

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

TESCO CORPORATION,
Plaintiff,

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C.A. NO. H-08-2531

vs.

WEATHERFORD INTERNATIONAL,
INC., NATIONAL OILWELL VARCO,
L.P., OFFSHORE ENERGY SERVICES,
INC., AND FRANK'S CASING CREW
AND RENTAL TOOLS, INC.,
Defendants.

JURY DEMANDED

DEFENDANTS NATIONAL OILWELL VARCO, L.P.
AND
OFFSHORE ENERGY SERVICES, INC.'S

MOTION FOR SUMMARY JUDGMENT OF PATENT INVALIDITY
PURSUANT TO 35 U.S.C. § 103(a)

OBVIOUSNESS

Dated: April 2, 2012

Respectfully submitted,

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**ATTORNEYS FOR DEFENDANT
OFFSHORE ENERGY SERVICES, INC.**

**ATTORNEYS FOR DEFENDANT
NATIONAL OILWELL VARCO, L.P.**

CERTIFICATE OF SERVICE

Pursuant to LR5.3 of the Local Rules for the United States District Court for the Southern District of Texas, I certify that a true and correct copy of the foregoing instrument has been served on April 2, 2012, on all counsel of record who have consented to electronic notification via CM/ECF through the United States District Court for the Southern District of Texas.

/s/Robert M. Bowick
Robert M. Bowick

Defendant National Oilwell Varco, L.P. (“NOV”) and Offshore Energy Services, Inc. (“OES”) (collectively “defendants”) file this Motion for Summary Judgment of Patent Invalidity due to Obviousness under 35 U.S.C. § 103(a) , and show the Court as follows:

I.
INTRODUCTION

35 U.S.C. § 103(a) invalidates the asserted patents “if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art.” By September 28, 2002, Tesco Corporation (“Tesco”) had publicly distributed its August 2002 “Vision” brochure. A person of ordinary skill in the art (“POOSITA”) would have found the invention of Tesco’s ‘443 and ‘324 patents (hereinafter the “patents-in-suit”) invalid as obvious in view of Tesco’s August 2002 “Vision” brochure.

II.
THE ASSERTED PATENT CLAIMS

Tesco asserts that defendants infringe claim numbers 13, 25, 27, 55, and 59 of U.S. Pat. No. 7,140,443 (the ‘443 patent), and claim numbers 1, 12, and 14 of U.S. Pat. No. 7,377,324 (the ‘324 patent).¹ Tesco previously asserted claim 43 of the ‘443 Patent and claim 4 of the ‘324 Patent. These claims were dismissed by summary judgment of non-infringement.²

Defendants NOV and OES move for invalidity of both the currently asserted patent claims and the previously dismissed patent claims (collectively “asserted claims”).

Tesco admits that its Casing Drive System with link tilt (“CDS”) embodies and practices the asserted claims:

Tesco’s Casing Drive System with Link Tilt (“CDS” or “CDS with

¹ Dkt.No. 496, 22 – 24.

² Dkt.No. 386, at 39.

Link Tilt”) practices each asserted claim of the ‘443 patent and the ‘324 patent.³

A table of the limitations of the asserted patent claims is attached in the joint appendix.⁴ Each of the disputed patent claim terms were previously defined by this Court.⁵ Any reference to a claim term in this Motion refers to that term in the context of the Court’s construction under *Markman*.

III. LEGAL STANDARDS

A. Summary Judgment Standards Under Rule 56(c), Fed.R.Civ.P.

Summary judgment is appropriate where there is no genuine issue of material fact and the movant is entitled to judgment as a matter of law.⁶ The Court must grant summary judgment “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.”⁷ Given the current situation caused by Tesco’s withholding of key documents before trial, the Court ordered defendants to file motions for summary judgment; and stated that if there is an “issue of fact” precluding summary judgment, defendants “may move for additional discovery.”⁸

Ordinarily the burden would be on NOV and OES to “demonstrate by clear and convincing evidence that there was a definite sale, or offer to sell, more than one year before the

³ App. 1023 – 1048.

⁴ App. 969.

⁵ Dkt.Nos. 176 & 386. The Court’s construction can be referenced at App. 970 – 974.

⁶ *Celotex Corp. v. Cartrett*, 477 U.S. 317, 322 – 23 (1986).

⁷ Fed. R. Civ. P. 56(c).

⁸ Dkt.No. 705; *See also*, Dkt.No. 649 at 2 (NOV and OES note that the Court’s September 1, 2010 Order required Tesco to produce witnesses for deposition after Tesco had satisfied all of defendants’ post-trial written discovery).

application for the patent -- and that the product sold or offered for sale either anticipated the claimed invention or rendered it obvious.”⁹ However, this Court has already ruled, as a discovery abuse sanction, the burden is now on Tesco to prove that its patents are valid by a preponderance of evidence standard.¹⁰ This sanction is still in effect. The burden of proof on an issue in a summary judgment motion is with the party bearing the burden at trial. Therefore, it should be Tesco’s burden to prove that its patents are valid in order to survive summary judgment.¹¹

Regardless of the burden chosen by the Court, the evidence presented in this motion overwhelmingly shows that NOV and OES satisfied the traditional clear and convincing evidentiary standard.

B. The Invention Would Have Been Obviousness - 35 U.S.C. § 103(a)

35 U.S.C. § 103 provides that “[a] patent may not be obtained ... if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art.”¹² “The non-obviousness requirement extends the field of un-patentable subject matter beyond that which is known to the public under [35 U.S.C.] § 102, to include that which could readily be deduced from publicly available material by a person of ordinary skill in the pertinent field of endeavor.”¹³

⁹ *Minnesota Min. & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1301 (Fed. Cir. 2002).

¹⁰ Dkt.No. 496, The Court’s Jury Instructions at 3; App. 1234 - 1237, Trial Tr. 2511:1-5 (The Court issued a sanction against Tesco reversing the burden of proof on validity. The Court held Tesco must prove by a preponderance of the evidence that its patents are valid in light of the on-sale bar.)

¹¹ *Anderson*, 477 U.S. at 254 – 55; *Celotex*, 477 U.S. at 324. (internal citations omitted).

¹² 35 U.S.C. § 103(a) (emphasis added).

¹³ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989).

1. The *Graham* Factors

The determination of obviousness is assessed via analysis of the four *Graham* factors:

- (1) the scope and content of the prior art;
- (2) the level of ordinary skill in the art;
- (3) the differences between the claimed invention and the prior art; and
- (4) objective evidence of non-obviousness.¹⁴

The Federal Circuit has recently held that in addition to these factors, the Court *should* use “**logic**, **judgment**, and **common sense**”:

We ... hold that while an analysis of obviousness always depends on evidence that supports the required *Graham* factual findings, it also may include recourse to logic, judgment, and common sense available to the person of ordinary skill that do not necessarily require explication in any reference or expert opinion.¹⁵

2. Obvious to Try - *KSR Int’l. Co. v. Teleflex Inc.*,

In *KSR Int’l. Co. v. Teleflex Inc.*, the U.S. Supreme Court endorsed a more flexible approach to evaluate obviousness under the *Graham* factors.¹⁶ The Court rejected the rigid application of the “teaching, suggestion, or motivation” test (TSM test), under which a patent claim is only proved obvious if ‘some motivation or suggestion to combine the prior art teachings’ can be found in the prior art, the nature of the problem, or the knowledge of a person having ordinary skill in the art.”¹⁷ The Supreme Court stated that bare “common sense” can provide sufficient evidence of a motivation to combine references.¹⁸ Instead of an express teaching, the Court held

¹⁴ *KSR Int’l. Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1734 (2007) (citing *Graham v. John Deere*, 383 U.S. 1, 17-18 (1966)).

¹⁵ *Perfect Web Techs. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed.Cir. 2009).

¹⁶ *KSR*, 127 S. Ct. at 1739.

¹⁷ *Id.* at 1734.

¹⁸ *Id.* at 1742-43.

that “any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.”¹⁹ The Court further held that the fact that a combination was obvious to try might show that it was obvious under § 103.²⁰ The Court advised that the “combination of familiar elements according to known methods is *likely* to be obvious when it does no more than yield predictable results.”²¹

An invention is obvious if it represents no more than “the predictable use of prior art elements according to their established functions.”²²

IV. NOV IS ENTITLED TO SUMMARY JUDGMENT UNDER 35 U.S.C. § 103(a)

Whether an invention would have been obvious at the time the invention was made is a question of law based on underlying facts.²³ “The ultimate question of obviousness is a legal determination.”²⁴ In *KSR*, the Supreme Court reiterated that whether a patent is obvious is a question for the Court and broadened the scope of evidence that must be considered when determining whether a patent is obvious. “Where, as here, the scope and content of the prior art, the scope of the patent claim, and the level of ordinary skill in the art are not in material dispute, and the obviousness of the claim is apparent in light of these factors, summary judgment is appropriate.”²⁵ Here, NOV and OES are entitled to summary judgment because they have presented significant evidence that the asserted claims are obvious in light of prior art.

¹⁹ *Id.* at 1742.

²⁰ *Id.*

²¹ *Id.* at 1739 (emphasis added).

²² *KSR*, 550 U.S. at 417, 127 S.Ct. 1727.

²³ *Leapfrog Enters., Inv. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1160 (Fed. Cir. 2007).

²⁴ *KSR*, 127 S.Ct. at 1745.

²⁵ *Id.* at 1745-46.

A. Graham Factor No. 1: The Scope and Content of the Prior Art – Tesco’s August 2002 “Vision” Brochure.

The Court ruled that Tesco’s August 2002 “Vision” brochure²⁶ is prior art.²⁷

Tesco has recently stipulated that it publicly distributed its August 2002 “Visions” brochure on September 28, 2002, at the Society of Petroleum Engineers (SPE) Annual Technical Conference and Exhibition, in San Antonio, Texas.²⁸

NOV and OES incorporate by reference the “scope and content” of the prior art from NOV and OES’s Motion for Summary Judgment of Patent Invalidity (35 U.S.C. § 102(b)) RE: “prior art, printed publication”(Dkt.No. 716). This Motion establishes:

1. By September 29, 2002, a “pipe handling device”, *i.e.*, a “link tilt system” was already well known to a POOSITA;
2. By September 29, 2002, the use of Tesco’s Casing Drive System (CDS) with link tilt was already well known to a POOSITA;
3. By September 29, 2002, the use of a “drive system” for the link arms, including the use of a “hydraulic cylinder,” was already well known to a POOSITA;
4. By September 29, 2002, Tesco’s CDS was “fitted for anti-rotation” with the use of a “channel key” that inserts into a guide slot extending from the top drive, and these features were already well known to a POOSITA; and
5. By September 29, 2002, the use of a “rig” having a “top drive” and a “rotary table” was already well known to a POOSITA.²⁹

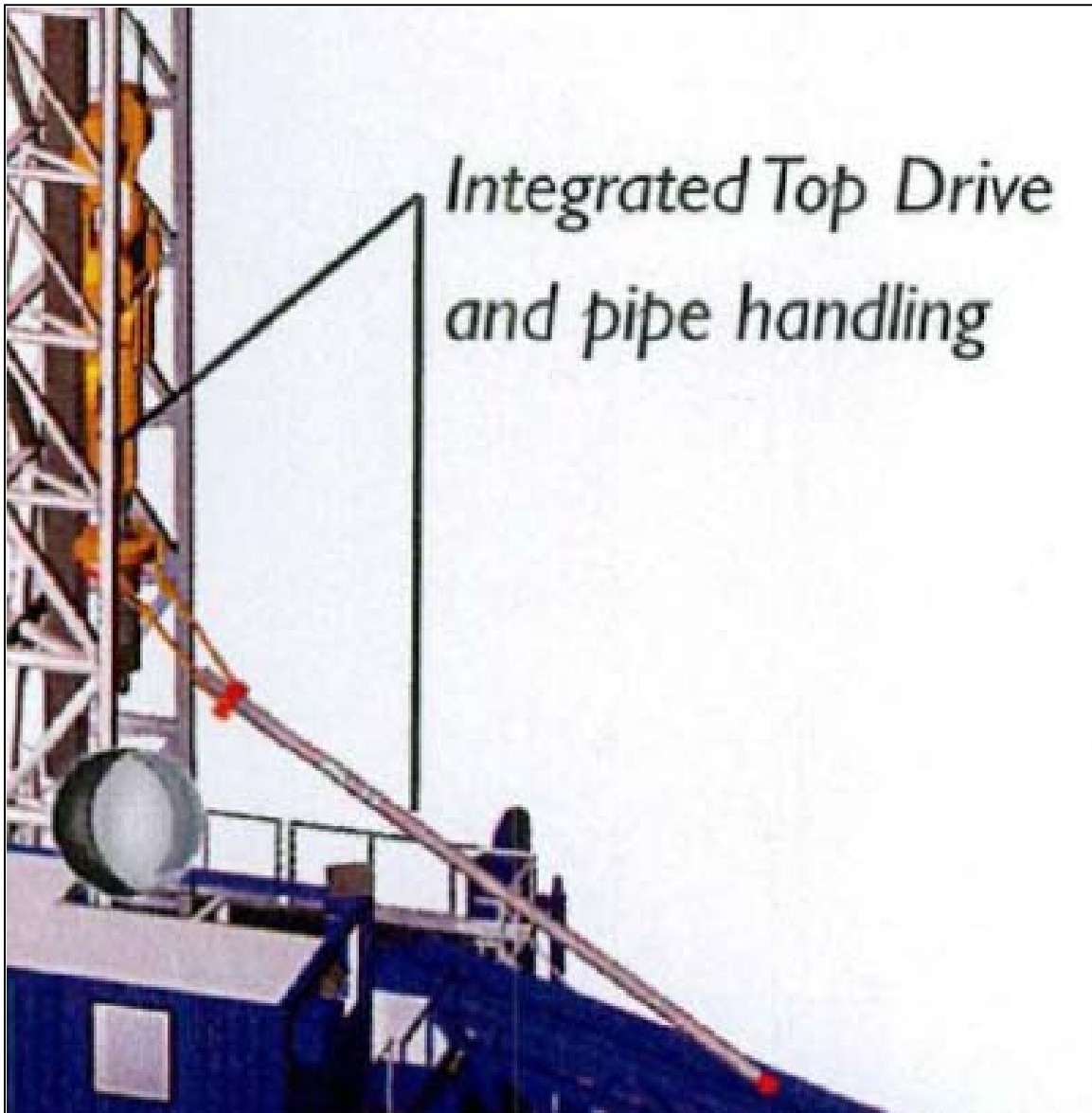
²⁶ App. 71 – 83.

²⁷ Dkt.No. 496, 16.

²⁸ Dkt.No. 706, February 3, 2012 Status Conference at p. 66, ll. 2 – 3 (“TESCO’S COUNSEL: Your Honor, at this point, yes, it appears at the San Antonio conference it was distributed. MR. RALEY: Prior to the critical date? THE COURT: Well, definitely the conference was prior to the critical date.”) (Tesco did not stipulate to this until 17 months after trial, when the evidence was too overwhelming for future equivocation); *See also*, App. 1166 – 1167, Society of Petroleum Engineers Annual Technical Conference and Exhibition in San Antonio, Texas (September 28, 2002 – October 2, 2002).

²⁹ Dkt.No. 716, at § IV.E.1 – 5.

The relevant section of Tesco's August 2002 "Vision" brochure³⁰ is reproduced below:



Whether or not this image is "non-enabling" does not affect an obviousness determination under 35 U.S.C. § 103(a).³¹ A person of ordinary skill in the art is presumed to possess the knowledge of "all relevant prior art."³²

³⁰ App. A0882-0894.

³¹ *Symbol Techs. v. Opticon, Inc.*, 935 F.2d 1569, 1578 (Fed.Cir. 1991) ("While a reference must

B. Graham Factor No. 2: There is No Dispute Regarding the Level of Ordinary Skill in the Art

Tesco defines a person of ordinary skill in the art as someone with experience and knowledge of: (1) top drives; (2) casing running processes; and (3) casing running equipment.³³ Experience can be obtained through a college degree or practical knowledge gained from the field.³⁴ NOV and OES do not dispute Tesco's definition of the level or skill of the hypothetical POOSITA.

C. Graham Factor No. 3: There is NO Difference Between the Claimed Invention and the Prior Art Brochure

Tesco repeatedly admits that the *sole* alleged novelty of its invention is the movement of link arms from the top drive to the pipe engaging apparatus below.³⁵

A comparison of the centerfold of the August 2002 "Vision" brochure to the figures in the asserted patents is shown below:³⁶

enable someone to practice the invention in order to anticipate under [35 U.S.C.] § 102(b), a non-enabling reference may qualify as prior art for the purpose of determining obviousness under [35 U.S.C.] § 103(a)."

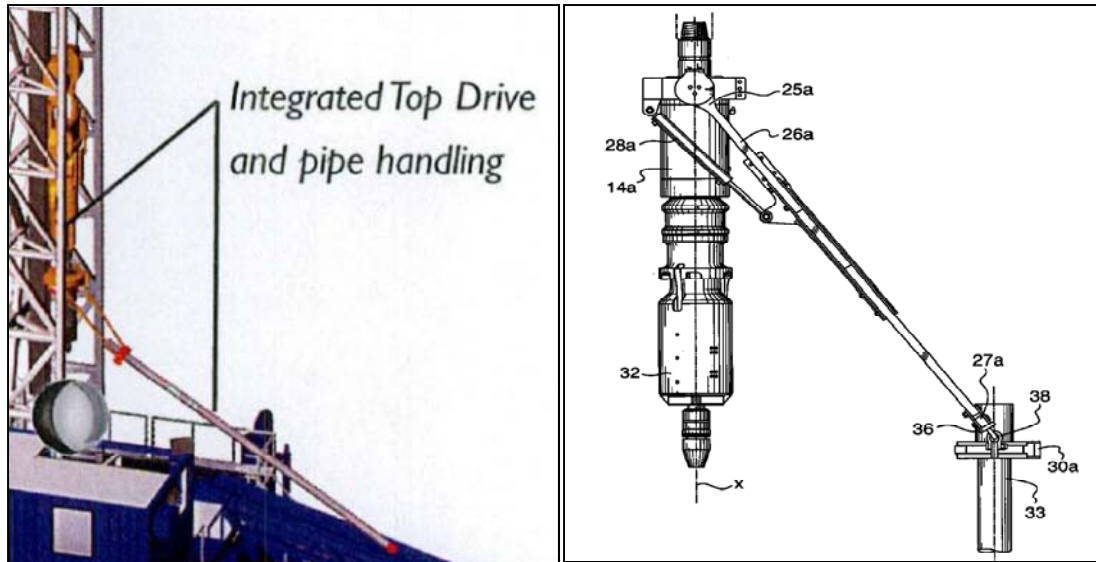
³² *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995).

³³ App. 1222, Trial Tr. 2371:21 – 2372:22.

³⁴ *Id.*

³⁵ Dkt.No. 716, at § IV. A.1.

³⁶ App. 80 & 1271 – 1285.



The attachment of the link arms to the pipe engaging apparatus is plainly shown. There is **NOTHING** new or novel to a POOSITA. There is **ZERO** left to the imagination. There is **NO** difference between the claimed invention and the prior art. The public was put in possession of Tesco's invention long before the critical date of November 8, 2002, and, if he or she so desired, a POOSITA could have easily practiced Tesco's asserted claims. All sound principles of "logic, judgment, and common sense" show Tesco's asserted claims are obvious.³⁷ Tesco's asserted claims are invalid under 35 U.S.C. § 103(a) and this issue is ripe for summary judgment.

Tesco's August 2002 "Vision" brochure put a drawing of Tesco's invention in the hands of a POOSITA. There is no need to consult expert testimony to determine Tesco's patents are obvious under 35 U.S.C. § 103(a). However, even further support can be found from defendants' expert. Defendants' expert, Mr. Boyadjieff, testified that the August 2002 brochure disclosed every limitation in Tesco's patent claims as shown in Tesco's now patented CDS.³⁸ The August 2002 brochure disclosed the only distinguishing feature of the link arms mounted to

³⁷ *Perfect Web Techs.*, 587 F.3d at 1329.

³⁸ App. 1205 – 1212, 2147:24 – 2154:24.

the pipe engaging apparatus.³⁹ Mr. Boyadjieff had “no doubt” that the August 2002 brochure was a “complete disclosure of the patent prior to it being applied, for 15 months prior to it being applied for.”⁴⁰ Mr. Boyadjieff testified:

Q: So a complete disclose [sic] of the patent described in Figure 2C?

A: That’s correct, sir.

Q: And in the word so the patent claims as interpreted by the Court?

A: Exactly as interpreted by the Court.

Q: Photo, the patent figure, photo, drawing. Patent figure, photo, drawing. Do they look about the same to you?

A: They look identical.⁴¹

It was based on this disclosure of Tesco’s now patented Casing Drive System that Mr. Boydjieff determined Tesco’s patents were invalid.⁴²

D. Graham Factor No. 4: Secondary Evidence of Non-Obviousness is Insufficient to Overcome a Strong *Prima Facie* Case of Invalidity

NOV and OES have shown that Tesco’s August 2002 “Vision” brochure is an anticipatory prior art reference. Because NOV and OES have shown why Tesco’s brochure is an anticipatory reference (Dkt.No. 716), defendants have made a *prima facie* case of invalidity as obvious under an analysis of the first three *Graham* factors⁴³ -- anticipation is the epitome of obviousness. Once a *prima facie* case of obviousness has been established, the burden shifts to

³⁹ App. 1213, 2154:9 – 2154:12 (“Q: Where are the link arms mounted, Mr. Boyadjieff? A: Well, they’re mounted to a round bracket right here, and that bracket is obviously mounted onto a external gripping tool just we saw in the last picture.”)

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² App. 1214 – 1215, 2161:15 – 2162:14.

⁴³ *Winner Intern. Royalty Corp. v. Wang*, 202 F.3d 1340, 1350 (Fed.Cir.2000).

Tesco to demonstrate non-obviousness under the fourth *Graham* factor.⁴⁴

NOV and OES's strong *prima facie* case of obviousness, particularly in light of *KSR*'s emphasis on a flexible analysis rooted in common sense, "may stand even in the face of considerable evidence of secondary considerations."⁴⁵ Once the defendant makes a strong *prima facie* case of obviousness, "objective evidence of nonobviousness does not pose a genuine issue of material fact that would preclude summary judgment."⁴⁶ Even compelling evidence of secondary considerations may not overcome a strong *prima facie* case of obviousness.⁴⁷ Tesco's arguments of secondary considerations cannot save the patents-in-suit.⁴⁸

V. CONCLUSION

WHEREFORE, for the reasons set out herein, defendants ask the Court to grant their Motion for Summary Judgment and declare asserted claim Nos. 13, 25, 27, 43, 55, and 59 of the '443 Patent and claim Nos. 1, 4, 12, and 14 of the '324 Patent invalid under 35 U.S.C. § 103(a).

⁴⁴ *Id.*

⁴⁵ *Rothman*, 556 F.3d at 1322 (citing *Leapfrog*, 485 F.3d at 1162).

⁴⁶ *Constant v. Advanced Micro-Devices, Inc.*, 848 F.2d 1560, 1572 (1988)(citing *Anderson*, 477 U.S. at 248).

⁴⁷ *See Agrizap, Inc. v. Woodstream Corp.*, 520 F.3d 1337, 1344 (Fed. Cir. 2008); *KSR*, 127 S.Ct. at 1734.

⁴⁸ *See Sundance, Inc. v. DeMonte Fabricating, Ltd.*, 550 F.3d 1356, 1368 (Fed.Cir.2008) (reversing district court's holding finding nonobviousness, which was partially based on secondary considerations, and stating "[s]econdary considerations of nonobviousness-considered here by the district court-simply cannot overcome this strong *prima facie* case of obviousness."); *See Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1162 (Fed. Cir. 2007) (affirming the district court's conclusion that the "substantial evidence of commercial success, praise, and long-felt need" was inadequate in the face of "the strength of the *prima facie* obviousness showing."); *see also Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 61, 90 S.Ct. 305, 24 L.Ed.2d 258 (1969) (considering argument of secondary considerations but holding that "those matters without invention will not make patentability"); *Agrizap, Inc.*, 520 F.3d at 1344; *Leapfrog*, 485 F.3d at 1162; *DyStar*, 464 F.3d at 1371 ("The presence of certain secondary considerations of nonobviousness are insufficient as a matter of law to overcome our conclusion that the evidence only supports a legal conclusion that claim 1 would have been obvious.").