



PATENT HAPPENINGS

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on judicial, legislative, and administrative developments in patent law.

HIGHLIGHTS

1. *Statements in prosecution history elaborating on definition of claim term but not otherwise unmistakably surrendering claim scope did not create an argument-based prosecution history estoppel.....* 1
2. *Recovery of an upfront market-entry fee as part of a reasonable royalty award negated any irreparable harm for future infringement, and required vacating permanent injunction* 2
3. *Functional definition of claim term evident in specification did not save claim from indefiniteness where specification failed to provide discernible boundaries of the claim’s scope* 2
4. *Paper posted on ftp site but not formally indexed may have lacked sufficient accessibility to be a prior art printed publication.....* 3
5. *New claims added during reexamination to cover a competitor’s product are not invalid under § 305 even though patentee does not state on the record that the new claims are being added to distinguish over the prior art* 4
6. *Inequitable conduct from attorney’s failure to disclose notes employee shared with attorney providing additional information on a prior art reference* 4
7. *Use of the indefinite article “a” in a claim limitation does not restrict the claim to a singular meaning absent evidence of a clear disclaimer of the non-singular meaning* 5
8. *Noninfringement defenses and credible invalidity arguments must be considered under the objective standard for willful infringement ..* 5
9. *Presence of “means for” in claim limitation did not invoke § 112, ¶ 6.....* 6
10. *District court erred in excluding a disclosed embodiment from claim scope where there was no prosecution disclaimer.....* 7
11. *Offering infringing product, while delivering a noninfringing product, did not avoid lost profit damages* 7
12. *Constructive knowledge of infringement for purposes of laches found in view of patentee’s expansive view of claim scope asserted to justify a high royalty award.....* 7
13. *Claims held invalid due to inventor’s failure to claim the aspects of the invention it described in the specification as being “crucial” to the invention’s performance* 8
14. *District court denies obviousness summary judgment motions due to issues of fact on motivation to combine.....* 8
15. *District court refuses to construe claim terms before trial where construction likely requires an evidentiary hearing* 9
16. *Patent prosecution highway pilot program extended to Canada and Korea* 9
17. *USPTO commences pilot “New Route” program with JPO* 9
18. *USPTO to enforce requirement that oath expressly acknowledge duty to disclose information “material to patentability as defined in §1.56.”* 10

JUDICIAL HAPPENINGS

Argument-Based Prosecution History Estoppel

Addressing the issue of argument-based prosecution history estoppel, the Federal Circuit reiterated in *Cordis Corp. v. Medtronic AVE, Inc.*, No. 2006-1393, 2008 WL 60499, *14 (Fed. Cir. Jan. 7, 2008), that argument-based prosecution history

estoppel, like prosecution disclaimer, requires an unmistakable surrender of subject matter before an estoppel can apply.¹ Effectively illustrating how the presumption of total surrender of all equivalents applicable to amendment-based prosecution history estoppel under *Festo* does not apply to argument-based estoppel,² the Federal Circuit affirmed a district court's ruling that an applicant's arguments pointing out aspects of its claimed invention that distinguished the invention over the prior art did not bar all equivalents for that implicated claim limitation. The Court found that statements noting that points of a wall surface of the claimed invention were in a cylindrical plane further clarified characteristics of the invention evident from the specification without surrendering any subject matter otherwise within the scope of the claim language. Accordingly, the Federal Circuit held that such statements did not operate as an unmistakable surrender of all equivalents of wall surfaces having their surface points in a common cylindrical plane. The Federal Circuit noted that "the prosecution history simply served the purpose of informing the meaning of the claim language by demonstrating how the inventor understood the invention. For that reason, there is no reason to treat [the patentee]'s definitional explanation in the prosecution history as having the effect of surrendering all equivalents that would otherwise have been available under the patent." *Id.* Since the patentee was distinguishing over a particular prior art structure, however, the Federal Circuit did find that the patentee's statements unequivocally showed that the particular prior art structure distinguished over could not fall within the scope of the claim under the doctrine of equivalents. But the scope of the estoppel only extended to that prior art structure and structure comparable thereto. It did not preclude all equivalents for the claim limitation.

Market-Entry Fee Barred Permanent Injunction

In *Innogenetics, N.V. v. Abbott Labs.*, No. 2007-1145, 1161, 2008 WL 151080, *13 (Fed. Cir. Jan. 17, 2008), the jury awarded the patentee a reasonable royalty damages award consisting of \$5.8 million for a market-entry fee and \$1.2 million as an on-going royalty where the infringer had total sales revenue of only \$13 million of accused product during the three-

¹ See generally, Robert A. Matthews, Jr., 2 ANNOTATED PATENT DIGEST § 14:63 Basic Standard – Argument Must Show Clear and Unmistakable Surrender of Subject Matter.

² See APD § 14:59 The *Festo* General Disclaimer Presumption Does not Apply to Argument-Based Estoppel.

year period of infringement. Additionally, the district court granted the patentee a permanent injunction enjoining any future sales of the infringing product. On appeal, the Federal Circuit reversed the permanent injunction. The Federal Circuit held that the recovery of the market-entry fee defeated the patentee's contention that it would suffer irreparable harm in the future without an injunction since the patentee had effectively sold its right to be free of competition in the market for the long term.³ Writing for the panel, Judge Moore instructed that "[w]hen a patentee requests and receives such compensation, it cannot be heard to complain that it will be irreparably harmed by future sales. Moreover, this factor greatly outweighs the other *eBay* factors in this case." *Id.* While reversing the permanent injunction, the Federal Circuit noted that a compulsory license in the form of running royalty was needed to account for the infringer's future sales of the infringing product. Accordingly, the Federal Circuit remanded the case to the district court to delineate the terms of the compulsory license.

Functional Definition Made Claim Indefinite

The Federal Circuit affirmed a summary judgment holding claims invalid for being indefinite in *Halliburton Energy Serv., Inc. v. M-I, LLC*, No. 2007-1149, 2008 WL 216294 (Fed. Cir. Jan. 25, 2008). There, the patentee had argued that in view of a broad functional definition it asserted applied to the disputed claim term, the claims were not indefinite. But the specification did not include sufficiently discernable boundaries as to the claim's scope under that broad functional definition, and so the court held the claims invalid.

More specifically, the claims at issue were directed to a method of drilling wells in the earth using a "fragile gel." The court found that the patentee had obtained the claim by relying on the use of the "fragile gel" as the feature that distinguished the claimed invention from the prior art. The district court held that the term "fragile gel" was indefinite when the patentee asserted that it meant a gel that was "easily disrupted or thinned" because there was no objective standard to know when that condition had been met.⁴

On appeal, the patentee argued that, based on the specification, the term "fragile gel" should be

³ See also APD § 32:162 — Can't Nullify Exhaustion Rights Arising from Infringer's Payment of Damages.

⁴ See *Halliburton Energy Serv., Inc. v. MI, LLC.*, 456 F. Supp. 2d 811, 825 (E.D. Tex. Oct. 18, 2006).

construed to require the following functional requirements: “1) A gel that easily transitions to a liquid state upon the introduction of force (e.g., when drilling starts) and returns to a gel when the force is removed (e.g., when drilling stops); and 2) At rest, is capable of suspending drill cuttings and weighting materials.” Applying these definitions and instructing that “[w]hile patentees are allowed to claim their inventions broadly, they must do so in a way that distinctly identifies the boundaries of their claims,” *id.* at *6, the Federal Circuit held that the term remained ambiguous since the functional definitions failed to apprise one of skill in the art of the boundaries of the claim. Even though the patentee could point to passages in the specification to support its broad functional definitions, that did not end the indefiniteness inquiry. The Federal Circuit explained that “[e]ven if a claim term’s definition can be reduced to words, the claim is still indefinite if a person of ordinary skill in the art cannot translate the definition into meaningfully precise claim scope.” *Id.* at *5. The court then noted that while the patentee had distinguished its invention over the prior art based on the use of the “fragile gel,” its functional definition failed to specify what degree of fragility was required. Thus, the court ruled that “[b]y failing to identify the degree of the fragility of its invention, Halliburton’s proposed definition would allow the claims to cover not only that which it invented that was superior to the prior art, but also all future improvements to the gel’s fragility.” *Id.* at *6. Accordingly, the court held that “Halliburton’s failure to distinguish the fragileness of the drilling fluids of the invention from the close prior art . . . is fatal.” *Id.* at *6.

The court also relied on its finding that under the proposed functional definition, the use of the same gel substance could infringe the claim under one set of conditions, and then not infringe under a different set of conditions. This troubled the court. In response, the court instructed that “[w]hen a proposed construction requires that an artisan make a separate infringement determination for every set of circumstances in which the composition may be used, and when such determinations are likely to result in differing outcomes (sometimes infringing and sometimes not), that construction is likely to be indefinite.” *Id.* at *8.

Perhaps signaling to the PTO that it should tighten the use of functional terms, the Federal Circuit also stated that the “patent drafter is in the best position to resolve the ambiguity in the patent claims, and it is

highly desirable that patent examiners demand that applicants do so in appropriate circumstances so that the patent can be amended during prosecution rather than attempting to resolve the ambiguity in litigation.” *Id.* at *9.

Printed Publication Accessibility on FTP Site

Reversing a summary judgment of invalidity for anticipation, the Federal Circuit addressed the public accessibility requirement for a reference to be a “printed publication”⁵ in *SRI Int’l Inc. v. Internet Security Sys., Inc.*, No. 2007-1065, 2008 WL 68679, *8-*9 (Fed. Cir. Jan. 8, 2008). On summary judgment, the district court had held that a paper written by the inventors and posted on a ftp site on the internet before the critical date was a “printed publication” even though the paper was not formally indexed.⁶ Finding genuine issues of material fact regarding the public’s accessibility to the paper while posted on the ftp site, the Federal Circuit vacated the summary judgment. Writing for the panel, Judge Rader compared the posting of the paper on the ftp site to displaying a printed poster at an unpublicized public conference that members of the public could only find through happenstance. Judge Rader concluded that “[t]he record on summary judgment does not show that an anonymous user skilled in the art in 1997 would have gained access to the FTP server and would have freely navigated through the directory structure to find the Live Traffic paper.” He also noted that it was “doubtful that anyone outside the review committee would have been aware of the paper or looked for it at all in early August 1997.” Accordingly he concluded that “[t]hese facts seem to militate against a finding of public accessibility.” Judge Rader acknowledged that posting the paper on the ftp site may have made the paper similar to the slides posted at the conference in *In re Klopfenstein*, 380 F.3d 1345 (Fed. Cir. 2004). But he further noted that, unlike *Klopfenstein*, posting the paper to the ftp site without cataloguing or indexing it effectively posted the paper at “a vacant and unpublicized conference.” Consequently, the panel found that the record evidence left the “paper on the *Bayer* non-accessible side . . . , not on the *Klopfenstein* side of public accessibility.” Noting that the information regarding the public accessibility of the

⁵ See generally APD § 17:17 Publication Must Be Publicly Accessible.

⁶ *SRI Int’l Inc. v. Internet Security Sys., Inc.*, 456 F. Supp. 2d 623, 628-32 (D. Del. Oct. 17, 2006).

specific server was incomplete, the panel vacated the summary judgment of invalidity and remanded to the district court for “a more thorough determination of the publicity accessibility of the Live Traffic paper based on additional evidence and in concert with this opinion.”

Judge Moore dissented. In her view, posting the paper to a known directory on an ftp server, under the circumstances of the case, made the paper sufficiently accessible to the public to be a printed publication.

Adding New Claims in Reexamination

In *Cordis Corp. v. Medtronic AVE, Inc.*, No. 2006-1393, 2008 WL 60499, *21 (Fed. Cir. Jan. 7, 2008) (discussed above), the Federal Circuit also reversed the district court’s ruling that a new claim added during a reexamination proceeding was invalid because the addition of the new claim allegedly did not comply with 35 U.S.C. § 305. Section 305 governs submitting new claims in a reexamination. If read strictly, it arguably limits the situations in which new claims can be added to two scenarios: 1) to distinguish over cited art, and 2) to respond to a rejection or other “decision” adverse to patentability.⁷ Applying this strict reading, and being consistent with another district court opinion adopting a similar reading of § 305,⁸ the district court held that since the file history suggested that the only reason the patentee added the new claim in the reexamination was to cover a competitor’s product and not to distinguish its invention over the prior art cited in the reexamination proceeding, the claim was made for a purpose not permitted under § 305. Rejecting the narrow reading of § 305, the Federal Circuit held that a patentee does not have to explicitly state in the prosecution record that it submitted a new claim to distinguish over prior art. In effect, that reason will be

⁷ Section 305 provides “In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, *in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter.*”

⁸ See APD § 25:109.50 Limitations on Adding New Claims in Reexamination discussing *Southwestern Bell Telephone, L.P. v. Arthur Collins, Inc.*, 464 F. Supp. 2d 588, 595-96 (N.D. Tex. Nov. 2, 2006), which applied a strict reading of § 305 to grant summary judgment of invalidity where it appeared a new claim added during reexamination was added only to avoid an adverse prior claim construction ruling.

presumed as long as the new claim is narrower in scope than the original claim. The Federal Circuit instructed that patentees are

free to include the new claims even apart from the office action if they were added to distinguish the invention from prior art cited under section 301. Section 305 does not require the patent owner to include an express statement that the new claims distinguish the prior art or remarks indicating how the new claims distinguish the prior art references. If the claims fail to distinguish the prior art, the claims will be rejected on the appropriate grounds; for that reason, it may frequently be in the patent owner’s interest to include such remarks, but they are not necessary to satisfy section 305.

Id.

Inequitable Conduct

In *Monsanto Co. v. Bayer Bioscience N.V.*, No. 2007-1109, 2008 WL 200027 (Fed. Cir. Jan. 25, 2008), the Federal Circuit affirmed a ruling that a prosecuting patent attorney’s failure to cite information about a prior invention memorialized in notes created by an employee of the assignee, where the employee had shared her notes with the prosecuting patent attorney, constituted inequitable conduct even though the patent attorney had disclosed an abstract of a prior art reference addressing the prior invention because the notes provided additional and more complete information than the abstract. Applying Rule 56’s standard that information is material to patentability if it refutes or is inconsistent with a position an applicant takes in support of patentability,⁹ the Federal Circuit found no clear error in the district court’s finding that by withholding from the PTO the information the employee had shared with the patent attorney about the prior invention, the patent attorney was able to make arguments to overcome a prior art rejection based on the abstract and would not have been able to make those arguments had the attorney disclosed the additional information. *Id.* at *8. Noting it had to give deference to the district court’s determination on witnesses credibility,¹⁰ the Federal Circuit also found no clear error in the district court’s determination that the excuses offered by the patent attorney that it did not disclose the additional information because he

⁹ See generally APD § 27:43 — Refutes or is Inconsistent Standard.

¹⁰ See generally, APD § 27:61 Deference Due Trial Court’s Credibility Determinations Regarding Intent.

could not decipher the employee's notes and that the employee did not recall enough specifics of the prior invention were not credible. *Id.* at *9. Accordingly, the Federal Circuit ruled that the district court properly drew an inference of an intent to deceive. The court commented that "[i]ntent is easily inferred when, as here, an applicant makes arguments to the PTO that it knows, or obviously should have known, are false in light of information not before the examiner, and the applicant knowingly withholds that additional information." *Id.*

Additionally, the Federal Circuit held that the district court had jurisdiction to determine whether three other patents were unenforceable for inequitable conduct, even though the patentee had provided a covenant not to sue, which divested the district court of subject matter jurisdiction over the declaratory judgment claims involving those three patents. The court held that since a district court retains jurisdiction to decide the issue of attorneys' fees under § 285 after being divested of subject matter jurisdiction of declaratory judgment claim, the district court retained jurisdiction to determine whether the additional patents were unenforceable as part of determining whether to award attorneys' fees. *Id.* at *10-*11.

Construing "A" and "An"

Addressing the issue of whether a claim limitation reciting "a" widget should be limited to only one widget, the Federal Circuit held in *Baldwin Graphic Sys., Inc. v. Siebert, Inc.*, No. 2007-1262, 2008 WL 124149, *4 (Fed. Cir. Jan. 15, 2008), that as a "rule" of claim construction the use of the indefinite article "a" carries the meaning of one or more of the recited element. Hence, the court stated "[t]hat 'a' or 'an' can mean 'one or more' is best described as a rule, rather than merely as a presumption or even a convention." *Id.*¹¹ Exceptions to the rule do exist, but they are confined to the rare situations "where the language of the claims themselves, the specification, or the prosecution history necessitate a departure from the rule" by showing a clear disclaimer of the non-singular meaning. *Id.*¹²

Approximately two weeks after handing down *Baldwin*, the Federal Circuit, in *TiVo, Inc. v. EchoStar Commun. Corp.*, No. 2006-1574, 2008 WL 249155,

¹¹ See generally, APD § 4:59 "A" or "An" Generally Construed as Meaning "At Least One."

¹² See generally, APD § 4:60 — Other Evidence May Justify Restricting to a Single Item.

*10-*11 (Fed. Cir. Jan. 31, 2008), construed a claim limitation reciting "an [*sic*: a] MPEG stream" as requiring a restrictive singular scope based on the context of the claim limitation. More specifically, the claim limitation recited a requirement that an "Output Section assembles said video and audio components into an MPEG stream." The accused infringer argued that this required that both the audio and video components be combined into a single stream. The patentee argued that the phrase "an MPEG stream" should be construed to mean "one or more MPEG streams," and therefore the claim could cover a combination of two audio signals into a single audio stream and the combination of two video signals into a single video stream. Noting that the general rule, announced in *Baldwin*, that "a" means "one or more" "does not apply when the context clearly evidences that the usage is limited to the singular," *id.* at *10, the Federal Circuit rejected the patentee's proposed construction. The court noted that since another claim limitation described separating a single input stream into audio and video components, and other limitations described sending a reassembled stream to other system components, the limitation at issue was most naturally construed to require the reassembly of the previously separated signals into one stream. The court also found that specification confirmed this view of the claim.¹³

Litigation Defenses and Willful Infringement

After overturning a jury's verdict finding willful infringement due to an error in the district court's claim construction, the Federal Circuit, in *Black & Decker Inc. v. Robert Bosch Tool Corp.*, No. 2007-1243, 1244, 2008 WL 60501, *6-*7 (Fed. Cir. Jan. 7, 2008) (*nonprecedential*), additionally noted the importance of litigation defenses to the new inquiry for assessing willful infringement. The Federal Circuit instructed that under its new standard, litigation defenses raised by an accused infringer must be considered as a defense to a charge of willful infringement since they impact the "objective risk"

¹³ *TiVo* has several other interesting claim construction issues, including a statement addressing the deference owed to a district court's conclusion on a claim construction that required the district court to resolve extrinsic evidence to reach its conclusion. The Federal Circuit stated that there is "substantial force to the proposition that such a conclusion is indistinguishable in any significant respect from a conventional finding of fact, to which we typically accord deference." *Id.* at *14, n.2.

prong.¹⁴ At the trial in the district court, which was held before *Seagate* was handed down, the district court had expressly rejected the accused infringer's argument that where the accused infringer was sued only one month after receiving a cease and desist letter its litigation defenses should have "saved the day" for the charge of willful infringement.¹⁵ On the appeal, the Federal Circuit stated that under *Seagate's* objective standard "both legitimate defenses to infringement claims and credible invalidity arguments demonstrate the lack of an objectively high likelihood that a party took actions constituting infringement of a valid patent." *Id.* at *7. Hence, on remand, the district court was instructed to give due consideration to the litigation defenses if it needed to address willful infringement.

In *Innogenetics, N.V. v. Abbott Labs.*, No. 2007-1145, 1161, 2008 WL 151080, *13 (Fed. Cir. Jan. 17, 2008), the Federal Circuit, in what appears to be its first published opinion substantively addressing willful infringement since handing down *Seagate*, affirmed a district court's JMOL overturning a jury's finding of willful infringement. The Federal Circuit affirmed based on its finding that "the record does not indicate how Abbott's development and sale of its genotyping products were at risk of an objectively high likelihood of infringement." Unfortunately, the court's opinion does not provide any factual specifics showing how it reached its conclusion. The infringer's appellate brief, however, shows that the infringer relied on several opinions of counsel regarding the alleged invalidity of the claims.¹⁶

Reciting Sufficient Structure to Avoid § 112, ¶ 6

The Federal Circuit addressed the issue of when a claim limitation reciting "means for" invokes means-plus-function treatment under § 112, ¶ 6 in *TriMed, Inc. v. Stryker Corp.*, No. 2007-1327, 2008 WL

222521 (Fed. Cir. Jan. 29, 2008). There, the court held that a claim directed to a bone-fixing implant having a plate with holes and reciting "said holes in said plate *providing means for* allowing the pin to slide axially therein . . ." was not means-plus-function limitation because the holes themselves provided all the structure needed for performing the recited function. Ruling that the district court erred in concluding otherwise, the Federal Circuit vacated a summary judgment of noninfringement. Setting forth the standard for determining when a claim using "means for" language does not invoke § 112, ¶ 6, the Federal Circuit instructed that "[s]ufficient structure exists when the claim language specifies the exact structure that performs the functions in question without need to resort to other portions of the specification or extrinsic evidence for an adequate understanding of the structure." *Id.* at *2.¹⁷ The court ruled that the functional language defines the size and shape of the claimed holes, but did not transform the limitation into a means-plus-function limitation. *Id.*

The court reached its ruling despite evidence in the prosecution history that the Examiner and applicant had agreed that the applicant should use means-plus-function format to better distinguish its plate over the prior art. Rejecting the contention that this evidence required construing the limitation as a means-plus-function limitation with corresponding structure of the holes plus other unidentified structure, the Federal Circuit stated "[a] statement that use of means-plus-function language would help overcome prior art does not magically transform language that clearly does not meet our legal tests for § 112 ¶ 6 into means-plus-function language." *Id.* at *3 n.2. The court then noted that nowhere in the prosecution history did the applicant ever indicate that structure other than the holes performed the recited functions. *Id.* at *3. Accordingly, the court construed the claim to only require holes that were sized to permit the recited functions. Since the patentee submitted declarations from its experts that the holes in the accused product permitted the recited functions to be performed, the Federal Circuit held that the patentee had sufficiently raised an issue of fact to preclude a summary judgment

¹⁴ Under *Seagate*, a "patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. . . . If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (*determined by the record developed in the infringement proceeding*) was either known or so obvious that it should have been known to the accused infringer." *In re Seagate Technology*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (*en banc*) (emphasis added); *see generally* APD § 31:20.50 "Objective Recklessness" Standard of *Seagate*.

¹⁵ *Black & Decker Inc. v. Robert Bosch Tool Corp.*, No. 04 C 7955, 2006 WL 3359349, *9 (N.D. Ill. Nov. 20, 2006).

¹⁶ 2007 WL 2139702.

¹⁷ In the past, the Federal Circuit has articulated the standard as a negative test: "To invoke [35 U.S.C. § 112 ¶ 6] the alleged means-plus-function claim element must *not* recite definite structure which performs the described function." *Cole v. Kimberly-Clark Corp.*, 102 F.3d 524, 531 (Fed. Cir. 1996); *see also* APD § 8:3 Considering the Sufficiency of Structure Recited in the Claim Limitation.

of noninfringement. *Id.* at *4.

Improper to Exclude Disclosed Embodiments

The Federal Circuit rejected a district court's claim construction that excluded an alternative embodiment shown in the patent drawings in *Oatey Co. v. IPS Corp.*, No. 2007-1214, 2008 WL 239186, *4 (Fed. Cir. Jan. 30, 2008). There, the district court had construed a claim directed to a washing machine hose outlet box and reciting a "first and second juxtaposed drain ports in said bottom wall" as requiring two physically separate holes. Under the district court's construction, the claim excluded an embodiment of a single oblong shaped hole with a wall dividing the hole into two openings even though that embodiment was shown in a figure in the patent and textually described in the specification as an embodiment that provided first and second drain ports. Finding nothing in the specification or prosecution history that would support a disclaimer of the oblong hole with dividing wall, the Federal Circuit rejected the district court's claim construction. The court noted that in the absence of a prosecution disclaimer, it "normally do[es] not interpret claim terms in a way that excludes embodiments disclosed in the specification." *Id.* at *4.¹⁸

Apparently applying, but not explicitly relying on, the principle announced in *Oatey*, the Federal Circuit in *TiVo, Inc. v. EchoStar Commun. Corp.*, No. 2006-1574, 2008 WL 249155, * 4 (Fed. Cir. Jan. 31, 2008), rejected an accused infringer's proposed construction of a claim because it would have excluded from the claim scope an embodiment of the invention allegedly shown in the patent specification. There, the accused infringer urged that the asserted claims covered only an apparatus that could process both analog and digital signals. But one of the embodiments in the specification appeared to describe a digital-only embodiment. The court noted that disclosure of the digital-only embodiment "seems to contradict" the accused infringer's contention that the claims required that the device could process both analog and digital signals.

Bait and Switch Did Not Avoid Lost Profits

In *American Seating Co. v. USSC Gp., Inc.*, No. 2007-1112, 2008 WL 222522, *5-*6 (Fed. Cir. Jan. 29,

2008), the Federal Circuit affirmed an award of lost profit damages on sales by an infringer of noninfringing products, where the infringer had made those sales by first offering its infringing product, and then substituted its noninfringing product when it made delivery. The infringer had argued that under *Grain Processing* a bright-line rule should apply that lost profits could not be awarded if noninfringing alternatives were available. Rejecting this view of the law, the Federal Circuit noted that the alternatives had to be "acceptable to all purchasers of the infringing product." *Id.* at *5. The record evidence showed that the customers did not consent to the substitution of the noninfringing product and that one customer had complained that the substituted product lacked certain features present in the infringing product. This evidence supported the jury's verdict that the substituted product was not an acceptable noninfringing alternative. Affirming the denial of the infringer's JMOL motion seeking to reduce the lost profit damages award, the Federal Circuit concluded that "[a]lthough the evidence in this case was relatively sparse, it sufficed for the jury to assume that USSC offered the VPRo I for sale and then substituted the non-infringing VPRo II—a bait-and-switch—and to find that absent USSC's offer to sell the VPRo I, the sales would have gone to American Seating." *Id.* at *6.

Coincidentally, the day before the Federal Circuit handed down *American Seating*, the district court in *Baden Sports, Inc. v. Molten*, 2008 WL 238593, *13 (W.D. Wash. Jan. 28, 2008), refused to reduce a jury's reasonable royalty damage that included sales of a "new" and noninfringing product in the royalty base, where the infringer had delivered its new noninfringing product at the same time it was still offering for sale its infringing product.

Constructive Knowledge for Laches

In *Comcast Cable Communications Corp. v. Finisar Corp.*, 2008 WL 170672, *4-*6 (N.D. Cal. Jan. 17, 2008), a patentee's expansive view of its claims led to a finding that the patentee should have known of the accused infringer's alleged infringement more than six years before it filed its infringement claims, and consequently led to a finding that laches barred all presuit damages. In *Comcast*, the patentee, Finisar, accused Comcast of infringing one of its patents based on Comcast's broadcasting of digital channels. To support a claim for a high royalty rate, the patentee had contended that there was no way for Comcast to broadcast digital channels without infringing the

¹⁸ See generally, APD § 5:18 Cases Rejecting Construction That Omitted Preferred Embodiment or Purposefully Construing Claim to Include Preferred Embodiment.

patent. Addressing the issue of laches, the court held that in view of public knowledge that Comcast had been openly broadcasting digital channels since 1998, and the patentee's assertion that there was no way for Comcast to broadcast those channels without infringing the patent, the patentee should have known of the infringement and had a duty to investigate the infringement.¹⁹ Rejecting the patentee's arguments that it should not be charged with the knowledge of the infringement, the court stated "[u]nder Finisar's expansive view of the matter, Finisar has no excuse for being unaware that Comcast was allegedly infringing back in 1998. . . . The bottom line is that Finisar should have known, given the broad scope it attaches to the patent claims, that Comcast's system fell within the supposed breadth of the claims. It does not matter that this Court may cut back on that scope." *Id.* at *5. The court also rejected the patentee's argument that since it was not actively involved in the digital broadcast field, it should not be charged with knowledge of the activities of the players in the market. The court noted that the patentee "may be charged with knowledge of infringing activities not only of industries for which it is involved, but also for industries in which it has patent applications." *Id.* The patentee also argued that it should not have been charged with a duty to test the accused products. The court rejected this argument too, by stating "Finisar's argument that it was under no duty to test Comcast's set-top boxes is thus not supported by the law. We must remember that Finisar's own expansive view of the claims in suit necessarily meant that Comcast infringed simply based on the basics of the Comcast system as publicly known." *Id.* at *6.

Failing to Claim "Crucial" Features

Describing certain features of a device as being "crucial" to the operation of the claimed invention, but then failing to claim those features resulted in a summary judgment of invalidity for failing to provide an adequate written description of the claimed invention, failing to claim that which that applicant "regards as his invention," and failing to provide an enabling disclosure that was commensurate with the scope of the claimed invention. In *Int'l. Automated Sys., Inc. v. Digital Persona, Inc.*, 2008 WL 53151, (D. Utah Jan. 3, 2008), the district court considered the validity of claims directed to a fingerprint

identification system. The specification of the patent described an identification system that determined image quality of the fingerprint and enhanced the image quality as part of its operation. The specification further stated that the image quality detection and enhancement features were "crucial" to the operation of the invention. But, nowhere in the claims did the inventor claim any aspect of the image quality detection and enhancement. As part of its claim construction analysis, the district court ruled that image quality detection and enhancement could not be read into the claims as limitations. The claims broadly covered both the image enhanced system described in the specification and non-enhanced fingerprint identification system. Considering several § 112 invalidity attacks, the court held that the failure to claim the image quality detection and enhancement led to claims that were not described in the specification, enabled by the specification, or claimed what the inventor regarded as his invention. *Id.* at *24-*25.

Denying SJ of Obviousness

In *Lucent Tech., Inc. v. Gateway, Inc.*, 2008 WL 200303 (S.D. Cal. Jan. 17, 2008), the court denied several summary judgment motions seeking to find the claims obvious. In denying a first motion, the court found the patentee's expert presented non-conclusory testimony, supported with examples and explanations, that while all the claim limitations may have been individually known in the art, there were many possibilities within the prior art such that "more than common sense and knowledge of the prior art" was required to arrive at the particular approach of the claimed invention. Consequently, the "dueling experts' contentions present[ed] material questions of fact," thereby precluding summary judgment. *Id.* at *5. As to a second motion, the court denied summary judgment of obviousness because the accused infringer, while showing that each claim limitation was individually present in the prior art, failed to show a motivation to combine the prior art references under the flexible standard of *KSR*. Rejecting the contention that the motivation test could be wholly glossed over, the court stated "[t]hrough Microsoft is correct that a 'teaching, suggestion, or motivation' is no longer strictly required in the prior art, a defendant must do more than merely show[] that every element is present in the prior art." *Id.* at *10. The district court denied several other summary judgment motions on the issue of obviousness after finding issues of fact existed on whether the asserted prior art was sufficiently

¹⁹ See generally, APD § 11:109 Patentee's Duty to Police Market for Infringement.

accessible to be prior art, whether the alleged prior art disclosed certain claim limitations, and whether the prior art taught away from the invention.

In contrast to *Lucent*, the district court in *Berkel & Co. Contractors, Inc. v. HJ Foundation, Inc.*, 2008 WL 227880, *5-*7 (M.D. Fla. Jan. 25, 2008), granted a summary judgment that a claim directed to an auger for drilling soil that had a discharge hole in the side of the drill to solve a problem known in the art as the “lost shoe” problem was invalid for being obvious. The basic structure of the claimed auger was shown in one prior art reference and a second reference showed using a hole in the side of an auger. The court found that combining of the two references only yielded a predictable result to solve a known problem that was dictated by common sense, and therefore the claim was obvious.

Refusing to Construe Claim Terms

Stating its personal view that “pre-trial claims construction is of little value in advancing the adjudication of the controlling issues,” the district court in *Varco, L.P. v. Pason Sys. USA Corp.*, 2008 WL 111311, *3 (D. Colo. Jan. 10, 2008), refused to address claim construction arguments that the court felt required an evidentiary hearing. Although construing some claim terms based solely on the parties’ briefs, the court noted that it did not address many of the accused infringer’s claim construction contentions related to “contentions of invalidity and prosecution history.” The court concluded that these specific contentions could not be resolved without an evidentiary hearing. Apparently, seeking to avoid duplicating efforts in the presentation of evidence, the Court noted “that the necessary evidence [to resolve the claim construction issues] will be presented in the jury trial,” and therefore “the Court’s ruling on disputed claims language will be addressed in the jury instructions when the significance of these respective views to the questions before the jury can be evaluated.” *Id.* at *2.

ADMINISTRATIVE HAPPENINGS

Expanding the Patent Prosecution Highway

Effective January 28, 2008, the USPTO has agreed to implement a one-year Patent Prosecution Highway (PPH) pilot program with both the Canadian Intellectual Property Office and the Korean Intellectual Property Office. Applicants participating in the PPH pilot program, after receiving a ruling from either patent office that at least one claim in an application is

patentable may request the other office to accelerate the examination of corresponding claims in corresponding applications. Currently, the USPTO also has a full-time PPH program with the Japan Patent Office and a PPH pilot program with the United Kingdom Intellectual Property Office, which began September 4, 2007.

USPTO’s Pilot “New Route” Program

In an effort to reduce workload, minimize duplication of search efforts and increase examination quality, the U.S. Patent and Trademark Office (USPTO) and Japanese Patent Office (JPO) have announced a pilot project called the “New Route.” Under the New Route project, filing an application in the USPTO would be deemed a filing in the JPO and vice versa. The office of first filing and the applicant would have 30 months to provide the first office action and any necessary translation to the second office, allowing the second office to use the search and examination results in conducting its own examination. The office of first filing would also be responsible for publishing the application within 18 months of filing. If the first office publishes the application in a language other than English, an English language abstract and bibliographic data would be published with the application.

Given differences in law between the USPTO and JPO, there are currently two filing scenarios that are eligible to participate in the New Route. According to the USPTO, they are as follows:

(1) A priority application is filed in the first office and a PCT application claiming priority to that application is filed with the same first office as the PCT receiving Office; if the search and examination results of the priority application are available within about 26 months from its filing date and the corresponding PCT application enters the national stage in the second office, that national stage application would be eligible to participate in the New Route pilot project based on the examination of the priority application; and

(2) A PCT application is filed with the PCT receiving Office of the first office (there is no priority application), then the PCT application enters the national stage early in the first office; if the search and examination results on the national stage application are available by about the 26th month from the international filing date, and the PCT application enters the national stage in the

second office at the 30th month, that national stage application in the second office would be eligible to participate in the New Route pilot project based on the examination of the national stage application in the first office.

The New Route pilot project commences in both offices on 28 January 2008 and will terminate when 50 applications have been accepted into the pilot project by each office as the office of second filing or the expiration of one year (28 January 2009), whichever occurs first. Additional information about participating in the New Route pilot project is available from the USPTO website at http://www.uspto.gov/web/patents/pph/newroute_jpo.html.

Oath Requirements

This month the U.S. Patent and Trademark Office (USPTO) put applicants and their representatives on notice that strict compliance with the express language of 37 C.F.R. § 1.63 will be required in all oaths or declarations filed on or after 1 June 2008. This notice applies to oaths or declarations filed in all nonprovisional applications, including reissue applications.

37 C.F.R. § 1.63(b)(3) requires persons making the oath or declaration to state that they acknowledge the duty to disclose all information known to the person to

be “material to patentability as defined in §1.56.” In the notice, the USPTO noted that some applicants continue to use the language “material to the examination of the application” instead of “material to patentability” and “in accordance with 1.56(a)” instead of “as defined in §1.56.” According to the USPTO, this outdated language does not reflect the 1992 amendments made to 37 C.F.R. §1.63 to conform to the amendments made to 37 C.F.R. §1.56 and will no longer be accepted in oaths or declarations filed after 1 June 2008.

If an oath or declaration filed on or after 1 June 2008 does not include the express language of 37 C.F.R. 1.63(b), the USPTO will object to the oath or declaration as failing to comply with the rules and will require the applicant to submit a supplemental oath or declaration pursuant to 37 C.F.R. §1.67. For pending applications where the oath or declaration was filed before 1 June 2008, the Office has waived the express language requirement of Rule 63(b)(3), but only to the extent that an oath or declaration containing the “material to the examination of the application” or “in accordance with 1.56(a)” language will be considered as acknowledging the applicant’s duty to disclose information known to be “material to patentability as defined in § 1.56.”

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