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September 2015

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The Expansion of Direct Infringement and Its Impact on Claim Drafting

by Mary E. Chlebowski

On August 13, 2015, the Federal Circuit decided en banc¹ to effectively expand the scope of direct infringement under 35 U.S.C. § 271(a). *Akamai Techs., Inc. v. Limelight Networks, Inc.*, Nos. 2009-1372, -1380, -1416, -1417 (Fed. Cir. Aug. 13, 2015) (en banc). Specifically, the court held that in cases of divided infringement, one entity could be liable under two circumstances: (1) where the entity directs or controls the other entity's performance, or (2) where the actors form a joint enterprise. More significantly, the court greatly enlarged the circumstances under which the direction or control test could be satisfied and made divided direct infringement under 35 U.S.C. § 271(a) a viable option for patent owners.

Background

Akamai sued Limelight in 2006 for infringement of several patents, including U.S. Patent No. 6,108,703 ("the '703 patent"), which claims methods of delivering content over the Internet. The claimed methods of the '703 patent require the steps of "tagging" the content with an identifier for use during delivery and "serving" the tagged content when requested. Limelight performed each step of the method, but for the tagging and serving steps. Instead, Limelight required that its customers perform those steps in order to use its service. Limelight also sent its customers a welcome letter instructing the customer how to use its service, provided step-by-step instructions for using its service, and had its engineers continuously engage with its customers' activities.

Procedural History

The jury found Limelight liable for direct infringement of the '703' patent and the district court denied Limelight's motion for judgment of noninfringement as a matter of law, ruling that Akamai had presented substantial evidence that Limelight directed or controlled its customers in performing the steps of the claimed methods that it did not perform. Before the case closed, however, the Federal Circuit issued its opinion in *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008), which held that there can be no direct infringement of a method claim unless one party exercises control or direction over the entire process such that every step is attributable to the controlling party. On a motion for reconsideration, the district court granted Limelight's motion for judgment as a matter of law and reversed the jury's verdict. Limelight appealed to the Federal Circuit.

On appeal, a three-judge Federal Circuit panel affirmed that decision, finding that, even though Limelight provided instructions on how to tag, and tagging and serving were necessary steps in using Limelight's services, there was nothing to indicate that Limelight's customers were acting as agents for Limelight. 629 F.3d 1311, 1320 (Fed. Cir. 2010). The panel further reasoned that Limelight's customers chose which content, if any, to have delivered by Limelight's process and performed the "tagging" and "serving" steps accordingly. *Id.* at 1321. Finally, the panel stated that the standard contract did not obligate Limelight's customers to perform any of the steps. *Id.* Thus, finding insufficient evidence to show that Limelight exercised "control or direction" over the entire process, the panel affirmed the district court's decision as a matter of law based on *Muniauction*. *Id.* at 1322.

After granting en banc review, the Federal Circuit subsequently reversed the panel's decision on different grounds, concluding that there was evidence of infringement, albeit under a theory of § 271(b) indirect infringement (inducement) rather than direct infringement under § 271(a). 692 F.3d 1301, 1319 (Fed. Cir. 2012) (en banc). Limelight challenged this decision by seeking certiorari review in the Supreme Court.

The Supreme Court reversed the Federal Circuit's decision on induced infringement. 134 S. Ct. 2111 (2014). First, the Supreme Court stated that inducement liability may arise "if, but only if," there is direct infringement. *Id.* at 2117. Then, the Court stated that, "[a]ssuming without deciding that the Federal Circuit's holding in *Muniauction* is correct, there has simply been no infringement of the [claimed] method, because the performance of all the patent's steps is not attributable to any one person." *Id.* The Supreme Court thus reversed the Federal Circuit's holding regarding inducement, but also stated that "on remand, the Federal Circuit will have the opportunity to revisit the § 271(a) [direct infringement] question if it so chooses." *Id.* at 2021.

On remand, after a preliminary panel review that reaffirmed the original holding against Akamai, 786 F.3d 899 (Fed. Cir. 2015), the Federal Circuit en banc reconsidered the law of direct infringement and held that in a case of direct, but divided, infringement, one entity could be found liable under two sets of circumstances: (1) where one entity directs or controls the other entity's performance, or (2) where the entities form a joint enterprise.

Regarding the first category, the Federal Circuit held that an actor would be liable if it acts through an agent or contracts with another to perform one or more steps of the claimed method. But the Federal Circuit further held that such liability can also be found "when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance." 797 F.3d 1020, 1020 (Fed. Cir. 2015) (en banc).

In explaining a joint enterprise theory, the Federal Circuit analogized to the Second Restatement of Torts, which states that "[t]he law considers that each is the agent or servant of the others, and that the act of any one within the scope of the enterprise is to be charged vicariously against the rest." *Id.* (quoting Restatement (Second) of Torts § 491 cmt. b). Thus, the Federal Circuit explained that in patent law, two or more actors can each be liable for the steps performed by the other as if each were a single actor. The Federal Circuit noted that joint enterprise requires proof of four elements: (1) an expressed or implied agreement between the actors; (2) a common purpose to be carried out by the group; (3) a community of pecuniary interest in that purpose among the members; and (4) an equal right to a voice in the direction of the enterprise, which gives an equal right of control.

The Federal Circuit then reviewed the facts of the case and held that Limelight was liable for direct infringement because it directed or controlled its customers' performance. As noted above, the jury heard substantial evidence at trial that Limelight directed or controlled its customers to perform two method steps, namely, "tagging" and "serving," and Limelight's standard contract, which customers were required to sign, conditioned the use of its service on the customers performing the tagging and serving steps. In addition, the Federal Circuit held that Limelight established the manner or timing of its customers' performance by, among other things, providing step-by-step instructions telling customers how to use its services and continuously engaging with its customers' activities. The Federal Circuit stated, "In sum, Lime-light's customers do not merely take Limelight's guidance and act independently on their own. Rather, Limelight establishes the manner and timing of its customers' performance so that customers can only avail themselves of the service upon their performance of the method steps." *Id.*

Akamai has significantly expanded the scope of direct infringement and provided meaningful additional theories to prove direct infringement in divided infringement fact scenarios. The arsenal of weapons available to the patent owner seeking to enforce its patent against divided infringers can be reinforced by patent prosecutors. For example, those drafting claims should consider drafting method claims that could be performed by a single actor, where possible. Prosecutors could focus claim steps from the point of view of a single actor or entity and draft multiple claim sets, each focusing on a single, but different actor from a different perspective. In addition, prosecutors could continue to draft as many different types of claims as possible, including apparatus, system, and method claims. Finally, prosecutors should recite interactions or relationships with other unclaimed components or actors, if needed for patentability, rather

than explicitly reciting them as part of the claimed combination.

¹ Judges Taranto, Chen, and Stoll did not participate in this opinion.

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Federal Circuit: Vandalism Is Not Prior Art

by J. Derek McCorquindale

The Federal Circuit's decision in *Circuit Check Inc. v. QXQ Inc.*, No. 2015-1155 (Fed. Cir. July 28, 2015), not only revived an infringement verdict against the defendant, but also rearticulated what prior art references can properly be used in an obviousness analysis, strengthening the so-called "non-analogous art doctrine."

The technology in the patent litigation before the Eastern District of Wisconsin involved a testing device for circuit boards. Test fixtures are used to connect the circuit board being tested to the probes on the tester. Such testers typically require an "interface plate" (also called an "alignment plate" or "waffle plate"), which is essentially a flat piece of plastic with rows of holes through which the probes that contact the board protrude. To align circuit boards during testing, it is advantageous to mark certain holes on the interface plate. The patents-at-issue, owned by Circuit Check, Inc., claimed systems and methods related to marking interface plates, such as this representative claim:

1. An indicator interface plate configured to provide readily visible identification of predetermined holes, the plate comprising:

a surface including a plurality of holes having visually discernable markings to allow a user to visually determine which of said plurality of holes are to be populated, wherein a region of the plate said plurality of holes have a first predetermined indicia covering the surface surrounding said plurality of holes, the plate further comprising: *a second removable indicia overlying said first predetermined indicia, said*

second indicia being different from said first predetermined indicia, wherein said second indicia is removed from areas of said plate adjacent each of said predetermined holes, said predetermined holes are visually identifiable to a user by the appearance of the first indicia.

U.S. Patent No. 7,592,796 col. 6 ll. 36-51 (emphases added). As Circuit Check explained to the jury, the industry's problem had always been "marking the interface plates for circuit board test fixtures in a way that would not require someone to manually mark the plates at numerous locations, a process that was labor-intensive, subject to human error, and expensive." See *Circuit Check Inc. v. QXQ Inc.*, 2014 U.S. Dist. LEXIS 150059, at *3 (E.D. Wisc. Oct. 21, 2015). The method disclosed in the patents-in-suit effectively marks the interface plate by scratching off a surface coat of paint at predetermined locations, i.e., around the holes through which the probes are intended to protrude, so that the contrasting color of the plate itself is visible. *Id.*

Circuit Check filed suit, alleging infringement of its patents. The parties agreed to three prior art references that would be used in the validity determination. However, QXQ acknowledged that the stipulated prior art fails to disclose an interface plate with the claimed "second removable indicia." At trial, QXQ argued that three *additional* references—rock carvings, engraved signage, and a machining technique known as Prussian Blue—should be available to disclose a limitation admittedly not in the stipulated prior art. Circuit Check objected, arguing that these references were not analogous and could

not be considered in the obviousness determination. Regarding each of these additional references, Circuit Check presented evidence that either (1) a skilled artisan at the time of the invention would not have considered them reasonably pertinent to the marking problem, or (2) they are not relevant to the problem solved by the patents-in-suit. Ultimately, the jury found the asserted claims not invalid for obviousness. The jury found that the infringement was willful and awarded damages.

But, pursuant to a QXQ motion for judgment as a matter of law on obviousness, the district court threw out the jury determination. According to the court, although there was no doubt that rock carvings “are not technically pertinent to the ‘field’ of circuit testers,” and that “witnesses credibly testified that Prussian blue dye had not been used on alignment plates,” nevertheless, “any layman” would have understood that interface plates could be marked using such primitive techniques. See *id.* “[A]ny vandal who has ‘keyed’ a car knows that stripping the paint with a key will result in the underlying metal color showing through.” *Id.* at 7. The trial court thus found the patents-in-suit obvious.

On appeal, the Federal Circuit first restated the law on analogous art: “To be considered within the prior art for purposes of the obviousness analysis, a reference must be analogous. . . . Prior art is analogous [1] if it is from the same field of endeavor or [2] if it is reasonably pertinent to the particular problem the inventor is trying to solve.” *Circuit Check*, No. 2015-1155, slip op. at 6 (citations omitted). In this case, the Federal Circuit explained, the jury was instructed that the field of the invention is circuit board testers and test fixtures used in the manufacture of electronics. The court explained:

Although “familiar items may have obvious uses beyond their primary purposes,” *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 420 (2007), a reference is only reasonably pertinent when it “logically would have commended itself to an inventor’s attention in considering his problem,” *In re Clay*, 966 F.2d 656, 659 (Fed. Cir. 1992). The jury heard testimony that a person of ordinary skill in the art would not have thought about rock carvings, engraved signage, or Prussian Blue in considering how to mark interface plates. The jury was entitled to weigh this testimony, find that an ordinarily skilled artisan would not find that the disputed prior art “logically would have commended itself to an inventor’s attention,” and thus find the disputed prior art not analogous. *Id.*

Circuit Check, No. 2015-1155, slip op. at 6-7 (J.A. citations omitted).

The Federal Circuit further disregarded the trial court’s vandalism example: “Just because keying a car, for example, is within the common knowledge of humankind does not mean that keying a car is analogous art. . . . Rather, the question is whether an inventor would look to this particular art to solve the particular problem at hand.” *Id.* at 7. The court found that Circuit Check had put forward sufficient evidence for a jury to conclude that an inventor, unsurprisingly, would not have considered rock carvings, engraved signage, and Prussian Blue when trying to improve the process of marking interface plates. Accordingly, it reversed and remanded.

Practitioners may be reassured that there are enforceable limits on the prior art references that may be used in an obviousness analysis, whether before the U.S. Patent and Trademark Office or in trial court litigation. Nonanalogous references too far afield cannot be relied on just because they appear simple.

The Federal Circuit has again reaffirmed that where a prior art reference would not have been considered by one of skill at the time of invention, it cannot serve as the basis for a holding under 35 U.S.C. § 103.

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IP5 Offices

Preparing an IP5-Compatible Patent Application: Incorporation By Reference in the Written Description

by Clara N. Jiménez

The patent laws of the “IP5”¹ countries have set forth explicit patent disclosure requirements, that require the specification of every patent application to disclose the invention clearly and completely so that a person skilled in the art can practice the invention. In the previous article, we explored the differences in the application parts and the ordering of the application in the IP5 countries. In this article, we will explore incorporation by reference into the written description in the IP5 countries. In certain circumstances, applicants may wish to save time, cost, or space by incorporating the content of a separate document into their specification to supplement the application’s specification. This incorporation by reference seeks to supplement the explicit disclosure provided in the application. The IP5 countries differ on their view of whether such incorporation is permitted and the formalities required to ensure the material is effectively incorporated into the description.

United States

The U.S. Patent and Trademark Office (USPTO) allows applicants to incorporate materials into the specification of a nonprovisional (utility) application by reference. 37 C.F.R. § 1.57. An incorporation by reference must be set forth in the specification and it must (1) express a clear intent to incorporate by reference by using the root words “incorporat(e)” and “reference;” and (2) clearly identify the referenced patent application or publication. 37 C.F.R. § 1.57(c). The nature of the material that the applicant seeks to incorporate into the specification determines whether the applicant may rely on the disclosure of patent or nonpatent publications.

If the material to be incorporated is “essential material,” such incorporation is limited to content disclosed in a U.S. patent application or U.S. patent application publication that *does not itself* incorporate such essential materials by reference. 37 C.F.R. § 1.57(d). “Essential material” is defined as material that is necessary to:

(1) provide a written description of the claimed invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and set forth the best mode contemplated by the inventor of carrying out the invention as required by 35 U.S.C. § 112(a);

(2) describe the claimed invention in terms that particularly point out and distinctly claim the invention as required by 35 U.S.C. § 112(b); or

(3) describe the structure, material, or acts that correspond to a claimed means or step for performing a specified function as required by 35 U.S.C. § 112(f).

In contrast, if the material to be incorporated is “nonessential material,” the applicant may incorporate material disclosed in U.S. patents, U.S. patent application publications, foreign patents, foreign published applications, prior and concurrently filed commonly owned U.S. applications, or nonpatent publications. 37 C.F.R. § 1.57(e). The rules do not allow incorporation by reference by hyperlink or any other form of

Korea

The Korean Intellectual Property Office has stated in its reservations to PCT Rule 20.8(a)-(b) that incorporation by reference is not allowed. While this PCT Rule pertains to incorporation of missing parts from a previous application, KIPO's reservations likely apply in the same fashion to incorporation into the specification. This is because KIPO's reservations are based on Articles 42 and 27 of the Patent Act, which, as we explored in the previous article, provides the contents of the application and prohibit the addition of new matter.

EPO

A European patent specification should, with regard to the essential features of the invention, be self-contained, i.e., capable of being understood without reference to any other document (EPO Guidelines F-III, 8). Accordingly, EPO examiners generally require that the phrase "incorporated by reference," or similar, be deleted wherever it appears in a patent specification.

If the subject matter contained in the reference document is essential for carrying out the invention from a sufficiency perspective, the phrase should be deleted, and the relevant subject matter of the reference document should instead be explicitly introduced into the specification, so that the application meets the requirements of sufficiency. However, the introduction of the relevant subject-matter from the reference document is subject to restrictions. In particular, the description of the invention as originally filed must leave no doubt to a skilled reader that:

- I. protection is or may be sought for the features that are to be imported;
- II. such features contribute to solving the technical problem underlying the invention;
- III. such features at least implicitly clearly belong to the description of the invention contained in the application as filed and thus to the content of the application as filed; and
- IV. such features are precisely defined and identifiable within the disclosure of the reference document.

If the above conditions are met, the introduction of the relevant subject matter is allowable. If these conditions are not met, however, the introduction of the relevant subject matter may constitute added subject-matter under Article 123(2) EPC. The Search Division will request the applicant to furnish the document referred to, in order to be able to carry out a meaningful search.

Japan

Incorporation by reference to the description, however, is not allowed in Japan. Under Japanese Patent Law, sufficient description requirements may not be met by incorporation by reference.

China

Any technical materials that are indispensable for meeting the requirement of sufficient disclosure must be recited explicitly in the description; it may not be incorporated by reference.

¹ The five IP offices (IP5) consist of the U.S. Patent and Trademark Office (USPTO), the European Patent Office (EPO), the Japan Patent Office (JPO), the Korean Intellectual Property Office (KIPO), and the State Intellectual Property Office of the People's Republic of China (SIPO).

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Design Patents

Design Patent Prosecution: It's Not the Same!

by Elizabeth D. Ferrill and Stephanie Sanders*

When you hear the terms “design patent” and “utility patent,” the tendency may be to focus on the “patent” part and assume that design patents are mostly like utility patents. While the two share some aspects, there are also many important differences. But, those intellectual property (IP) practitioners—and clients—who treat design patent applications the same as utility patent applications can often find themselves making mistakes and creating issues that may harm their overall IP portfolio and strategy.

In the United States, a single government agency, the U.S. Patent and Trademark Office (USPTO), examines and issues utility patents, design patents, and trademarks. But in many parts of the world this is not the case. For instance, in the European Union, the European Patent Office deals with utility patents, while the Office for Harmonization in the Internal Market (known as OHIM) registers designs and trademarks. As a result, designs and utility rights are treated much differently. Moreover, while in the United States, Title 35 contains provisions for both types of patents, there are many design-specific provisions that do not apply to utility patents. Finally, while some statutes, such as 35 U.S.C. § 112, which governs the specification, written description, and enablement, apply to both types of patents, the application of the requirements for clarity, for instance, apply quite differently in practice because utility patents generally deal in words, while design patents generally deal in drawings.

With this in mind, let's take a look at the Top Ten Differences between design and utility patents and why those differences matter.

Difference #10: Design patents protect the ornamental aspects of an article, not how the article is used or works.

A design patent protects the ornamental aspects of an article of manufacture (i.e., an article with a function), while utility patents protect the way an article is used or works, or material that makes up the article. The fact that an article works in a new and nonobvious way—the standard for patentability in a utility application—is not relevant against a rejection in a design application. Instead, the overall visual impression of the article must be new and not an obvious variation of prior designs. Thus, those who are prosecuting design patent applications need to become fluent in the language of describing the way something looks and how that design is different from the way that a prior art design looks.

Difference #9: Deadlines come up faster in the design world.

Provisional applications are not available for design protection, so any U.S. filing must be a complete nonprovisional application. In addition, design applications are typically prepared after the production design has been frozen, which might be just before public disclosure, so the time to prepare the application is often limited. Further, in order to claim the benefit of a foreign priority application under the Paris Convention,² a design patent application must be filed in the United States within *six months* (as opposed to the usual twelve months available in utility patent applications). The same is true for filing foreign applications that claim priority to a design patent application first filed in the United States.

As such, it is usually best to have a fully formed filing strategy for a design patent application (including a plan for foreign filing) at the beginning of the process, as there is less time built in to decide whether to apply for protection in additional countries once the foreign filing clock starts.

Difference #8: Generally, U.S. design patent applications are not published.

U.S. design patent applications are not published if the application is filed directly with the USPTO. Moreover, if the application is not a divisional or continuation, then the prosecution history is not publicly available until (and if) the application issues. As a result, it is harder for third parties to keep tabs on the design patent applications of others until such applications issue as patents.

There is one instance in which a U.S. design patent application will publish: if the application is filed as an International Design Application (also known as an IDA) via the Hague Agreement Concerning the International Registration of Industrial Designs.² Under the Hague, the World Intellectual Property Office (WIPO) publishes the IDA about six months after the date of international registration. Generally, applicants may request deferment of publication of up to thirty months from the priority date (or from the filing date, if no priority is claimed). However, deferment of publication is not permitted if the IDA designates the United States (or any other Contracting Party that does not permit deferred publication). For more details on the Hague, check out [last issue's article](#).

Difference #7: Design patents only have one claim—so you might need more than one.

Whereas few practitioners would file a utility patent with only one claim, those filing design patent applications have no choice. Moreover, as noted below, restriction requirements are fairly common in design practice, so even if you start off with one application that matures into a patent, you may end up needing to file divisional applications to fully protect your design. Sophisticated applicants will often make careful use of portion claiming, which means only claiming a portion of the design by depicting those parts in solid lines and leaving other portions of the design unclaimed by using broken (or dashed) lines. Such techniques can help protect the innovative portions of a design and make it harder for copycats to “design around” your patent.

Difference #6: Since the claim is primarily the drawings, high-quality drawings are essential.

The single claim of a design patent always takes the same form: “The ornamental design for [the article which embodies the design or to which it is applied] as shown and described.” Because the claim relies so heavily on the drawings, those drawings should be clear, accurate, and include all the views needed to sufficiently show the design at the time of filing. Unlike utility filings where claim amendments are a regular part of the prosecution process, amendments in design applications, i.e., mainly to the drawings to, for example, correct lines or improve clarity, may be difficult to come by. Those who are prosecuting design patent applications should be on good terms with a competent draftsman and be incredibly careful when filing drawings with the USPTO to make sure that drawing quality is not compromised in the process.

Difference #5: Restriction is required and commonplace.

As noted above, a design patent application may only have one claim; however, more than one embodiment of a design may be protected by that single claim. But be careful: those multiple embodiments must still cover a single inventive concept. If this is not the case, and the examiner determines that the claim is referencing more than one patentably distinct design, restriction will be required. Thus, divisional filings are also very common, leading to increased costs for applicants who may have to file multiple applications in order to fully protect a design. Also, the Court of Appeals for the Federal Circuit has held that the act of electing an embodiment triggers prosecution history estoppel, so it is important to carefully consider this possibility when planning your filing strategy.

Difference #4: Continued prosecution applications (CPAs) are the norm.

Effective July 14, 2003, continued prosecution application (CPA) practice was eliminated as an option in utility applications; instead, applicants regularly file requests for continued examination (RCE) to get another bite at the apple and continue prosecuting a utility patent application after a final action. But in design applications, RCEs are not allowed, so CPAs are still permitted.

Legally, a CPA is a new application—and its parent application must be abandoned in favor of the CPA—which requires an applicant to once again meet all of the formal requirements of a new application and pay the basic filing fee. Having to essentially file a new application in order to continue prosecution in a design application could be fertile ground for mistakes, especially in uploading appropriate drawings. If these issues can be avoided, however, a CPA is not much different from an RCE in practice. The CPA is usually assigned to the same examiner as the parent application, and prosecution continues from where it was left off.

Difference #3: Design patent term is based on the issue date. Thus, patent term adjustment is not necessary (or available).

When the term of utility patents was changed from seventeen years from issuance to twenty years from the filing date, the concept of patent term adjustment (PTA) was implemented to compensate applicants for any delays by the USPTO in handling a utility application. But this change *did not apply* for design patents.

For applications filed on or after December 18, 2013, the term of a design patent is fifteen years from the date of grant. This change—from a fourteen-year term—is another result of the implementation of the Hague Agreement. Thus, although delays in prosecution are never desirable, such delays in a design application will not affect a patent's ultimate term. Further, U.S. design patents do not require maintenance fees to maintain the patent in force.

Difference #2: The USPTO charges less for design patents.

The following chart gives a snapshot of design patent application fees versus utility patent application fees as of September 2015. Design patent application fees are significantly cheaper; however, additional costs may be incurred in the form of expert draftsmen fees and because often more than one application is needed to adequately protect a design.

Fee	Design (USD)	Utility (USD)
Basic Filing Fee	\$180	\$280
Search Fee	\$120	\$600
Examination Fee	\$460	\$720
CPA	\$180* *Basic filing fee	N/A
RCE	N/A	\$1200 (1st request) \$1700 (2nd and later requests)
Issue Fee	\$560	\$960

Difference #1: Hiring a practitioner who regularly handles design patent application prosecution makes a difference.

Although design patent prosecution may be less expensive than utility prosecution, it is true that hiring patent prosecution counsel who is not familiar with design practice can increase those costs significantly while that attorney gets up to speed on the differences between utility and design prosecution. Further, because of the shorter timelines and stricter application of some USPTO rules in design prosecution, hiring counsel who is not intimately familiar with design practice and procedures may end up costing more than additional money—it may cost valuable protection.

*Stephanie Sanders is an IP Training Manager at Finnegan.

¹ Paris Convention for the Protection of Industrial Property, March 20, 1883, [available at http://www.wipo.int/treaties/en/text.jsp?file_id=288514](http://www.wipo.int/treaties/en/text.jsp?file_id=288514).

² Under the Patent Law Treaties Implementation Act (PLTIA) that took effect May 13, 2015, the United States joined the Hague Agreement.

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Rule Review

Only a True Divisional Can Enter the Safe Harbor of 35 U.S.C. § 121

by Eric P. Raciti

For centuries, alchemists attempted to transform base metals such as lead into gold. Their success against the laws of nature laid out of their reach, but one has to admire the creativity and determination of their efforts. After all, the potential rewards for success would have been enormous.

The same is true for the U.S. divisional application, which carries a unique and potent protection known as the “safe harbor” provision under 35 U.S.C. § 121:

If two or more independent and distinct inventions are claimed in one application, the Director may require the application to be restricted to one of the inventions. If the other invention is made the subject of a divisional application which complies with the requirements of section 120 [claiming benefit of priority] it shall be entitled to the benefit of the filing date of the original application. A patent issuing on an application with respect to which a requirement for restriction under this section has been made, or on an application filed as a result of such a requirement, shall not be used as a reference either in the Patent and Trademark Office or in the courts against a divisional application or against the original application or any patent issued on either of them, if the divisional application is filed before the issuance of the patent on the other application. The validity of a patent shall not be questioned for failure of the Director to require the application to be restricted to one invention. (Emphasis added.)

The true divisional application is therefore noble, like gold, in that it has special and valuable properties. The true divisional is immune from having its parent used as a reference against it, which notably could occur in an obviousness-type double-patenting (OTDP) rejection.

As is well known, the judicially made OTDP doctrine seeks to prevent the unfair extension of patent exclusivity beyond the term of a single patent owned by a single patentee. The public policy behind this doctrine was originally concerned with the unfair extension of patent term when a U.S. patent had a term of seventeen years from its issue date. Today, with a twenty-year term from the date of filing, this concern is less pressing.¹ A terminal disclaimer, nevertheless, requires that a later patent containing claims subject to an OTDP rejection be commonly assigned throughout its life with the parent in order to be enforceable. This aspect of the OTDP doctrine protects the public from having to defend against charges of infringement from two patentees for practicing an obvious variant of a single invention. See *In re Zickendraht*, 319 F.2d 225, 232, 138 U.S.P.Q. 22, 27 (C.C.P.A. 1963) (Rich, J., concurring); *In re Van Ornum*, 686 F.2d 937, 214 U.S.P.Q. 761 (C.C.P.A. 1982).

In *G.D. Searle LLC v. Lupin Pharmaceuticals, Inc.*, No. 2014-1476 (Fed. Cir. June 23, 2015) (Bryson, J.), the U.S. Court of Appeals for the Federal Circuit upheld a district court ruling finding that OTDP rendered a reissue patent invalid. This case illustrates that an application cannot be styled as a divisional after the fact in order to benefit from the safe harbor of § 121.

Copaintiffs G.D. Searle and Pfizer sued five generic drug companies for infringement of reissued U.S. Patent No. RE44,048 (“the RE ’048 patent”). The RE ’048 patent’s lineage began with a parent application filed in 1993, which was subject to a three-way restriction requirement identifying two

composition groups and one method of use. Patentee Pfizer elected to prosecute one group of compound claims, which issued as a patent in 1995. Pfizer filed a divisional application to claim the other composition group, which later issued as U.S. Patent No. 5,563,165 (“the ‘165 patent”) but never filed a divisional to claim the method of use. Instead, a continuation-in-part application was filed containing new subject matter.

Pfizer also filed a PCT application, which was also designated a continuation-in-part of the parent application. The PCT application entered the United States in the national stage. During examination, the national stage application was also subject to a three-way restriction. Pfizer elected to prosecute a method-of-use group of claims, which was ultimately allowed as U.S. Patent No. 5,760,068 (“the ‘068 patent”).

In *Pfizer, Inc. v. Teva Pharmaceuticals USA, Inc.*, 518 F.3d 1353 (Fed. Cir. 2008), the court addressed a patent infringement action brought by Pfizer on the ‘068 patent. The court held that the ‘068 patent was invalid for OTDP. In particular, the court found that although the ‘068 patent shared the same lineage back to the parent application, it was itself a continuation-in-part and not a true divisional, and, therefore, the § 121 safe harbor provision did not apply to the ‘068 patent.

Pfizer then filed a reissue application, U.S. Patent Application No. 12/205,319 (“the ‘319 application”), under 35 U.S.C. § 251, stating that it had erred in prosecuting the application as a continuation-in-part rather than as a divisional application. The reissue application included amendments that removed any subject matter not present in the original parent application, including amending the claims to only recite subject matter appearing in the original parent application. The reissue examiner, however, rejected the reissue application on the ground that it did not cite an error correctable under the reissue statute.² In other words, the examiner could not identify where the patent was defective “by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent.”

Pfizer filed a request for continued examination (RCE) of the ‘319 application and provided a second reissue declaration, this time specifying various “technical errors” that allegedly rendered the ‘068 patent indefinite. The examiner found this declaration to state grounds that were correctable by reissue, and eventually the RE ‘048 patent issued.

At the district court in *G.D. Searle LLC v. Lupin Pharmaceuticals, Inc.*,³ the defendants argued that the Pfizer reissue patent was invalid for OTDP because Pfizer was not entitled to invoke the safe harbor in § 121. The district court agreed, finding that the RE ‘048 patent was not a true “divisional” and was therefore invalid. Pfizer appealed.

The Federal Circuit first explained that the § 121 safe harbor did not apply to the RE ‘048 patent because the reissue patent was not a true “divisional” of the parent patent. According to the court, “[T]he [child] application cannot be a divisional of the [parent] application, despite being designated as such in the reissue patent, because it contains new matter that was not present in the [parent] application.” See *G.D. Searle*, No. 14-1476, slip op. at 9. So, even though Pfizer attempted to synthesize a divisional by deleting the new matter filed in the continuation-in-part via reissue proceedings, the Federal Circuit found this to be insufficient, opining that “[s]imply deleting that new matter from the reissue patent does not retroactively alter the nature of the [child] application.” *Id.*

As an additional reason for denying the safe harbor of § 121 to the RE ‘048 patent, the court noted that the patent used as a reference for OTDP purposes, the ‘165 patent, did not derive from the same restriction requirement as the RE ‘048 patent. Even though they shared common lineage to the same parent application, the USPTO imposed a separate restriction requirement on the national stage application that matured into the ‘068 patent. The Federal Circuit found no evidence that the USPTO intended the earlier restriction requirement in the parent application to carry forward. Absent this direct relationship, the § 121 safe harbor was found not to apply.

The moral to the story is a simple one. Applicants in the USPTO wanting to benefit from the § 121 safe

harbor should file divisional applications directly from the application where the restriction requirement arises in order to remove any doubt that the divisional application is noble by birth and entitled to the safe harbor by birthright.

¹The question of patent term adjustment (PTA) and patent term extension (PTE) granted by the USPTO as equitable compensation to applicants for administrative delays is a question that intersects with terminal disclaimer practice. Readers with questions related to these complex issues are welcome to contact the author.

² The applicable section of the (pre-AIA) statute reads: (a) IN GENERAL.--Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

³No. 2:13-cv-00121-AWA-LRL (E.D. Va)

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EPO Practice

Deadly Divisionals, Poisonous Parents and the Remedy of Partial Priorities

by Leythem Wall

Toxic Families

At the end of 2012 the European Patent Office (EPO) Boards of Appeal sent shockwaves through Europe when it concluded that a European divisional patent publication could be novelty destroying to the European parent patent from which it is derived.

The whole basis for what appears to be a nonsensical conclusion lies in the issue of entitlement to priority. The deadly scenario generally will involve a priority European patent application **P** disclosing a specific embodiment or specific embodiments. The subsequent European patent application **EP** claiming priority to **P** has a more general recitation in the claim(s). As a result, the claim(s) of **EP** is broader than **P** and not considered entitled to the priority date.

A divisional European patent application is filed and subsequently published, which discloses an embodiment or embodiments identical to that appearing in **P**. The specific embodiment(s) in the divisional publication that is entitled to priority is ruled to anticipate the broader claim(s) of **EP** that is not entitled under Article 54(3) EPC (earlier priority date but later publication). Accordingly, the publication of the divisional application is found to anticipate **EP**.

While the headlines focused on such toxic divisionals, indeed the possibility works both ways. Parent European application publications can also be novelty destroying to European divisional claims not entitled to priority. So the very act of filing one or more divisional applications could result in refusal or revocation of one or more, or even all, members of the same family.

The Remedy of Partial Priorities

Enlarged Board of Appeal Decision G2/98 acknowledged that the same claim could have more than one priority date. Specifically, the decision states, "*The use of a generic term or formula in a claim for which multiple priorities are claimed in accordance with Article 88(2) EPC, second sentence, is perfectly acceptable under Articles 87(1) and 88(3) EPC, provided that it gives rise to the claiming of a **limited number of clearly defined alternative subject-matters.***" (Emphasis added.)

The EPO Boards of Appeal have concluded in some cases that it is not necessary for explicitly defined alternatives to be spelled out in a claim nor that words such as "or" are present for different embodiments in a claim which have different priority dates and entitlements.

The remedy of partial priorities can work by construing the claim to have two alternatives, although not explicitly recited as such: (i) the embodiment(s) disclosed in both the subsequent European application and the priority application (**P**), and (ii) the remaining disclosures appearing in the subsequent European application but not the priority application (**EP – P**).

Alternative (i) is entitled to priority; hence, the European divisional or parent application cannot be considered Article 54(3) EPC prior art and is not novelty destroying. Alternative (ii) is not entitled to priority, but the same disclosures appearing in the European divisional or parent application are also not

entitled to priority. Hence, again the parent or divisional application cannot anticipate the other.

Referral to the EPO Enlarged Board of Appeal

In an example of poisonous parents, **T0557/13**, the invention related to cold flow improver compositions. The divisional application was not considered entitled to priority and an example appearing in the parent application publication, which also appeared in the priority application and hence priority entitled, was considered a novelty-destroying disclosure under Article 54(3) EPC, and the divisional patent was revoked.

On appeal, the patent proprietor, the opponent, and the Board of Appeal all acknowledged that there has been divergent case law in this area. Accordingly, it was agreed that there should be a referral to the Enlarged Board of Appeal to obtain clear guidance on how this issue should be addressed.

The questions now to be considered by the Enlarged Board of Appeal in **G1/15** are:

- 1. Where a claim of a European patent application or patent encompasses alternative subject-matters by virtue of one or more generic expressions or otherwise (generic “OR”-claim), may entitlement to partial priority be refused under the EPC for that claim in respect of alternative subject-matter disclosed (in an enabling manner) for the first time, directly, or at least implicitly, and unambiguously, in the priority document?**
- 2. If the answer is yes, subject to certain conditions, is the proviso “provided that it gives rise to the claiming of a limited number of clearly defined alternative subject-matters” in point 6.7 of G 2/98 to be taken as the legal test for assessing entitlement to partial priority for a generic “OR”-claim?**
- 3. If the answer to question 2 is yes, how are the criteria “limited number” and “clearly defined alternative subject-matters” to be interpreted and applied?**
- 4. If the answer to question 2 is no, how is entitlement to partial priority to be assessed for a generic “OR”-claim?**
- 5. If an affirmative answer is given to question 1, may subject-matter disclosed in a parent or divisional application of a European patent application be cited as state of the art under Article 54 (3) EPC against subject-matter disclosed in the priority document and encompassed as an alternative in a generic “OR”-claim of the said European patent application or of the patent granted thereon?**

These “poisonous” family members have certainly been a wake-up call for those filing divisional applications in Europe, and have identified the importance in careful claim drafting to ensure priority entitlement. However, with the recent cases successfully utilizing the remedy of partial priorities and the referral to the Enlarged Board, we shall hopefully soon learn whether this ailment will continue to afflict us or be short-lived.

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At the Federal Circuit

Obvious Obviousness: The Federal Circuit Rejects Jury's Verdict of Nonobviousness

by Elliot C. Cook

Obviousness is a mixed question of law and fact. Thus, when a jury reaches a verdict on the issue of obviousness, the Federal Circuit defers to the jury's factual findings that are supported by substantial evidence. Practitioners should take note when the Federal Circuit overturns a jury's finding of obviousness or nonobviousness. These situations, as demonstrated in the recent case of *ABT Systems, LLC v. Emerson Electric Co.*, Nos. 2014-1618, -1700 (Fed. Cir. Aug. 19, 2015), often involve a strong showing of obviousness or nonobviousness that can highlight how practitioners may invoke or defend against 35 U.S.C. § 103 in their own cases.

The asserted patent in this case, U.S. Patent No. 5,547,017 ("the '017 patent"), titled "Air Distribution Fan Recycling Control," is directed to techniques for running an HVAC system fan intermittently during periods when a thermostat is not requesting heating or cooling. As described in the '017 patent, this "recycle control" feature involves periodic fan operation when the system is not heating or cooling, where the fan operation begins "a preselected time period" after the fan stops at the end of a heating or cooling cycle, or after the termination of a "constant fan mode" operation. The purported benefits of this technique, as described in the specification, include reduced air stagnation, dilution of point sources of indoor air pollution, improved air cleaning, and reduced energy consumption.

The '017 patent was assigned from the inventor to the University of Central Florida, which in turn licensed the patent to ABT Systems, LLC. The University and ABT sued several defendants for alleged infringement of the '017 patent, including Emerson Electric Co. In particular, they alleged that the Comfort Circulating Fan Feature of Emerson's "Big Blue" thermostat infringed the '017 patent.

During a jury trial, Emerson challenged the '017 patent as being obvious in view of four prior art references. In particular, Emerson argued that the claims of the '017 patent would have been obvious in view of U.S. Patent No. 2,013,136 ("*Cornelius*"); U.S. Patent No. 4,838,482 ("*Vogelzang*"); U.S. Patent No. 2,953,908 ("*Petrone*"); and/or U.S. Patent No. 5,020,332 ("*Nakatsuno*"). The jury rejected this invalidity defense and found the asserted claims of the '017 patent infringed by Emerson. Following the verdict, Emerson filed a motion for judgment as a matter of law (JMOL) to set aside the verdict, which the district court denied. Emerson appealed from the denial of its JMOL motion, and the plaintiffs also appealed on issues relating to damages.

On appeal, the Federal Circuit held that the district court erred in denying Emerson's JMOL motion based on obviousness. In doing so, the Federal Circuit substantively reviewed the four prior art references asserted by Emerson and concluded that no reasonable jury could have found, in light of *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), that the asserted claims were not obvious.

As described by the Federal Circuit, *Cornelius* discloses a furnace air circulation fan that "intermittently" cycles on and off, using a "timing device," when there is no call for heat from a thermostat. But *Cornelius* does not expressly teach the timer being tied to the deactivation of the heating elements, as recited in claim 1 of the '017 patent. *Vogelzang* discloses an HVAC system with a "cycle position" option on a

thermostat, as well as periodic fan operation when there is no call for heating or cooling. Like *Cornelius*, *Vogelzang* does not explicitly teach running a fan periodically based on when heating or cooling elements are deactivated. *Petrone* discloses a control for a fan such that the fan stops when the call for cooling ends, at which point there is a delay before the fan begins to operate independent of a call for cooling. This delay occurs in order to allow sufficient time for water to drain from the cooling coils, thus preventing moisture from being blown into the air. *Nakatsuno* discloses how a fan may be operated for a “predetermined time Δt_1 after the stop of the compressor.” Further, *Nakatsuno* teaches that the fan may also be “intermittently driven” to enhance comfort and minimize energy consumption.

The Federal Circuit framed the issue of obviousness as being whether a person of ordinary skill would have combined disclosure from *Petrone* and *Nakatsuno*, regarding “single-shot” fan operation as a function of the time when heating or cooling cycles end, with disclosure from *Cornelius* and *Vogelzang*, regarding periodic fan cycles during periods of time when there is no call for heating or cooling. The plaintiffs’ expert opined that one could not simply “plug []” the former references into the latter, and that there would be “logistical and enablement issues” if they were combined. *ABT Sys.*, Nos. 2014-1618, -1700, slip op. at 14 (alteration in original) (citation omitted). On the other hand, Emerson’s expert testified that “it would have been a logical and ordinary step for a person of skill in the art to use the prior art to create a periodic fan that is dependent on the end of a heating or cooling cycle.” *Id.* at 14-15. The Federal Circuit sided with Emerson, relying on the *KSR* rationale that “when a patent claims a structure already known in the prior art that is altered by the mere substitution of one element for another known in the field, the combination must do more than yield a predictable result.” *Id.* at 17 (quoting *KSR*, 550 U.S. at 416). According to the Federal Circuit, the timer of *Vogelzang* or *Cornelius*, as modified by the predetermined and compressor-dependent interval of *Nakatsuno* or *Petrone*, would have yielded a predictable result, namely, “the system fan would activate periodically following the end of a heating or cooling cycle.” *Id.*

The Federal Circuit further explained that, even if the references themselves do not provide a motivation to combine their teachings, a court “may find a motivation to combine prior art references in the nature of the problem to be solved.” *Id.* at 18 (quoting *Ruiz v. A.B. Chance Co.*, 357 F.3d 1270, 1276 (Fed. Cir. 2004)). Accordingly, based on *Vogelzang* and the nature of its “problem to be solved,” it would have been “nearly obvious from that disclosure itself to set the periodic fan to run as a function of when the heating or cooling cycle ended.” *Id.*

Having found that Emerson raised a prima facie case of obviousness, the Federal Circuit also considered the plaintiffs’ evidence of purported secondary considerations of nonobviousness, including commercial success and long-felt need. As the Federal Circuit found, this evidence could not rebut the showing of obviousness since there was no evidence of a “nexus” between the alleged secondary considerations and the claimed invention.

While *ABT Systems* involved a litigation appeal, its application of obviousness rationales is instructive for those involved in drafting or prosecuting patent applications. Practitioners should appreciate how strong an obviousness position may be even where there is no express teaching in the references to combine them in the manner recited in the challenged claims. Indeed, in *ABT Systems*, the obviousness position was so strong that the Federal Circuit was willing to overturn the jury’s finding of nonobviousness, which involved factual determinations to which the Federal Circuit had to “assign due deference.” *Id.* at 11. At the same time, practitioners should note that, in *ABT Systems*, “all of the claimed limitations [we]re expressly found in the cited prior art references.” *Id.* at 21. Thus, *ABT Systems* did not involve a situation where the obviousness rationale left a “gap” that was to be filled in by “common knowledge” or other undisclosed teachings. Thus, for situations involving such gaps, practitioners still have a range of arguments at their disposal to attack the underlying obviousness rationale.

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