

FINNEGAN

Last Month at the Federal Circuit

June 2012

Test for Joinder Is Satisfied When the Facts Giving Rise to the Cause of Action Against Each Defendant Substantially Overlap

In re EMC Corp.

No. 11-M100 (Fed. Cir. May 4, 2012)

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

Likelihood of Patentability Needed to Avoid SJ in Suit-Within-a-Suit Prosecution Malpractice Case

Minkin v. Gibbons, P.C.

No. 11-1178 (Fed. Cir. May 4, 2012)

[Appealed from D.N.J., Judge Martini]

Court Reverses Claim Construction Not Supported by Claim Language and Specification

Chicago Board Options Exchange, Inc. v.

International Securities Exchange, LLC

Nos. 11-1267, -1298 (Fed. Cir. May 7, 2012)

[Appealed from N.D. Ill., Judge Lefkow]

**Otsuka Pharmaceutical Co. v. Sandoz, Inc.*

Nos. 11-1126, -1127 (Fed. Cir. May 7, 2012)

[Appealed from D.N.J., Judge Cooper]

Social Networking Patent Invalidated Due to Offer for Sale Under 35 U.S.C. § 102(b)

Leader Technologies, Inc. v. Facebook, Inc.

No. 11-1366 (Fed. Cir. May 8, 2012)

[Appealed from D. Del., Judge Stark]

Actual Reduction to Practice Is Not Required for Inherent Anticipation of a Therapeutic Method

In re Montgomery

No. 11-1376 (Fed. Cir. May 8, 2012)

[Appealed from Board]

Prior Art Disclosure Establishes the Ceiling for Surrendered Subject Matter in a Recapture Rule Analysis

In re Youman

No. 11-1136 (Fed. Cir. May 8, 2012)

[Appealed from Board]

Spotlight Info

Looking Ahead

Causal Nexus Required Between Accused Infringement and Alleged Harm to Warrant a Grant of Preliminary Injunction

Apple, Inc. v. Samsung Electronics Co.

No. 12-1105 (Fed. Cir. May 14, 2012)

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

Court Affirms Board's Decision of Unpatentability Despite Previous Affirmance of Earlier Declaration of Validity by District Court

In re Baxter International, Inc.

No. 11-1073 (Fed. Cir. May 17, 2012)

[Appealed from Board]

Divided Panel Affirms Finding of Motivation to Combine Implant Cross-Linking Patents

In re Hyon

No. 11-1239 (Fed. Cir. May 24, 2012)

[Appealed from Board]

Technology Is Not Necessarily Obvious Simply Because It Is Easily Understood

Mintz v. Dietz & Watson, Inc.

No. 10-1341 (Fed. Cir. May 30, 2012)

[Appealed from S.D. Cal., Judge Lorenz]

Nonparty Acting in Concert with Enjoined Party May Be Held in Contempt of Injunction

Merial Ltd. v. Cipla Ltd.

Nos. 11-1471, -1472 (Fed. Cir. May 31, 2012)

[Appealed from M.D. Ga., Judge Land]

**A summary of Otsuka Pharmaceutical Co. v. Sandoz, Inc. is not included in this edition of the newsletter.*

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

DISCLAIMER: The case summaries are intended to convey general information only and should not be construed as a legal opinion or as legal advice. The firm disclaims liability for any errors or omissions and readers should not take any action that relies upon the information contained in this newsletter. You should consult your own lawyer concerning your own situation and any specific legal questions. This promotional newsletter does not establish any form of attorney-client relationship with our firm or with any of our attorneys.

FINNEGAN

Contacts

If you have any questions or need additional information, please contact:

Esther H. Lim, Editor-in-Chief

Joyce Craig, Assistant Editor

Elizabeth D. Ferrill, Assistant Editor

Shana K. Cyr, Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Test for Joinder Is Satisfied When the Facts Giving Rise to the Cause of Action Against Each Defendant Substantially Overlap

Rachel L. Emsley

Judges: Rader, Dyk (author), Moore

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

In *In re EMC Corp.*, No. 11-M100 (Fed. Cir. May 4, 2012), the Federal Circuit granted petitioners' writ of mandamus, directing the district court to reconsider the defendants' motions to sever and transfer in light of the correct test under Fed. R. Civ. P. 20(a) to determine whether the claims "aris[e] out of the same transaction, occurrence, or series of transactions or occurrences." Slip op. at 3 (alteration in original) (quoting Fed. R. Civ. P. 20(a)).

Oasis Research LLC ("Oasis") brought suit against eighteen companies for infringement of four patents directed to off-sight computer storage, alleging infringement by the defendants' respective online backup and storage services. Eight of the eighteen companies moved to sever and transfer the claims to other venues. The district court denied those motions, finding nothing improper about maintaining the claims in one action in the Eastern District of Texas because there would be common questions of validity, claim construction, and scope of the asserted patents, and that the claims arose "out of the same transaction, occurrence, or series of transactions or occurrences" because the products were "not dramatically different." *Id.* at 4 (citation omitted).

Initially, the Federal Circuit noted that mandamus was available since a defendant would not otherwise have an adequate remedy for an improper failure to transfer or sever the case after final judgment because the defendant would be unable to demonstrate that it would have won the case had it been tried elsewhere. Next, the Court stated that Fed. R. Civ. P. 20(a)(2) has two independent requirements: (1) that the claims against the joined defendants must be asserted "with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences"; and (2) that there must be a "question of law or fact common to all defendants." *Id.* at 9 (quoting Fed. R. Civ. P. 20(a)(2)). The Federal Circuit explained that the fact that the defendants are independent actors would not preclude joinder as long as the rule is satisfied, but that a single common question of law or fact alone is insufficient and the mere fact that a plaintiff alleges infringement is insufficient, although the claims would raise common questions of claim construction and patent validity.

"[I]ndependently developed products using differently sourced parts are not part of the same transaction, even if they are otherwise coincidentally identical." Slip op. at 15.

The Federal Circuit concluded that independent defendants satisfy the transaction-or-occurrence test of Rule 20 when there is a logical relationship between the separate causes of action, and that this “logical relationship test” is satisfied when there is substantial evidentiary overlap in the facts giving rise to the causes of action against each defendant—the infringing acts must “*share* an aggregate of operative facts.” *Id.* at 13. The Federal Circuit rejected the previously used “not dramatically different” standard applied by some district courts, reasoning that a court would always find that similarity exists under such a standard because the distinct products were alleged to infringe the same patent.

Concluding that joinder is not appropriate where different products or processes are involved, the Court explained that for joinder to be appropriate, the accused products or processes must first be the same in respects relevant to the patent, and there must be shared, overlapping facts giving rise to the infringement allegations—not just “distinct, albeit coincidentally identical, facts.” *Id.* at 15. In addition, the Federal Circuit listed other pertinent factual considerations, which the district court has discretion to weigh in determining whether a patent case satisfies Fed. R. Civ. P. 20: whether the alleged acts of infringement occurred during the same time period, the existence of some relationship among the defendants, the use of identically sourced components, licensing or technology agreements between the defendants, overlap of the products’ or processes’ development and manufacture, and whether the case involves a claim for lost profits.

Finally, the Court recognized that the district court has considerable discretion to consolidate cases for discovery and trial under Rule 42 where venue is proper and there is “a common question of law or fact,” and that common pretrial issues of claim construction and patent invalidity can be adjudicated together through the multidistrict litigation procedures of 28 U.S.C. § 1407. The Court further noted that even when the Rule 20 joinder standard is satisfied, district courts have discretion to refuse joinder in the interest of avoiding prejudice and delay, ensuring judicial economy, or safeguarding fairness.

Accordingly, the Federal Circuit directed the district court to reconsider the defendants’ motions to sever and transfer in light of the correct test for joinder.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Likelihood of Patentability Needed to Avoid SJ in Suit-Within-a-Suit Prosecution Malpractice Case

Justin A. Hendrix

Judges: Rader, O'Malley (concurring in the result), Reyna (author)
[Appealed from D.N.J., Judge Martini]

In *Minkin v. Gibbons, P.C.*, No. 11-1178 (Fed. Cir. May 4, 2012), the Federal Circuit affirmed the district court's grant of SJ in favor of the law firm of Gibbons, P.C. ("Gibbons"), finding that Mr. Herman Minkin ("Minkin") failed to raise a genuine dispute of material fact regarding causation, a necessary element in New Jersey legal malpractice cases.

Minkin is the sole inventor of U.S. Patent No. 6,012,363 ("the '363 patent"), which is directed to a hand tool called "extended reach pliers" ("ERP"). Minkin, an airplane mechanic, devised the ERP in the 1960s in order to reach deep inside airplane engines without disassembling external components. To accomplish this, rather than use just one pivot like standard pliers do, the ERP uses two. In 1996, Minkin retained Gibbons to patent his invention.

The patent claims as originally drafted recited a tool having two handles joined by a first pivot and two jaw elements joined by a second pivot. The length of the long end of the handle was twice as long as the short end, and the length of the working end of the jaw was at least twice as long as the tail end. Following the 35 U.S.C. §§ 102(b) and 103 rejections based on an early 1900s prior art reference, Gibbons amended the claims to require a minimum 3:1 ratio between the lengths of the components connecting the ERP's two pivots. The amendment, Minkin argued, provided for an increased mechanical advantage not previously available. The examiner again rejected the claims as obvious based on the same reference and three additional references. After filing a CIP application, submitting an inventor declaration, and conducting an examiner interview, the PTO allowed Minkin's '363 patent with the 3:1 pivot ratio limitation.

Following issuance of the '363 patent, Minkin began manufacturing and marketing the patented ERP to major tool companies, including the Danaher Tool Company ("Danaher"). But after Danaher designed around the 3:1 pivot ratio limitation of the '363 patent and began making its own version of the ERP, Minkin sued Gibbons for patent prosecution malpractice. According to Minkin, Gibbons negligently drafted the '363 patent claims so narrowly as to offer virtually no protection against competitors, resulting in lost-sale damages.

The district court required Minkin to show that hypothetical alternate claims would have been patentable and concluded that Minkin's expert did not provide evidence demonstrating that his sample alternative claims were nonobvious. Accordingly, the district court held that Minkin did not carry his burden to show causation, an essential element of a New Jersey malpractice claim, and entered SJ in favor of Gibbons.

On appeal, the Federal Circuit first considered whether it had jurisdiction. The Court noted that jurisdiction is proper in state law patent attorney malpractice cases where the plaintiff is required to establish that, but for attorney negligence, he would have obtained valid claims of sufficient scope that competitors could not easily avoid. Finding that this was just such a case, the Court concluded it had jurisdiction.

“Malpractice cases under a suit-within-a-suit framework require as part of the plaintiff’s case-in-chief a demonstration of the likelihood of patentability. In the context of summary judgment, we hold that the district court was obligated to determine whether Minkin could satisfy its ultimate burden of showing patentability in light of Gibbons’s motion.” Slip op. at 18-19 (citation omitted).

Turning to the merits of Minkin’s malpractice claim, the Federal Circuit explained that, under New Jersey law, to establish proximate causation, Minkin must show that alternate, broader claim language would have been patentable. The Court explained that one way to show proximate causation under New Jersey law is a “suit within a suit.” The suit-within-a-suit approach applies where recovery depends on success in the underlying matter and “aims to clarify what would have taken place but for the attorney’s malpractice.” Slip op. at 13 (citing *Garcia v. Kozlov, Seaton, Romanini & Brooks, P.C.*, 179 N.J. 343, 358 (2004)). This approach required Minkin to prove by a preponderance of the evidence that the PTO would have deemed the alternate claim language patentable and that it would have read on the Danaher tool. Minkin argued that (1) he did not have the burden of showing the nonobviousness of the alternate claims at the SJ stage of the district court proceeding; (2) even if he did have the burden, the nonobviousness was shown in Minkin’s expert’s supplemental report; and (3) the district court should have inferred the nonobviousness of the alternative claim language because the ’363 patent issued after an in-person interview. The Federal Circuit rejected all three arguments.

First, the Court observed that Minkin had the burden under Fed. R. Civ. P. 56 to introduce at the SJ stage evidence sufficient to establish an issue of material fact with regard to patentability. Because the Court found that Minkin’s claims had already drawn numerous obviousness rejections and that Gibbons’s SJ motion put § 103(a) squarely at issue, Minkin was obligated to raise any factual disputes concerning nonobviousness in his response to the SJ motion. The Court found that Minkin failed to raise a single material fact in dispute as to the nonobviousness of the proposed alternate claims.

Second, the Court rejected Minkin’s argument that he had met his burden by thoroughly analyzing sixteen prior art references and their relationship to the alternate claims. The Court, however, found that the supplemental report of Minkin’s expert was insufficient to satisfy the burden on causation because it was directed to anticipation under § 102, not obviousness under § 103. The Court explained that anticipation and obviousness are separate conditions of patentability, requiring different tests and different elements of proof. Thus, the Court found the supplemental report insufficient to demonstrate that the alternate claims would not have been obvious.

The Court was not persuaded as to Minkin’s third argument that because the examiner ultimately granted the ’363 patent after an office interview, it could be inferred that alternate claim language would also be nonobvious. An inference of nonobviousness does not attach to the alternate claims, the Court explained, because the alternate claim terms differed from the issued claim terms and removed the 3:1 pivot ratio limitation that the examiner ultimately found inventive. The Court therefore refused to conclude that an examiner would have allowed the alternate claims of greater scope just because the narrower claims issued after an in-person interview.

Accordingly, the Court affirmed the district court’s grant of SJ in favor of Gibbons because Minkin provided no evidence of nonobviousness and therefore failed to establish a genuine dispute of material

fact as to the patentability of its alternate claims.

Judge O'Malley concurred in all aspects but disagreed that jurisdiction was proper. According to Judge O'Malley, for the reasons set forth in his dissent in *Byrne v. Wood, Herron & Evans, LLP*, No. 11-1012 (Fed. Cir. Mar. 22, 2012), the Federal Circuit's exercise of jurisdiction over state law malpractice claims is incorrect and inconsistent with controlling Supreme Court law.

FINNEGAN

If you have any questions or need additional information, please contact:

Esther H. Lim, Editor-in-Chief

Joyce Craig, Assistant Editor

Elizabeth D. Ferrill, Assistant Editor

Shana K. Cyr, Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Court Reverses Claim Construction Not Supported by Claim Language and Specification

Sherry Wu

Judges: Rader, Wallach (author), Fogel (district judge sitting by designation)
[Appealed from N.D. Ill., Judge Lefkow]

In *Chicago Board Options Exchange, Inc. v. International Securities Exchange, LLC*, Nos. 11-1267, -1298 (Fed. Cir. May 7, 2012), the Federal Circuit vacated the district court's judgment of noninfringement and remanded for further proceedings based on its interpretation of the claim terms "system memory means," "matching," and "automated exchange."

International Securities Exchange, LLC ("ISE") is the owner of U.S. Patent No. 6,618,707 ("the '707 patent"), directed to an automated exchange for the trading of options contracts that allocates trades among market professionals and that assures liquidity. The '707 patent distinguishes an "automated" exchange from the traditional, floor-based "open-outcry" system for trading options contracts.

ISE sued Chicago Board Options Exchange, Inc. ("CBOE") for infringement of the '707 patent in the Southern District of New York. Subsequently, CBOE sued ISE in the Northern District of Illinois seeking, among other relief, a DJ that the '707 patent is invalid, is not infringed by CBOE, and is unenforceable because of inequitable conduct before the PTO. The New York action eventually was transferred to the Northern District of Illinois where the cases were consolidated.

After the district court issued its final claim construction order, CBOE moved for SJ of noninfringement based on the district court's construction of the terms "system memory means," "matching," and "automated exchange." The district court denied the portion of CBOE's motion based upon the "automated exchange" limitation, but granted the motion with respect to the "system memory means" and "matching" limitations. ISE appealed on claim construction and the resulting SJ decision.

On appeal, the Federal Circuit first reviewed claim construction. With regard to the means-plus-function term "system memory means," the parties agreed on the function of this claim limitation but disputed the corresponding disclosed structure. ISE contended that "system memory" is sufficient. CBOE argued, and the district court agreed, that the structure associated with the claim limitation also includes the bid-matching process and the offer-matching process because those processes store allocating parameters pertaining to public customer orders while the system memory stores allocating parameters related to professional orders. CBOE further contended that the bid-matching process and the offer-matching process "store" allocation parameters because they "apply" and "contain" allocation parameters.

The Court found that the specification did not support CBOE's position. The Court explained that system memory is the disclosed structure clearly associated with "system memory means," and the language in the specification shows that the bid-matching process and the offer-matching process "apply," not "store,"

allocation parameters. The Court further explained that the general presumption that different terms have different meanings remain because nothing in the '707 patent suggests that “storing” and “applying” are used interchangeably in reference to allocation parameters.

A “structure disclosed in the specification is corresponding structure only if the specification or prosecution history clearly links or associates that structure to the function recited in the claim.” Slip op. at 10 (quoting *Med. Instrumentation & Diagnostics Corp. v. Elekta AB*, 344 F.3d 1205, 1210 (Fed. Cir. 2003)).

Next, the Court disagreed with the district court’s conclusion that the claim term “matching” may be based on price only. The Court found that the plain language of the '707 patent shows that “matching” cannot be based on price only. Claim 35, for example, recites “matching a remaining portion of the incoming order or quotation . . . against professional orders and quotations with larger size based on the allocating parameter.” Accordingly, the Court construed “matching” as “identifying a counterpart order or quotation for an incoming order or quotation.” Slip op. at 14 (citation omitted).

The Federal Circuit then agreed with the district court that “matching” and “allocating” are distinct processes. Applying the doctrine of claim differentiation, the Court observed that claim 1 recites “allocating” functions, while claim 2, depending on claim 1, recites a “matching” function. The Court explained that these claims indicate that “matching” and “allocating” are distinct because “the presence of a dependent claim that adds a particular limitation gives rise to a presumption that the limitation in question is not present in the independent claim.” *Id.* at 17 (quoting *Phillips v. AWH Corp.*, 415 F.3d 1303, 1315 (Fed. Cir. 2005) (en banc)). The Court also found the same support in the specification.

Next, with regard to the term “automated exchange,” the Court found that the district court erred in determining that this term describes a “method” but affirmed the district court’s finding that the '707 patent disavowed traditional floor-based trading with respect to this limitation. First, the Federal Circuit agreed with ISE’s contention that the district court erred in construing “automated exchange” as a method rather than a system for trading. The Court noted that proper claim construction may not vary from the patent’s own description of “automated exchange” as being a system because the independent method claims conduct certain steps on the “automated exchange,” and the specification also describes the “automated exchange” as a system. Second, the Court explained that the '707 patent disavows traditional floor-based trading because the specification made clear that the invention does not include this feature, even though the claim language, when read without reference to the specification, might be considered broad enough to encompass this feature. As an example, the Court observed that the '707 patent proposes an automated exchange for the express purpose of remedying a number of perceived deficiencies.

Accordingly, the Federal Circuit vacated the district court’s judgment of noninfringement and remanded for further proceedings based on its claim construction.

FINNEGAN

If you have any questions or need additional information, please contact:

Esther H. Lim, Editor-in-Chief

Joyce Craig, Assistant Editor

Elizabeth D. Ferrill, Assistant Editor

Shana K. Cyr, Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Social Networking Patent Invalidated Due to Offer for Sale Under 35 U.S.C. § 102(b)

*Jonathan Stroud**

Judges: Lourie (author), Moore, Wallach

[Appealed from D. Del., Judge Stark]

In *Leader Technologies, Inc. v. Facebook, Inc.*, No. 11-1366 (Fed. Cir. May 8, 2012), the Federal Circuit affirmed the invalidation of U.S. Patent No. 7,139,761 (“the ‘761 patent”), finding substantial evidence to support a jury’s finding that the claimed invention was offered for sale and publicly demonstrated prior to the critical date.

Leader Technologies, Inc. (“Leader”) owns the ‘761 patent, which is directed to software that allows users on a network to communicate on a large scale. Broadly, the ‘761 patent purports to improve upon conventional systems by associating data with an individual, group of individuals, and topical content, and not simply with a folder, as in traditional systems. The system achieves this improvement by having users collaborate and communicate through “boards” that are accessible through an Internet browser and appear as a webpage. To do so, the data management system employs metadata.

Prior to filing the application that issued as the ‘761 patent in December 2003, Leader developed a product called Leader2Leader®. Leader’s founder, Michael McKibben, testified that the ‘761 patent claims cover Leader2Leader®’s “underlying engine,” which is referred to as the Digital Leaderboard®. In January 2002, Leader presented a white paper to Wright-Patterson Air Force Base offering 20,000 licenses to the Leader2Leader® product and discussing the functionality of the system. Leader also represented that the Digital Leaderboard® software had been fully developed. In November 2002, Leader demonstrated the Leader2Leader® system to Boston Scientific and by December 8, 2002, had demonstrated it to a number of other companies. Leader filed a provisional patent application on December 11, 2002, and, on December 10, 2003, it filed the nonprovisional application that issued as the ‘761 patent.

When Leader sued Facebook, Inc. (“Facebook”) for infringement in 2008, the jury returned a verdict in favor of Facebook, finding that the ‘761 patent was subject to an invalidating sale and an invalidating public use. The district court thereafter denied Leader’s post-trial motions for JMOL or, in the alternative, a new trial.

“Finally, regarding the jury’s decision to discredit McKibben’s trial testimony that the pre-critical date Leader2Leader® did not fall within the scope of the asserted claims, we generally agree with Leader that ‘[n]ormally,’ a witness’s ‘discredited testimony is not considered a sufficient basis for drawing a contrary conclusion.’ *Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S.

485, 512 (1984). However, as recounted above, the record contains substantial evidence that the Leader2Leader® product that was on sale and in public use prior to the critical date fell within the scope of the asserted claims. At a minimum, McKibben’s lack of credibility fortifies that conclusion and provides an independent basis for disbelieving his factual assertions.” Slip op. at 14 (alteration in original).

On appeal, the Federal Circuit agreed with Facebook that legally sufficient evidence supported the jury’s verdict that the version of Leader2Leader® demonstrated and offered for sale prior to the critical date was an embodiment of the asserted claims. Contrary to Leader’s arguments, the Court found that the record was not devoid of the minimum quantity of evidence to support the jury’s verdict. First, the Court noted that Leader admitted in its interrogatory responses that Leader2Leader® powered by the Digital Leaderboard® engine “embodies” the asserted claims of the ’761 patent. Leader argued that, by employing the present tense, its admissions were limited to only the instance of the Leader2Leader® powered by the Digital Leaderboard® engine that existed at the time Leader served its responses on Facebook. But the Court found that Leader did not qualify its interrogatory responses in that manner. Moreover, the Court found that McKibben contended at trial that the Leader2Leader® powered by the Digital Leaderboard® engine not only fell within the scope of the asserted claims in 2009 when Leader served its responses, but also in 2007 before the lawsuit was initiated and in 2010 during the trial. Moreover, the Court observed that, in his deposition, McKibben could not identify a single instance of Leader2Leader® that did not fall within the scope of the ’761 patent claims.

The Court also found legally sufficient evidence in the record linking the precritical date software to the software that Leader admitted fell within the scope of the asserted claims. The evidence showed that in 2002, for example, Leader offered for sale the exact software product that Leader admitted fell within the asserted claims—the Digital Leaderboard® engine provided under the Leader2Leader® brand. Regarding the jury’s decision to discredit McKibben’s trial testimony that the precritical date Leader2Leader® did not fall within the scope of the asserted claims, the Court generally agreed with Leader that “[n]ormally,” a witness’s “discredited testimony is not considered a sufficient basis for drawing a contrary conclusion.” Slip op. at 14 (alteration in original) (citing *Bose Corp. v. Consumers Union of United States, Inc.*, 466 U.S. 485, 512 (1984)). The Federal Circuit, however, found substantial evidence that the Leader2Leader® product that was on sale and in public use prior to the critical date fell within the scope of the asserted claims. In the Court’s view, at a minimum, McKibben’s lack of credibility fortified that conclusion and provided an independent basis for disbelieving his factual assertions.

In upholding the jury’s verdict, the Court recognized that “as a general matter a computer scientist can easily modify and change software code and that two versions of the same software product may function differently.” *Id.* But, in this case, the Court concluded that Leader failed to point to any contemporaneous evidence in the record that indicated that the Leader2Leader® powered by the Digital Leaderboard® engine that existed prior to the critical date was substantively different from the postcritical date software.

The Court also agreed with Facebook that the district court did not abuse its discretion in denying Leader’s motion for a new trial. Facebook relied almost exclusively on Leader’s own admissions to prove invalidity, and those documents on their face did not support Leader’s position. Thus, the Court concluded that it was not in error for the district court to conclude that the verdict was not against the great weight of the evidence. Moreover, the Court noted that Leader failed to explain why upholding the verdict would result in a miscarriage of justice. For these reasons, the Federal Circuit affirmed the decisions of the district court.

**Jonathan Stroud is a Summer Associate at Finnegan.*

If you have any questions or need additional information, please contact:

Esther H. Lim, Editor-in-Chief

Joyce Craig, Assistant Editor

Elizabeth D. Ferrill, Assistant Editor

Shana K. Cyr, Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Actual Reduction to Practice Is Not Required for Inherent Anticipation of a Therapeutic Method

Kimberly D. Braslow

Judges: Lourie (dissenting), Dyk (author), Prost
[Appealed from Board]

In *In re Montgomery*, No. 11-1376 (Fed. Cir. May 8, 2012), the Federal Circuit affirmed the Board's decision that certain claims of U.S. Patent Application Serial No. 11/118,824 ("the '824 application") are invalid for anticipation.

The claims at issue are directed to methods of treating or preventing stroke with known renin-angiotensin system ("RAS") inhibitors. The examiner rejected these claims as anticipated by four prior art references, and Montgomery appealed to the Board.

The Board construed the independent claim as having two elements: (1) to administer an RAS inhibitor, and (2) "the patient population receiving the inhibitor . . . encompasses patients diagnosed as required stroke treatment or prevention." Slip op. at 6 (alteration in original) (citation omitted). The Board concluded that all four references taught administration of ramipril to stroke-prone patients, and that the claims were anticipated. The Board rejected Montgomery's argument that none of the references demonstrated actually treating or preventing stroke, finding that ramipril inherently treats or prevents stroke regardless of whether the authors recognized this inherent characteristic. Montgomery appealed to the Federal Circuit.

On appeal, the Federal Circuit focused on the HOPE reference ("HOPE"), noting that because it disclosed both elements, it need not address the other three references. The Court found no error in the Board's uncontested conclusion that HOPE disclosed the administration of ramipril to patients diagnosed as in need of stroke treatment or prevention.

"We have repeatedly held that '[n]ewly discovered results of known processes directed to the same purpose are not patentable because such results are inherent,'" even if "those of ordinary skill heretofore may not have recognized the[] inherent characteristics of the [prior art]." Slip op. at 11 (alterations in original) (citations omitted).

The Court then turned to the requirement that the method be "for the treatment or prevention of stroke or its recurrence." The Court stated that it need not resolve whether the claim required efficacy, because it agreed with the Board that even if the claim had such a requirement, it was inherent in carrying out the

claim steps. The Court found that HOPE inherently anticipated the claims, because it disclosed a protocol for administering ramipril to stroke-prone patients, and further disclosed that doing so inevitably treats or prevents stroke. The Court stated that it “agree[d] with the dissent that a result is only inherent if it inevitably flows from the prior art disclosure, but there is no question here that treating stroke-prone patients with ramipril does in fact inevitably treat or prevent stroke.” *Id.* at 11. The Court stated that it has “repeatedly held that ‘[n]ewly discovered results of known processes directed to the same purpose are not patentable because such results are inherent,’” even if “those of ordinary skill heretofore may not have recognized the[] inherent characteristics of the [prior art].” *Id.* (alterations in original) (citations omitted).

Montgomery argued that inherent anticipation requires an actual reduction to practice, and that HOPE did not disclose actual performance of the method. The Federal Circuit disagreed, noting that while “[a]n invitation to investigate is not an inherent disclosure,” “HOPE’s protocol for the administration of ramipril is far from an abstract theory” *Id.* at 14 (alteration in original) (quoting *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1367 (Fed. Cir. 2004)). The Court found that HOPE was identical to the ’824 application in all relevant respects, as neither disclosed actual results from the administration of ramipril, and noted that Montgomery conceded that HOPE’s authors could have obtained the patent claims based on the HOPE reference. The Court concluded that HOPE anticipated the claims, and affirmed the rejection.

Judge Lourie dissented, stating that the Court’s precedent has been steadfast in holding that inherent anticipation requires inevitability, and that a mere proposal for further experimentation is not enough. Judge Lourie found that the results of the study proposed in HOPE were not predictable or inevitable, and disagreed with the majority’s finding to the contrary. Judge Lourie further disagreed with the majority’s finding that HOPE would anticipate even if it merely proposed administering ramipril for treatment or prevention of stroke without actually doing so. Judge Lourie stated that “a mere description of a process that, *if* it had been carried out, *might* yield a particular *undisclosed* result is not an inherent anticipation of that result.” Lourie Dissent at 5.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Prior Art Disclosure Establishes the Ceiling for Surrendered Subject Matter in a Recapture Rule Analysis

Richard M. Hanna

Judges: Lourie (dissenting), Schall, Prost (author)

[Appealed from Board]

In *In re Youman*, No. 11-1136 (Fed. Cir. May 8, 2012), the Federal Circuit vacated and remanded the Board's decision rejecting the claims of Roger Youman and Marney Morris's (collectively "Youman") reissue application as improperly recapturing subject matter surrendered in the original patent.

Youman had filed a patent application, which eventually issued to Youman as U.S. Patent No. 5,629,733 ("the '733 patent"). The '733 patent described an electronic program schedule system for televisions that permits a user to efficiently access and navigate television program information. As originally filed, the patent application contained a single independent claim ("the patented claim"), reciting, inter alia, "selection means for allowing said user to select a title for display on said television receiver by selecting the first *n* characters of said title." Slip op. at 3 (emphasis and citation omitted). During prosecution, in order to overcome a 35 U.S.C. § 103 rejection in light of three prior art references, Youman added a limitation to claim 1, reciting "said selection means *comprising means for causing each of said n characters to cycle forward and backward through a plurality of alphanumeric characters . . .*"

Slip op. at 6 (citation omitted). This language was included in the patented claim. Within two years of the '733 patent reissuing, Youman filed a reissue application. In the reissue application, Youman added an independent reissue claim similar to the patented claim, but reciting "wherein each of the *n* characters may be selected with the wireless remote control from a plurality of displayed alphanumeric characters *by changing from a first character to a second character using the nonalphanumeric keys.*" *Id.* at 7 (citation omitted). The examiner finally rejected this claim under 35 U.S.C. § 251 as improperly recapturing subject matter surrendered in the application for the '733 patent. Youman appealed to the Board.

The Board applied the three-step recapture rule analysis to affirm the examiner's rejection. Specifically, the Board found that the modified "changing" limitation of the reissue claim was broader than the "cycling" limitation of the patented claim, and was related to the surrendered subject matter. The "Board held that because the reissue claim broadened patented claim 1 to an intermediate scope, it constituted an impermissible recapture of surrendered subject matter." *Id.* at 7-8. Further, the Board held that, because other narrowing limitations of the reissue claim were not overlooked aspects of the invention, step three of the recapture rule could not rescue the reissue claim.

On appeal, the Federal Circuit considered whether the Board had correctly applied the three-step recapture rule to the instant case. "The recapture rule bars a patentee from recapturing subject matter, through reissue, that the patentee intentionally surrendered during the original prosecution in order to overcome prior art and obtain a valid patent." *Id.* at 10 (citing *In re Mostafazadeh*, 643 F.3d 1353, 1358

(Fed. Cir. 2011)). That is, 35 U.S.C. § 251 permits reissue when a patentee claims less than it had a right to “through error without any deceptive intention.” The intentional surrendering of subject matter does not constitute error under 35 U.S.C. § 251.

“[I]f the patentee modifies the added limitation such that it is broader than the patented claim yet still materially narrows relative to the original claim, the recapture rule does not bar reissue.” Slip op. at 19.

Applying the three-step recapture rule, the first step is to determine “whether and in what ‘aspect’ the reissue claims are broader than the patent claims.” *Id.* at 11-12 (quoting *Mostafazadeh*, 643 F.3d at 1358). In the present case, it was undisputed that the “changing” limitation of the reissue claim was broader than the “cycling” limitation of the ’733 patent. The Court agreed.

The second step is “whether the broader aspects of the reissue claims relate to surrendered subject matter.” *Id.* at 12 (quoting *Mostafazadeh*, 643 F.3d at 1358). Youman and the Board disputed what constitutes surrendered subject matter. Youman argued that the surrendered subject matter is limited to that which is broader than the original claims. The Board argued that the surrendered subject matter was defined by the patented claim. The Court agreed with the Board, noting that “[w]e have consistently held that when a patentee narrows the original claim in an effort to overcome a prior art rejection and makes arguments in support, the patentee surrenders the subject matter broader than the patented claim.” *Id.* at 13.

Finally, if the first two steps are affirmative, then the third step is whether the surrendered subject matter has crept back into the reissue claim. If the answer to this step is yes, the recapture rule then bars the reissue claim. In applying this step, the Board erred by determining that any broadening of the patented claim related to the surrendered subject matter was barred by the recapture rule. Rather, the Court found that claims of intermediate scope (i.e., broader than the patented claims yet narrower than the original claims) were not per se barred by the recapture rule. According to the Court, “a broadening modification must be evaluated to determine if it materially narrows relative to the original claim such that surrendered subject matter is not entirely or substantially recaptured.” *Id.* at 16.

In making this determination, the Court asserted that the prior art of the original prosecution defines the limit of surrendered subject matter. “*Mostafazadeh* establishes, as a ceiling for determining whether a modified limitation material [sic] narrows, any recapture of surrendered subject matter that was in the prior art of the original prosecution.” *Id.* at 19. The Court reasoned that, during prosecution, claims may, through error and without deceptive intent, be narrowed further than required by the prior art. In such a situation, the Court asserted, where a modified limitation is broader than that of the patented claim, yet still materially narrowing with respect to the original claim and the prior art, the recapture rule does not bar reissue. The Court found that the Board failed to distinguish cases involving a modified limitation and cases involving the outright elimination of a limitation, and stated that this error alone was reason to vacate and remand.

The Court, however, extended its analysis to show that the Board had also failed to appropriately consider whether other limitations added during reissue materially narrowed the claims. The Board determined that, because the other limitations introduced during reissue were not related to overlooked aspects of the invention, they could not prevent bar under the recapture rule. The Court, citing *Mostafazadeh*, however, disagreed with this analysis, noting that the “overlooked aspects” inquiry is unrelated to the recapture rule. Thus, if other limitations are related to overlooked aspects of the invention, such limitations have no effect on a recapture rule analysis, as the subject matter of overlooked aspects of the invention was never surrendered and therefore not subject to recapture. The other limitations introduced to the reissue claims must, as with the modified limitation, be analyzed as to whether they materially narrow the claims with relation to the surrendered subject matter in order to avoid

the bar of the recapture rule.

Accordingly, following the rule set forth in *Mostafazadeh*, the Federal Circuit vacated the Board's decision and remanded for further proceedings.

Judge Lourie dissented from the majority's holding, agreeing with the Board. In Judge Lourie's view, reissue claims must be judged against patented claims in making a recapture determination. Any broadening related to subject matter surrendered during prosecution, according to Judge Lourie, triggers a recapture rule bar. He stated that materially narrowing a claim in aspects not related to the surrendered subject matter may rescue a claim from a recapture bar if the reissue claim, in toto, is not broadened with respect to the patented claim.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Causal Nexus Required Between Accused Infringement and Alleged Harm to Warrant a Grant of Preliminary Injunction

Jameson Q. Ma

Judges: Bryson (author), Prost, O'Malley (concurring-in-part and dissenting-in-part)
[Appealed from N.D. Cal., Judge Koh]

In *Apple, Inc. v. Samsung Electronics Co.*, No. 12-1105 (Fed. Cir. May 14, 2012), the Federal Circuit affirmed the district court's denial of a preliminary injunction with respect to three of four patents that Apple, Inc. ("Apple") asserted against Samsung Electronics Co., Ltd. ("Samsung"). With respect to the fourth patent, the Federal Circuit remanded that portion of the district court's order for further proceedings.

Apple owns several design and utility patents pertaining to smartphones and tablet computers. U.S. Design Patent Nos. D593,087 ("the D'087 patent") and D618,677 ("the D'677 patent") are directed to designs that Apple contended are embodied by its iPhone product. Apple also owns U.S. Design Patent No. D504,889 ("the D'889 patent"), which is directed to the design of a tablet computer. Apple contended that its iPad product embodies the design of the D'889 patent.

Apple also owns U.S. Patent No. 7,469,381 ("the '381 patent"), directed to a software feature known as the "bounce-back" feature, which is found on both of Apple's iPhone and iPad. The bounce-back feature is activated when the user scrolls through a document displayed on a device and attempts to scroll past the end of the document. An area beyond the visible part of the document will be displayed, and once the user input ceases (i.e., when the user lifts the finger used to scroll), the previously visible part of the document "bounces back" into view.

Apple claimed that two of Samsung's smartphones, the Galaxy S 4G and the Infuse 4G, infringed the D'087 and the D'677 patents. Apple also alleged that Samsung's Galaxy 10.1 tablet infringed the D'889 patent, and that all three devices infringed the '381 patent. Apple moved for a preliminary injunction to block the importation into and sale within the United States of the accused Samsung devices.

The district court denied Apple's motion with respect to each of the accused devices and all four asserted patents. As to the claims based on the D'087 and D'889 patents, the district court denied relief on the ground that Apple had failed to show a likelihood of success on the merits with respect to validity and infringement. As to the claims based on the D'677 and '381 patents, the district court denied relief on the ground that Apple had failed to show that it would likely suffer irreparable harm from Samsung's continuing infringement.

With respect to the D'677 patent, the district court held that with respect to the irreparable harm prong of granting a preliminary injunction, Apple failed to show a nexus between the likely infringement of the

patented design and Apple's claims of lost market share and brand dilution. The Federal Circuit affirmed the district court's determination that a showing of some causal nexus between Samsung's infringement and the alleged harm to Apple was required as part of the showing of irreparable harm. Even though Apple asserted a loss of market share, the Court reasoned that "[i]f the patented feature does not drive the demand for the product, sales would be lost even if the offending feature were absent from the accused product." Slip op. at 17.

The Federal Circuit indicated that Apple's reliance on *i4i Limited Partnership v. Microsoft Corp.*, 598 F.3d 831 (Fed. Cir. 2010), *aff'd*, 131 S. Ct. 2238 (2011), was misplaced to show that no nexus was required for a preliminary injunction to issue. The Court noted that the narrow injunction was upheld in *i4i* only to protect the patented product from obsolescence by its inclusion within Word, and that here, the district court found that the alleged acts of infringement do not threaten to have any such dramatic effects on the market generally or on Apple's share of that market.

"The district court was correct to require a nexus between infringement of the patent and some market-based injury, be it as a result of consumer preference or some other kind of causal link." Slip op. at 24.

The Court then affirmed the district court's determination that Apple had not demonstrated a showing of nexus between the infringing conduct and the alleged harm. While the district court found some evidence that design had some effect on smartphone sales, there was considerable evidence indicating that design was not a determinative factor of consumer decision-making. The Court remarked that "[a] mere showing that Apple might lose some insubstantial market share as a result of Samsung's infringement is not enough [to demonstrate irreparable harm]." *Id.* at 18. The Court also rejected Apple's contention that the district court categorically rejected Apple's design dilution and brand dilution theories of irreparable harm. The district court noted that Apple only offered conclusory statements and theoretical arguments in support of those theories, and therefore dismissed them for lack of evidence.

The Federal Circuit affirmed that it was reasonable for the district court to consider Apple's delay in filing an infringement action as a factor, suggesting that the patentee is not irreparably harmed by the infringement. However, the Federal Circuit rejected the district court's notion that Apple should be faulted for not filing suit as early as 2007, before Apple's design patents had even issued. Further, while rejecting the district court's ruling on validity of the D'087 patent, the Court stated that because the irreparable harm analysis was identical for both the D'087 and D'677 smartphone patents, the district court did not abuse its discretion when it refused to enjoin Samsung smartphones for infringing the D'087 patent.

The Federal Circuit also upheld the district court's denial of a preliminary injunction with respect to the '381 patent because Apple failed to demonstrate that consumer purchasing decisions were based on the presence of the bounce-back feature. The Court reemphasized that "the district court was correct to require a nexus between infringement of the patent and some market-based injury, be it as a result of consumer preference or some other kind of causal link." *Id.* at 24. Apple relied on evidence that Samsung employees themselves believed that Samsung needed the bounce-back feature to compete with Apple. While the Court noted that this internal evidence was relevant to the issue of nexus between the patent and market harm, it was not dispositive. The Court stated that "the relevant inquiry focuses on the objective reasons as to why the patentee lost sales, not on the infringer's subjective beliefs as to why it gained them (or would be likely to gain them)." *Id.*

With respect to the D'889 patent directed to tablet computer designs, the district court concluded that Apple had shown it was likely to suffer irreparable harm from Samsung's alleged infringement. The district court considered the relative market share of Apple and Samsung and the absence of competitors in the tablet market. The district court also correctly considered evidence that design mattered more to

customers in making tablet purchases, which helped Apple establish the requisite nexus between the infringing conduct and the alleged harm.

Even though the district court found irreparable harm with respect to the D'889 patent, the district court still denied a preliminary injunction, concluding that Apple had failed to show a likelihood of success on the merits. The district court found that the D'889 patent was obvious over a 1994 Fidler Tablet ("the Fidler tablet") in view of a Hewlett-Packard Compaq Tablet TC1000.

The Federal Circuit, however, concluded that "[a] side-by-side comparison of [the D'889 patent and the Fidler tablet] shows substantial differences in the overall visual appearance between the patented design and the Fidler reference." *Id.* at 28. Among other differences noted, the Federal Circuit reasoned that, because the Fidler tablet was not symmetrical and because the frame of the Fidler tablet created a different impression from the "unframed" design of the D'889 patent, the district court erred in looking to the Fidler tablet as a primary reference against the D'889 patent. The Federal Circuit concluded that the district court's error was to "view the various designs from too high a level of abstraction." *Id.* at 30-31. Instead, the Federal Circuit held that "[r]ather than looking to the general concept of a tablet, the district court should have focused on the distinctive visual appearances of the reference and the claimed design." *Id.* at 31 (internal quotation marks omitted).

After overturning the district court's validity determination with respect to the D'889 patent, the Federal Circuit vacated the district court's order and remanded for further proceedings to weigh two unconsidered questions bearing on whether to issue a preliminary injunction—the balance of hardships and the public interest. Thus, the Court affirmed the district court's denial of a preliminary injunction for the D'087, D'677, and '381 patents, vacated the order denying an injunction with respect to the D'889 patent, and remanded the case to the district court for further proceedings on that portion of Apple's motion for preliminary injunctive relief.

Judge O'Malley concurred with respect to the majority's decision to affirm the denial of preliminary injunctive relief with respect to the D'087, D'677, and '381 patents. While also agreeing with the majority's validity analysis of the D'889 patent, Judge O'Malley dissented from the majority's decision to remand the matter for further proceedings. Judge O'Malley believed that remand would cause unnecessary delay, and that the district court's decision, in its entirety, reveals that all of the conditions for preliminary injunctive relief were satisfied with respect to the D'889 patent.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Court Affirms Board's Decision of Unpatentability Despite Previous Affirmance of Earlier Declaration of Validity by District Court

Phillip K. Decker

Judges: Newman (dissenting), Lourie (author), Moore
[Appealed from Board]

In *In re Baxter International, Inc.*, No. 11-1073 (Fed. Cir. May 17, 2012), the Federal Circuit affirmed the Board's decision that claims of U.S. Patent No. 5,247,434 ("the '434 patent") are invalid as obvious, despite the claims having been held valid in an earlier appeal from a district court.

The '434 patent is entitled "Method and Apparatus for Kidney Dialysis," and is owned by Baxter International, Inc. ("Baxter"). The '434 patent is directed to hemodialysis machines with touch screen user interfaces, and, according to the specification, permits dialysis machine operators to control the parameters of dialysis and deliver specified dialysate solutions.

In 2003, the '434 patent was subject to litigation when Fresenius Medical Care Holdings, Inc. ("Fresenius") sued Baxter for a declaration of patent invalidity. After a jury found the '434 patent claims invalid as obvious, the district judge granted Baxter's JMOL motion, finding that Fresenius failed to meet the clear and convincing evidentiary standard. *Fresenius Med. Care Holdings, Inc. v. Baxter Int'l, Inc.*, No. C 03-1431 SBA, 2007 WL 518804, at *1 (N.D. Cal. Feb. 13, 2007). Fresenius appealed the district court's JMOL ruling to the Federal Circuit, but the Federal Circuit affirmed, explaining that "Fresenius failed to present any evidence—let alone substantial evidence—that the [disputed limitations], or an equivalent thereof, existed in the prior art." Slip op. at 5 (quoting *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 582 F.3d 1288, 1299 (Fed. Cir. 2009)).

In 2006, in parallel with the *Fresenius* litigation, the PTO reexamined the '434 patent upon request by Fresenius and rejected the claims as obvious. Baxter appealed the rejection to the Board. Before the Board issued a decision, the Federal Circuit affirmed Baxter's JMOL motion and upheld the claims.

Upon petition by Baxter, the Director ordered the Board to consider the Federal Circuit's *Fresenius* decision when reviewing the examiner's rejections. The Board, however, affirmed the examiner's rejections of the '434 patent claims despite the contrary result by the Federal Circuit in affirming the district court's decision. The Board explained that "a lower standard of proof and the broadest reasonable interpretation standard of claim construction apply at the PTO," as compared to a district court, "and therefore the agency is not bound by the court's determination." *Id.* at 6-7 (quoting *Ex parte Baxter Int'l, Inc.*, No. 2009-006493, 2010 WL 1048980, at *12 (B.P.A.I. Mar. 18, 2010)). Baxter appealed.

"[E]ven with a more lenient standard of proof, the PTO ideally should not

arrive at a different conclusion [than a court],” but “the fact is that Congress has provided for a reexamination system that permits challenges to patents by third parties, even those who have lost in prior judicial proceedings.”
Slip op. at 15.

On appeal, the Federal Circuit held that substantial evidence supported the Board’s finding that the prior art disclosed the “means for controlling” and “means for delivering” claim limitations. The Court rejected Baxter’s argument that the Board erred by ignoring the Federal Circuit’s decision and not giving serious consideration to the district court’s decision. The Court noted that the Board expressly considered the Court’s *Fresenius* decision, and further, that the PTO and the courts “take different approaches in determining validity and on the same evidence could quite correctly come to different conclusions.” *Id.* at 13-14 (quoting *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008)). The Court held that “because the two proceedings necessarily applied different burdens of proof and relied on different records,” the PTO did not err in reaching a different conclusion than the district court. *Id.* at 15. The Court noted that “even with a more lenient standard of proof, the PTO ideally should not arrive at a different conclusion [than a court],” but that “the fact is that Congress has provided for a reexamination system that permits challenges to patents by third parties, even those who have lost in prior judicial proceedings.” *Id.* The Court stated that “[it] could not conclude that the PTO was barred from conducting the reexamination of the ’434 patent because of the final judgment in *Fresenius*,” and affirmed the Board’s determination that the claims were not patentable. *Id.* at 16.

In dissent, Judge Newman stated that with its decision, “the court violate[d] not only the constitutional plan, but also violate[d] the rules of litigation repose as well as the rules of estoppel and preclusion” Newman Dissent at 1. Judge Newman further stated that “[a] patent that has been adjudicated to be valid cannot be invalidated by administrative action, any more than a patent adjudicated to be invalid can be restored to life by administrative action.” *Id.* at 5. Judge Newman contended that the majority’s reliance on the different standards of proof was flawed because “obviousness is a question of law, and the PTO, like the court, is required to reach the correct conclusion on correct law.” *Id.* at 9. In Judge Newman’s view, “[t]he court’s final judgment cannot be overridden by administrative proceeding.” *Id.* at 10.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Divided Panel Affirms Finding of Motivation to Combine Implant Cross-Linking Patents

*Jonathan Stroud**

Judges: Newman (dissenting), Bryson (author), Fogel (district court judge sitting by designation)

[Appealed from Board]

In *In re Hyon*, No. 11-1239 (Fed. Cir. May 24, 2012), the Federal Circuit affirmed the Board's obviousness rejection of a reissue application after finding substantial evidence of a valid motivation to combine two prior art references.

Reissue Application Serial No. 10/643,674 ("the reissue application") to Suong-Hyu Hyon and Masanori Oka (collectively "Hyon") stemming from U.S. Patent No. 6,168,626 ("the '626 patent") is directed to the use of "Ultra High Molecular Weight Polyethylene" ("UHMWPE") in artificial joints. Specifically, the claims at issue are directed to a method for cross-linking UHMWPE by irradiating a block of UHMWPE with a high energy radiation, the UHMWPE block having a molecular weight of not less than five million. The block would then be heated "to a compression deformable temperature below the melting point of the UHMWPE," "subject[ed] . . . to pressure," and then cooled.

The examiner rejected the reissue claims as obvious over U.S. Patent No. 5,030,402 to Anagnostis Zachariades ("Zachariades") and U.S. Patent No. 3,886,056 to Ryozo Kitamaru ("Kitamaru"). Zachariades is directed to a method for producing UHMWPE having a molecular weight of three million to six million. In particular, Zachariades teaches compression deformation of UHMWPE at a temperature between 80° C and the melting point of the polymer, applying pressure during and after cooling to retain chain orientation, subjecting the final product to radiation cross-linking after unmolding, and then shaping the deformed UHMWPE into a final product.

Kitamaru discloses a method for preparing UHMWPE by first cross-linking the UHMWPE by irradiating it with ionizing radiation, then heating the cross-linked UHMWPE to a molten state at a temperature of at least the melting point of the polyethylene while it is extended or compressed under pressure, i.e., compression deformed, and then cooling the polyethylene while maintaining it in an extended or compressed state. Kitamaru teaches that its method of cross-linking before compression results in a product that has a higher melting or softening point, improved transparency, and excellent dimensional stability.

During prosecution, the examiner found that Zachariades meets each limitation of the reissue claims except for the step of cross-linking the UHMWPE, which Kitamaru discloses. The examiner further concluded that one of ordinary skill in the art would have had a reasonable expectation of success in obtaining those enhanced properties by combining the techniques taught by the two references.

On appeal to the Board, Hyon did not challenge the examiner's findings as to what Zachariades and Kitamaru teach, but argued only that there would have been no motivation to combine the references. The Board rejected Hyon's arguments that a motivation to combine was lacking, because both references are directed to UHMWPE. Moreover, the Board found that Kitamaru provides the reason for modifying Zachariades to cross-link before compressing—to provide improved dimensional stability and transparency at high temperatures. Accordingly, the Board affirmed the examiner's rejection of all the claims of the reissue application, finding that the technique disclosed by the claims was nothing more than the predictable use of a prior art element, i.e., cross-linking prior to molding, according to its established function, i.e., to improve material properties such as by increasing the melting point.

“In sum, substantial evidence supports the Board’s finding that a person of ordinary skill in the art would have been motivated to combine the early crosslinking step of Kitamaru with the process of Zachariades to obtain the enhanced properties disclosed by Kitamaru that result from crosslinking prior to deformation.” Slip op. at 10.

On appeal to the Federal Circuit, Hyon again challenged the Board's determination of motivation to combine. Hyon first argued that one of ordinary skill in the art would not be motivated to combine the references because Zachariades is directed to artificial joints, whereas Kitamaru is directed to films or sheets, which Hyon contended represent “fundamentally different material technologies.” Slip op. at 6-7. The Federal Circuit disagreed, finding substantial evidence to support the Board's conclusion that both references pertain to UHMWPE.

The Federal Circuit also found substantial evidence to support the Board's determination that the fact that Zachariades teaches cross-linking *after* molding does not affect the motivation to combine it with Kitamaru. The Court noted that Zachariades does not state that UHMWPE products can be made only by cross-linking after compression deformation, nor does it state or suggest that faulty or inferior products will result from cross-linking prior to compression.

The Federal Circuit further rejected Hyon's argument that, to find motivation to combine, the Board improperly relied on the arbitrary selection of a single feature from Kitamaru (precompression cross-linking) while ignoring the other features. In the Court's view, the examiner and the Board selected the precompression cross-linking step because Kitamaru indicated that precompression cross-linking was responsible for the improved properties. Thus, the Court found that the Board merely selected an element emphasized by the reference, relying on the reference's suggestion that the selected element was responsible for the improved properties. Accordingly, the Court concluded that substantial evidence supports the Board's determination regarding motivation to combine.

Finally, the Court rejected Hyon's claim that the references fail to teach further processing to make a final product after deforming and cooling the UHMWPE, as required by claim 84 of the reissue application. The Court concluded that substantial evidence supports the Board's determination that Zachariades teaches postprocessing to form a final component. Thus, the Court affirmed the Board's determination that the reissue claims would have been obvious in light of the prior art.

Judge Newman, in a dissenting opinion, explained that the motivation to combine, as well as the suggestion that the claimed method would be obvious to perform, must be supported solely by what the patent teaches. In Judge Newman's view, “[w]hen the technologic field is mature, apparently small changes that produce unexpected results or improved properties are of heightened significance.” Newman Dissent at 8. Thus, Judge Newman concluded that “[n]othing in the record suggests that a person of ordinary skill would have foreseen that Hyon's method of slight radiation cross-linking followed by heating and compression deformation would produce the described benefits.” *Id.*

Indeed, Judge Newman concluded that the Board cited no reason to expect that the Hyon method would produce a superior polyethylene artificial joint. Judge Newman also found that the “selective combination of aspects of Kitamaru and Zachariades is achieved only with hindsight knowledge of Hyon’s achievement, for nothing in either reference or elsewhere in the prior art suggests this modification.” *Id.* at 10.

**Jonathan Stroud is a Summer Associate at Finnegan.*

FINNEGAN

If you have any questions or need additional information, please contact:

Esther H. Lim, Editor-in-Chief

Joyce Craig, Assistant Editor

Elizabeth D. Ferrill, Assistant Editor

Shana K. Cyr, Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Technology Is Not Necessarily Obvious Simply Because It Is Easily Understood

Shana K. Cyr

Judges: Rader (author), Newman, Dyk
[Appealed from S.D. Cal., Judge Lorenz]

In *Mintz v. Dietz & Watson, Inc.*, No. 10-1341 (Fed. Cir. May 30, 2012), the Federal Circuit affirmed a district court's grant of SJ of noninfringement and vacated its grant of SJ of invalidity for obviousness with remand to the district court.

Marcus and Neil Mintz (collectively "Mintz") appear as coinventors on U.S. Patent No. 5,413,148 ("the '148 patent"), directed to a structure for encasing meat products. Mintz sued Package Concepts & Materials, Inc. ("PCM") for infringement, based on PCM's bubble netting, collagen replacement, and cubic netting product lines. The district court granted PCM's motion for SJ of noninfringement and invalidity, and Mintz appealed.

In its obviousness analysis, the Federal Circuit first found that the district court's omission of meat encasement art led the validity search astray. The Court noted that the patent specification repeatedly focuses on meat encasement art, and that the problem solved by the invention concerns meat encasement.

Regarding the differences between the invention and the prior art, the Federal Circuit held that the district court correctly found that the prior art disclosed all of the claim's limitations except the "intersecting in locking engagement" limitation. The Court held, however, that the district court made a clear error in its unsubstantiated reliance on "a common sense view" or "common sense approach" to conclude that a locking engagement would have been obvious to try. "With little more than an invocation of the words 'common sense' (without any record support showing that this knowledge would reside in the ordinarily skilled artisan), the district court overreached in its determination of obviousness." Slip op. at 9.

"With little more than an invocation of the words 'common sense' (without any record support showing that this knowledge would reside in the ordinarily skilled artisan), the district court overreached in its determination of obviousness." Slip op. at 9.

The Federal Circuit further found that the district court relied on hindsight, using the invention to define the problem that the invention solves. The Court stated that PCM must prove by clear and convincing evidence that a person of ordinary skill in the meat encasement arts at the time of invention would have recognized the adherence problem recognized by the inventors and found it obvious to produce the meat

encasement structure disclosed in the '148 patent to solve that problem.

The Federal Circuit next found that the district court made a clear error in not considering or making findings as to Mintz's evidence showing objective indicia of nonobviousness. The Court stated that "consideration of these objective indicia [is required] because they 'provide objective evidence of how the patented device is viewed in the marketplace, by those directly interested in the product.'" *Id.* at 11 (quoting *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1391 (Fed. Cir. 1988)). "Obviousness requires a court to walk a tightrope blindfolded (to avoid hindsight)—an enterprise best pursued with the safety net of objective evidence." *Id.*

The Court further noted that "[s]imply because the technology can be easily understood does not mean that it will satisfy the legal standard of obviousness." *Id.* at 13. "In fact, objective consideration of simple technology is often the most difficult because, once the problem and solution appear together in the patent disclosure, the advance seems self-evident." *Id.* The Court concluded that Mintz presented substantial evidence of unexpected results, expert skepticism, copying, commercial success, praise by others (including PCM), failure by others, and long-felt need, and remanded the determination of obviousness to the district court. The Court stated, however, that in light of its infringement holding, explained below, the district court could decide whether any further proceedings are necessary.

Turning to infringement, the Federal Circuit held that the district court correctly found that the accused PCM products do not infringe the '148 patent, because they do not satisfy the "intersecting in locking engagement" claim limitation. The Court noted that the PCM products have the same gap between each longitudinal strand that Mintz argued the prior art showed as distinct from the claimed invention. Mintz's argument for why the prior art lacks the "intersecting in locking engagement" claim limitation applies similarly to explain why PCM's accused products also lack that limitation.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Nonparty Acting in Concert with Enjoined Party May Be Held in Contempt of Injunction

Daniel A. Lev

Judges: Lourie (author), Schall (dissenting), Reyna
[Appealed from M.D. Ga., Judge Land]

In *Merial Ltd. v. Cipla Ltd.*, Nos. 11-1471, -1472 (Fed. Cir. May 31, 2012), the Federal Circuit affirmed the district court's judgment holding Cipla Ltd. ("Cipla") and other defendants in contempt of an earlier injunction.

Merial Ltd. ("Merial") is the owner of U.S. Patent No. 6,096,329 ("the '329 patent"), directed to dual-acting pest control compositions for dogs and cats, comprising fipronil. Merial was also the exclusive licensee of expired U.S. Patent No. 5,232,940 ("the '940 patent"), which claimed fipronil. Merial sells and markets Frontline, a fipronil-containing pest control composition, and Frontline Plus, a dual-acting composition containing fipronil and methoprene.

In 2007, Merial sued Cipla in the Middle District of Georgia for infringement of the '940 and '329 patents, based on the sale and marketing of pest-control formulations known as Cipla Protektor and Cipla Protektor Plus. Cipla did not respond to Merial's complaint or enter an appearance. The district court granted Merial a default judgment, finding that the '940 and '329 patents were infringed and not invalid, and entering a permanent injunction against Cipla.

Earlier, in 2004, former Merial executives led the formation of Velcera, Inc. ("Velcera") in order to develop veterinary products for companion animals, such as dogs and cats. Through a British intermediary, Omnipharm Ltd. ("Omnipharm"), Velcera engaged Cipla to develop and manufacture dual-acting pest control compositions known as PetArmor Plus and Velcera Fipronil Plus (collectively "PetArmor Plus") to compete with Merial's Frontline products. In March 2011, the first shipments of PetArmor Plus arrived in the United States.

Having become aware of Cipla's role in the impending commercial launch of PetArmor Plus, Merial filed a motion for contempt of the 2008 permanent injunction against Cipla. Velcera moved to intercede in the contempt proceedings. The district court joined Velcera as a defendant and ordered it to show why it should not be held in contempt for acting in concert with Cipla. Meanwhile, Velcera had filed a DJ action against Merial in the District of Delaware, alleging noninfringement and invalidity of the '329 patent.

In the contempt proceedings, Cipla contended that the district court lacked personal jurisdiction when it issued the 2008 default judgment. Cipla and Velcera also alleged that their production and sale of PetArmor Plus did not violate the 2008 injunction. In addition, Velcera argued that it was not subject to the 2008 injunction and had not acted in concert with Cipla, and that the contempt proceedings should be

stayed pending the outcome of the Delaware action.

The district court found that Cipla was subject to its jurisdiction in 2008 under Fed. R. Civ. P. 4(k)(2), that PetArmor Plus was not more than colorably different from Cipla's Protektor Plus product, and that Cipla and Velcera knowingly acted in concert to violate the 2008 injunction. Cipla and Velcera (collectively "Appellants") timely appealed the contempt order.

"[O]ne who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business so elected." Slip op. at 39 (quoting *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 704 (Fed. Cir. 2008)).

First, Appellants alleged that the district court lacked personal jurisdiction over Cipla in 2008. The Federal Circuit disagreed and held that Rule 4(k)(2) supported jurisdiction. The Federal Circuit found that Cipla's ex post facto consent to suit in Illinois did not preclude the district court from applying Rule 4(k)(2). The Federal Circuit held that "a defendant . . . challenging a prior default judgment may not do so by naming another forum that would not have had an independent basis for jurisdiction at the time of the original complaint." Slip op. at 17.

The Federal Circuit next dismissed Appellants' assertion that Merial's service of Cipla in Mumbai in 2007 was insufficient, finding that Cipla waived the argument by raising it for the first time on appeal. The Court also dismissed Appellants' argument that Merial's allegation of jurisdiction was insufficient, because Cipla had actual notice of the suit, chose to risk a default judgment, and had a full opportunity to litigate personal jurisdiction during the contempt proceedings.

The Federal Circuit then turned to Appellants' argument that the contempt proceedings should be stayed pending resolution of the Delaware action under the "first-to-file" rule. The Court found that the contempt proceedings elaborated Merial's 2007 action and thus predated the DJ action. The Court further found that the district court was within its discretion to conclude that principles of comity did not support a stay because the issues in the two proceedings differed and Cipla was not a party to the Delaware action.

The Federal Circuit also addressed Appellants' argument that Cipla's activities were outside the United States and thus could not violate 35 U.S.C. § 271. The Federal Circuit recognized that direct infringement requires domestic infringing acts, but found that induced infringement does not contain such a territorial restriction. The Court further held that the district court's factual findings bore directly on the question of inducement, and were not clearly erroneous. Specifically, the district court found that (1) PetArmor Plus infringes the '329 patent; (2) Velcera sold PetArmor Plus in the United States; (3) Cipla and Velcera were aware of the '329 patent and the 2008 injunction; (4) Cipla played fundamental roles in manufacturing, packaging, and assisting in the development of PetArmor Plus for Velcera to sell in the United States; (5) Cipla knew that PetArmor Plus was to be sold in the United States; and (6) Cipla knew and intended that such sales would infringe the '329 patent.

Turning to Velcera's argument that it could not be held in contempt because it was not a party to the original action, the Federal Circuit held that, although a court may not enjoin a nonparty, an injunction may reach nonparties who (1) are legally identified with an enjoined party and named in the injunction, or (2) act in concert with an enjoined party to violate the injunction. Velcera pointed to its "arms length" business relationships with intermediaries that insulated it from Cipla's independent actions. The Federal Circuit found that the district court did not clearly err in finding that the relationships between Velcera and Cipla were "designed primarily to obfuscate illicit and intentional concerted action rather than as bona fide, constructive business arrangements." *Id.* at 38.

Finally, the Federal Circuit addressed Appellants' argument that the district court improperly balanced the

hardships in granting a permanent injunction. Specifically, Velcera argued that while an injunction would have a crippling effect, its sales would not seriously threaten Merial because of its small size relative to Merial. The Federal Circuit disagreed and affirmed the grant of an injunction, stating that “[o]ne who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business so elected.” *Id.* at 39 (alteration in original) (quoting *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 704 (Fed. Cir. 2008)).

Judge Schall dissented, stating that the district court erred in not allowing Cipla to designate Illinois as a substitute forum because it had failed to do so in 2007. Judge Schall also indicated that the district court erred in requiring a determination that the 2007 action could have been brought in Illinois in the first place.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Looking Ahead

This month, in *Hollmer v. Harari*, No. 11-1276 (Fed. Cir. June 7, 2012), the Federal Circuit further clarified the law governing “incorporation by reference” in patent applications. Previously, in *Harari v. Hollmer*, 602 F.3d 1348 (Fed. Cir. 2010), the Court concluded that when an examiner is faced with an amendment clarifying ambiguous incorporation by reference language in an application that is “at the initial filing stage,” the reasonable examiner standard applies for determining whether a document was properly incorporated.

In this second appeal, the Court addressed whether this reasonable examiner standard also applies for determining if intermediary applications can sufficiently incorporate an application by reference such that they satisfy the continuity requirements of 35 U.S.C. § 120.

Read the full summary of the Court’s decision in next month’s edition of *Last Month at the Federal Circuit*.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved



FINNEGAN

Last Month at the Federal Circuit

[Back to Main](#)

June 2012

Spotlight Info

In *In re Baxter International, Inc.*, No. 11-1073 (Fed. Cir. May 17, 2012), the Federal Circuit affirmed the Board's decision that claims of U.S. Patent No. 5,247,434 ("the '434 patent") were invalid as obvious, despite the claims having been held valid in an earlier appeal from the district court, which was affirmed by the Federal Circuit. In the earlier litigation, the district court held and the Federal Circuit affirmed that the accused infringer had failed to meet the clear and convincing evidentiary standard necessary for a showing of obviousness. In a concurrent reexamination proceeding, the Board affirmed the examiner's rejections of the claims on obviousness grounds.

On appeal, the Federal Circuit held that substantial evidence supported the Board's finding that the prior art disclosed certain claim limitations and that because the parallel proceedings necessarily applied different burdens of proof and relied on different records, the PTO did not err in reaching a different conclusion than the district court. See this month's edition of *Last Month at the Federal Circuit* for a full summary of this decision.

FINNEGAN

If you have any questions or need additional information, please contact:

[Esther H. Lim](#), Editor-in-Chief

[Joyce Craig](#), Assistant Editor

[Elizabeth D. Ferrill](#), Assistant Editor

[Shana K. Cyr](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

www.finnegan.com

Copyright © 2012 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved