal Circuit then addressed part of the district court’s claim construction “in the interest of judicial economy.” *Id.* at 12. Claim 6 recites “a plurality of heuristic modules . . . , wherein: each heuristic module corresponds to a respective area of search and employs a different, predetermined heuristic algorithm.” *Id.* at 3-4 (citation omitted). Apple argued that this language covers a device employing at least two modules using different heuristic algorithms, even if it also employs other heuristic modules not using unique algorithms. Samsung, however, argued that claim 6 requires that every heuristic module use a unique heuristic algorithm. The district court agreed with Apple.

The Federal Circuit concluded that the district court’s reading contravenes the plain language of claim 6. It reasoned that “each” does not modify “plurality of heuristic modules” because the word “each” resides inside the “wherein” clause, not before “plurality of heuristic modules.” The district court erred by simply relying on the Federal Circuit’s construction of similar claim language in an earlier case. By doing so, however, it actually “eliminated the very distinction that [the Federal Circuit] deemed material in [that case],” a mistake that the panel characterized as “at best—incorrect.” *Id.* at 15. The panel found further support for its claim construction in the specification and prosecution history, disagreeing with the district court’s interpretation of that same evidence.

The Federal Circuit remanded the case to the district court for further proceedings.

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Adding Claim Limitations in Response to a Rejection of Closely Related Claims Without Explanation Creates Estoppel Barring Assertion of DOE

James A. Cooke

Judges: Rader (author), Plager, Linn

[Appealed from D. Del., Chief Judge Sleet]

In *Energy Transportation Group, Inc. v. William Demant Holding A/S*, Nos. 11-1487, -1488, -1489 (Fed. Cir. Oct. 12, 2012), the Federal Circuit affirmed the district court's denial of a new trial or relief from judgment after a jury found William Demant Holding A/S, WDH Inc., Oticon Inc., Oticon A/S, Bernafon AG, Bernafon LLC, Widex A/S, and Widex USA, Inc. (collectively "Defendants") infringed U.S. Patent No. 4,731,850 ("the '850 patent"). The Federal Circuit also affirmed the district court's denial of Widex A/S and Widex USA, Inc.'s (collectively "Widex") motion for JMOL of no willful infringement of the '850 patent, and affirmed the district court's calculation of damages awarded to Energy Transportation Group, Inc. ("ETG"). The Federal Circuit further affirmed the district court's judgment of noninfringement of U.S. Patent No. 4,879,749 ("the '749 patent") on the basis that prosecution history estoppel barred the jury's finding of infringement under the DOE.

The patents-in-suit, owned by ETG, are directed to technologies for reducing acoustic feedback in programmable digital hearing aids. ETG filed suit against Defendants, alleging infringement of both the '850 patent and the '749 patent. The district court denied Defendants' motions for JMOL of invalidity for lack of written description and anticipation and no infringement under the DOE for the '850 patent, and a jury determined that Defendants infringed the '850 patent and awarded damages to ETG. The district court also denied Widex's motion for JMOL of no willful infringement of the '850 patent. The district court granted Defendants' motions for JMOL of noninfringement of the '749 patent under the DOE. All parties appealed.

First, the Federal Circuit addressed claim construction of the '850 patent, which recited "a programmable filter," a "programmable delay line filter," or a filter that is "programmed" to reduce acoustic feedback. The district court construed "programmed" to mean "provided with one or more values so as to produce a response," and Defendants asserted that the district court erred by not limiting "programmed" to require that the values in the claimed invention were "externally calculated" or were "fixed" to impart cancellation of acoustic feedback. The Court found that nothing in the '850 patent claims indicates that the plain and ordinary meaning of "programmed" should be limited to external or fixed programming, and further, that the specification does not envision a filter with permanently "fixed" coefficients. Therefore, the Court affirmed the district court's construction of the asserted claims.

"ETG has not overcome the presumption that the narrowing amendment was made to secure the patent[,] . . . [as the] prosecution history in this case

shows that the claim limitation at issue was added in response to a rejection of closely related claims, and provides no other explanation for the limitation.” Slip op. at 27 (citation omitted).

Turning to the district court’s denial of Defendants’ motions for JMOL of invalidity of the ’850 patent, on lack of written description, the Court noted that the trial record contained substantial evidence from which the jury could conclude that the ’850 patent conveyed to one skilled in the art that the inventors were in possession of a programmable hearing aid that could use adaptive filtering for feedback cancellation at the time of filing. On anticipation, the Court noted that the jury assessed the credibility of both sides’ experts, and was entitled to credit the testimony of ETG’s expert that the reference in question did not disclose a substantial reduction of feedback, as required by the claim. Thus, the Court affirmed the district court’s denial of Defendants’ motion for JMOL of invalidity.

Next, the Court considered whether the district court erred in denying Defendants’ motions for JMOL of no infringement under the DOE. The Court agreed with the district court’s finding that the jury had substantial evidence from which to conclude that Defendants’ products met each of the disputed claim limitations of the ’850 patent, either literally or under the DOE. Further, the Court observed that while improvements in technology allowed Defendants’ products to constantly recalculate filter coefficients using electronics located on the hearing aid, the accused devices nonetheless performed the same function in substantially the same way, with substantially the same result claimed by the ’850 patent. Thus, because Defendants also failed to demonstrate that the asserted range of equivalents would read on the prior art, the Court affirmed the district court’s denial of Defendants’ motions for JMOL of no infringement under the DOE.

Then the Court noted that Widex appealed the district court’s denial of JMOL of no willful infringement. But the Court further noted that ETG did not appeal the district court’s denial of ETG’s motions for enhanced damages and for attorneys’ fees due to Widex’s willful infringement of the ’850 patent. As no consequences flowed from the district court’s decision, the Court declined to address the issue of Widex’s willful infringement of the ’850 patent.

The Court also examined the damages awarded to ETG due to Defendants’ infringement of the ’850 patent. On appeal, Defendants challenged the district court’s admission of the report from the German Federal Cartel Office (“Cartel Report”) under Federal Rule of Evidence 403, arguing that the report’s conclusions regarding the oligopolistic nature of the hearing aid market were unduly prejudicial. The Court found that ETG relied on the facts presented in the Cartel Report regarding the hearing aid market and industry structure, and not the legal conclusion that the market was an oligopoly, to argue for damages at a higher royalty rate than that suggested by Defendants. Thus, the Court held that Defendants had not shown that the district court had acted irrationally or arbitrarily in finding that the probative value of the Cartel Report outweighed any potential prejudice.

Defendants also sought a new trial on damages because ETG’s expert used the 25 percent rule of thumb in his analysis of a reasonable royalty rate. Because the jury adopted neither expert’s damages analysis wholesale, but awarded lump-sum damages that equated to effective royalty rates in the range of 4-5 percent, the Court concluded that Defendants did not demonstrate that the damages award was outrageous or grossly excessive and that the district court did not err in denying a new trial.

The Court also addressed Defendants’ challenge to the amount of the damages awarded to ETG, which Defendants asserted was calculated on a royalty base that included sales under the ’749 patent. Although the district court granted Defendants’ motion for JMOL of noninfringement of the ’749 patent, Defendants never requested reconsideration of the damages award, and the Court noted that it will not consider arguments raised for the first time on appeal. Moreover, even if Defendants had not waived this argument, the Court noted that it cannot “correct” a damages figure by extrapolating a royalty rate from the jury’s lump-sum damages award and multiplying that royalty rate by a revised sales base. Moreover,

the Court held that the district court did not abuse its discretion in this case by following the standard rule of awarding prejudgment interest.

The Court also addressed the district court's grant of Defendants' motions for JMOL of noninfringement for the '749 patent under the DOE. Upon review of the prosecution history of the '749 patent, the Court observed that ETG narrowed the claimed method of cancelling feedback from one requiring only modifying frequency gain and unspecified "feedback characteristics" to one specifically requiring measurement of phase and amplitude. The Court found that ETG had not overcome the presumption that the narrowing amendment was made to secure the '749 patent, as the prosecution history showed that the claim limitation at issue was added in response to a rejection of closely related claims, and provided no other explanation for the limitation. Moreover, the Court noted that the difference between the phrase "determining the effect of phase and amplitude" and "measuring phase and amplitude" was "clearly foreseeable," as ETG used the "determining" language in the '850 patent. Slip op. at 28. Thus, the Court affirmed the district court's application of prosecution history estoppel to bar the assertion of infringement under the DOE by the accused devices.

Accordingly, the Court affirmed the district court's decisions in all respects.

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November 2012

SJ of Noninfringement of Global Paging System Patent Affirmed-in-Part and Reversed-in-Part

Ian Y. Liu

Judges: Bryson (author), Prost, Reyna
[Appealed from D. Md., Judge Williams]

In *Technology Patents LLC v. T-Mobile (UK) Ltd.*, No. 11-1581 (Fed. Cir. Oct. 17, 2012), the Federal Circuit affirmed-in-part and vacated and remanded-in-part the district court's SJ of noninfringement of U.S. Patent No. RE39,870 ("the '870 patent") by the software provider defendants. The Court also declined to reinstate Technology Patents LLC's ("TPL") claims against the domestic carrier and foreign carrier defendants.

TPL sued more than 100 domestic carriers, software providers, and foreign carriers for infringing the '870 patent, directed to a "global paging system utilizing a land-based packet-switched digital data network (e.g. the Internet) and a feature for permitting subscribers to remotely designate countries in which they are, or expect to be, located." Slip op. at 13. The district court dismissed the case against the foreign carriers for lack of personal jurisdiction and granted SJ of noninfringement by the domestic carriers and the software providers. TPL appealed.

"TPL's argument that the order need not be determined by the receiving user ignores a substantial amount of intrinsic evidence and the very purpose of the claimed invention." Slip op. at 21.

On appeal, the Federal Circuit first confirmed the district court's constructions of the three claim terms the Court deemed relevant to the SJ orders. First, the Court affirmed the district court's construction of "receiving user" to mean "a person or party." The Court disagreed with TPL's assertion that the term instead means "the combination of the person and the handset," stating that the text of the '870 patent makes clear that the term does not refer to a person-pager combination. Second, the Court affirmed the district court's construction of "initiates paging operations in another country in a predetermined order," disagreeing with TPL's argument that the ordered list need not be "created by the receiving user." "TPL's argument that the order need not be determined by the receiving user ignores a substantial amount of intrinsic evidence and the very purpose of the claimed invention," namely, allowing users to be paged only in countries that they selected. *Id.* at 21. Third, the Court affirmed the district court's construction of "designated" to mean that the receiving user designates a second country. Because the Court determined that the receiving user is a person, it held that the designation must be done by a person.

Regarding SJ, the Court held that the district court correctly found that TPL's theory of infringement failed

with respect to three claim limitations: (1) the accused products do not enable a receiving user to designate a country, only to select a carrier; (2) the accused products do not enable the receiving user to create an ordered list; and (3) the accused products do not determine if the second country is currently designated by the receiving user. The Court thus affirmed SJ of noninfringement by the domestic carriers, and by the software providers as to claims containing one or more of the limitations.

The Court then turned to the claims asserted against the software providers that did not contain any of the three limitations. The Court disagreed with the district court's conclusion that these claims presented an issue of joint or divided infringement because they did not require performance by multiple actors. The Court thus vacated and remanded the SJ with respect to those claims, stating that "[o]n remand, the court should consider whether TPL has produced sufficient evidence to create a genuine dispute as to any material fact with respect to infringement of those claims." *Id.* at 36. "Moreover, unless the software providers are barred from raising the argument at the district court for some reason, the district court may also consider the software providers' argument that 'TPL has no evidence that Clickatell and Yahoo!'s users designate the country in which [the] receiving user [i.e., Cellular Customer] is to be paged,'" which was raised for the first time on appeal. *Id.* at 37 (alterations in original).

The Federal Circuit then held that it need not decide whether the district court was correct in dismissing the case against the foreign carriers for lack of personal jurisdiction, because its ruling sustaining the district court's decision in favor of the domestic carriers "doom[ed]" TPL's claim of infringement against the foreign carriers as well. *Id.* at 39.

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Appeal from Board's Improper Application of Means-Plus-Function Claim Construction Spurs Call for En Banc Decision on Proper Standard of Review

Amanda L. Lutz*

Judges: Newman (additional views), Plager (author and additional views), Wallach
[Appealed from Board]

In *Flo Healthcare Solutions, LLC v. Kappos*, No. 11-1476 (Fed. Cir. Oct. 23, 2012), the Federal Circuit affirmed the Board's conclusion on *inter partes* reexamination that claims of U.S. Patent No. 6,721,178 ("the '178 patent") were obvious, but corrected the Board's analysis by not construing the disputed claims as means-plus-function limitations under 35 U.S.C. § 112, ¶ 6.

The '178 patent is owned by Flo Healthcare Solutions, LLC ("Flo") and is directed to a mobile computer workstation intended for medical care environments. Flo sued Rioux Vision, Inc. ("Rioux") for patent infringement, and Rioux requested reexamination of the '178 patent. The PTO found substantial new questions of patentability with respect to the '178 patent's claims, and the examiner objected to some claims and rejected others as obvious. In response to an Action Closing Prosecution, Flo amended the objected claims to place them in allowable format and argued that the rejections as to claims reciting a "height adjustment mechanism" were improper, because that limitation is a means-plus-function limitation that invokes § 112, ¶ 6. The examiner issued a Right of Appeal Notice maintaining the rejections. The Board agreed with Flo that the "height adjustment mechanism" limitation must be interpreted in accordance with § 112, ¶ 6, but affirmed the rejections after construing the limitation as not requiring a length-adjustable vertical beam. Flo appealed to the Federal Circuit.

"As a court of appeals, it is this court's function to decide the cases before it, but also to rationalize and clarify the applicable rules of law. When, as here, there exists an unnecessary lack of clarity in our rules, I believe we have an obligation as a court to address the problem and, if possible, correct it."
Plager Additional Views at 9.

On appeal, the Federal Circuit first held that the Board erred in finding that the "height adjustment mechanism" limitation invokes § 112, ¶ 6. The Court explained that failure to use the word "means" in the claim created a rebuttable presumption that the drafter did not intend the claims to be governed by § 112, ¶ 6, and that this presumption is strong and not readily overcome. The Court stated that it is unwilling to apply § 112, ¶ 6 "without a showing that the limitation essentially is devoid of anything that can be construed as structure." Slip op. at 10 (citing *Masco Corp. v. United States*, 303 F.3d 1316, 1327 (Fed. Cir. 2002)). The Court found that the "height adjustment mechanism" term, as used in the '178 patent and in common parlance, reasonably imparted sufficient structure such that the presumption

was not overcome.

Despite holding that the Board erred in applying § 112, ¶ 6, the Federal Circuit agreed with the Board's ultimate conclusion that the claims do not require a length-adjustable vertical beam. The Court explained that even though all of the embodiments in the '178 patent have a length-adjustable vertical beam, the limitation was absent from the claims and could not be imported from the '178 patent's written description. The Court stated that it would not read the limitation into the claims on appeal, because Flo did not amend the claims during reexamination to directly include a length-adjustable vertical beam.

After applying the corrected claim construction to the prior art rejections, the Court found that the Board's factual determinations underlying the decision were supported by substantial evidence, and that the Board came to the correct legal conclusions based on those facts.

In his Additional Views, Judge Plager stated that the Court "appear[s] to have two contradictory lines of authority on the question of how [it] reviews Board claim constructions—a deferential 'reasonable' (arbitrary/capricious-type) review, and a no-deference 'pure' law type review." Plager Additional Views at 4. Judge Plager contended that "[w]hichever way this court's review rule should be cast, and for whatever reasons, it is perhaps time that the court definitely decide *en banc* on an agreed review standard, one that provides clear direction to the PTO and the inventor community." *Id.* at 9.

Judge Newman stated in her Additional Views that the appeal illustrates a situation "where the same issue can be finally adjudicated to different appellate outcomes, depending on the tribunal from which it came." Newman Additional Views at 4. Judge Newman contended that the distortion appeared to be related to misunderstanding the role of the "broadest reasonable interpretation" in patent examination, and encouraged "remedial attention." *Id.* Judge Newman stated that she "agree[d] with Judge Plager's analysis of this situation, in his 'Additional Views' herewith, but [that she is] impatient with the absence of resolution of the conflicts that have arisen." *Id.*

Amanda L. Lutz is a Law Clerk at Finnegan.

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Looking Ahead

Oral argument should be scheduled soon in *In re Owens*, No. 12-1261 (Fed. Cir.). The Court will decide whether an applicant can amend an original patent disclosure to include an unclaimed (broken line) boundary without violating the written description requirement. The specific issue on appeal from the Board is “[w]hether a partial bottle design claimed in a later application, circumscribed in part by an unclaimed broken boundary line that is not itself explicitly shown in an earlier application, is disclosed in the earlier application in a manner that satisfies the written description requirement of 35 U.S.C. §112 when the earlier application shows a full bottle design of which the partial bottle design is a part.” Appeal Br. 2. The reply brief was filed on October 15, 2012.

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Spotlight Info

In *Flo Healthcare Solutions, LLC v. Kappos*, No. 11-1476 (Fed. Cir. Oct. 23, 2012), the Federal Circuit affirmed the Board's conclusion on *inter partes* reexamination that certain patent claims were obvious, but corrected the Board's analysis by not construing the disputed claims as means-plus-function limitations under 35 U.S.C. § 112, ¶ 6. In his Additional Views, Judge Plager stated that the Court "appear[s] to have two contradictory lines of authority on the question of how [it] reviews Board claim constructions—a deferential 'reasonable' (arbitrary/capricious-type) review, and a no-deference 'pure' law type review." Plager Additional Views at 4. Judge Plager contended that "[w]hichever way this court's review rule should be cast, and for whatever reasons, it is perhaps time that the court definitely decide *en banc* on an agreed review standard, one that provides clear direction to the PTO and the inventor community." *Id.* at 9. See this month's edition of *Last Month at the Federal Circuit* for a full summary of this decision.

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