



# PATENT HAPPENINGS

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

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## JUDICIAL HAPPENINGS

### Requiring Leave for Claim Construction

District courts are experimenting with various methods to trim patent cases down by reducing the number of claim terms the court must construe.<sup>1</sup> Some courts are imposing limits on the number of claim terms a party may present for construction via local patent rules.<sup>2</sup> Through standing orders, other judges individually have imposed limitations on the number of claim terms a party may submit in a given case.<sup>3</sup>

In what appears to be an order of first impression, Judge Crabb of the United States District Court for the Western District of Wisconsin has instituted new claim construction procedures requiring a party to move the court to give a claim construction as to each claim term the party wants construed. Judge Crabb described her new procedure in *Eppendorf AG v. Bio-Rad Labs., Inc.*, No. 07-cv-623-bbc, 2008 WL 2788553 (W.D. Wis. Jul. 11, 2008). There she instructed that "the parties would have to request construction of claim terms and a hearing if desired." *Id.* at \*1. Further, "a party requesting construction of claim terms [must] move for such relief and ha[s] the 'burden to persuade the court that construction of each specified term is necessary to resolve a disputed issue concerning infringement or

<sup>1</sup> See generally, Robert A. Matthews, Jr., ANNOTATED PATENT DIGEST APD § 3:17 – Limiting Number of Claims or Terms that Will be Construed [hereinafter *APD*]; see also *Patent Happenings*, June 2008 at p.3.

<sup>2</sup> E.g., Local Rules for the Northern District of California, Rule 4-1(b) (2008) (presumptively limiting parties to 10 claim terms).

<sup>3</sup> E.g., *IP Cleaning S.p.A v. Annovi Reverberi, S.p.A.*, No. 08-cv-147-bbc, 2006 WL 5925609, \*1 (W.D. Wis. Oct. 27, 2006) (as part of pretrial conference order on a matter before Judge Crabb, ruling that regardless of how many patents and patent claims were asserted the court would only construe 16 claim terms – "THE COURT WILL CONSTRUE NO MORE THAN 16 TERMS FOR ALL PARTIES IN THIS LAWSUIT REGARDLESS OF THE NUMBER OF PATENTS OR CLAIMS AT ISSUE" – all caps emphasis in original).

invalidity.” *Id.* When making such a motion “counsel should file a single document, labeled a motion, in which it requests construction of certain claim terms, explains how each term is necessary to resolve a disputed issue and submits its proposed constructions and all supporting arguments.” *Id.*

Applying her new rules, Judge Crabb granted the patentee’s motion to construe two claim limitations because she was “persuaded that construction of these terms may be necessary to resolve disputed issues related to invalidity.” *Id.* at \*2. The accused infringer had requested construction of eight claim terms. Judge Crabb agreed to construe four claim terms that she found “may be necessary to resolve disputed issues related to infringement and invalidity.” *Id.* at \*1. She denied the motion to construe the remaining four terms because she found that construing those terms appeared to be “unnecessary and not a productive use of the court’s or the parties’ time.” *Id.* Judge Crabb based this conclusion on the accused infringer’s admission that the parties likely would not dispute the meaning of these terms, but that a construction was necessary for the jury.<sup>4</sup> Construing the Federal Circuit opinion in *O2 Micro*,<sup>5</sup> as only requiring a court to construe claim terms where there is a “fundamental dispute” about claim scope, Judge Crabb concluded that *O2 Micro* did not require her to construe a claim term just for the jury’s benefit. Instead she ruled that to the “extent the parties believe that instructions construing claim terms presently not disputed are necessary to aid the jury, they can propose those instructions before trial.” *Id.*

Perhaps showing yet another method courts may use to effectively limit the number of claim terms they must construe, a district court judge in *City of Aurora, Colo. ex rel. Aurora Water v. PS Sys., Inc.*, 2008 WL 2811789, \*1 (D. Colo. Jul. 18, 2008), denied an accused infringer’s request for a *Markman* hearing and instead ordered that all claim construction disputes be presented and resolved as part of summary judgment motions.<sup>6</sup> Judge Daniel of the United States District Court for the District of Colorado, stated he “prefer[ed] claim construction issues be raised through summary

judgment motions rather than through *Markman* hearings.” *Id.* According to the judge, *Markman* “procedures can create a great deal of unnecessary work for the Court and parties.” *Id.*<sup>7</sup>

### **Jury Asked to Determine Future Royalty Rate**

In *Paice LLC v. Toyota Motor Corp.*, the Federal Circuit held that in some circumstances a district court may properly order an accused infringer to pay an ongoing royalty as an alternative to suffering a permanent injunction.<sup>8</sup> Accounting for the possibility of having to set an ongoing royalty rate, Judge Clark ruled in *Ariba, Inc. v. Emptoris, Inc.*, 2008 WL 2906916 (E.D. Tex. Jul. 29, 2008), that he would instruct the jury to determine a royalty rate for acts of future infringement, as a question separate from what damages should be awarded for past infringement. While noting that the court, and not the jury, would decide whether a permanent injunction should issue, Judge Clark concluded that a jury determination of a future royalty rate would provide several benefits. According to Judge Clark:

Should an injunction issue, a jury finding on a future royalty could be used to set a reasonable amount to be paid into escrow during the period of any stay which might be granted. If an injunction is not warranted, the jury verdict might be used by the parties as one factor in agreeing on a license, or by the court in arriving at an ongoing royalty rate for a compulsory license. In either case, time and expense can be saved by having the damages experts testify once, rather than hold a separate mini-trial on the issue of future damages post-verdict. This procedure would encourage the experts to keep their testimony about past and future damages logically consistent, and to give reasons for any differences.

*Id.* at \*2. Judge Clark further explained that the jury’s determination “would not automatically result in an award of future damages in that amount, nor in a denial

<sup>4</sup> See generally, APD 3:6 – Construction for the Jury.

<sup>5</sup> *O2 Micro International, Ltd. v. Beyond Innovation Technology Co.*, 521 F.3d 1351, 1361-63 (Fed. Cir. 2008); see *Patent Happenings*, April 2008 at 1-2.

<sup>6</sup> District courts are not legally obligated to conduct separate claim construction hearings. *Ballard Medical Prods. v. Allegiance Healthcare Corp.*, 268 F.3d 1352, 1358 (Fed. Cir. 2001); see also APD § 3:16 – Discretion on Whether to Hold a Hearing.

<sup>7</sup> Judge Daniel’s preference for summary judgment motions stands in interesting contrast to the views of other judges who believe that summary judgment motions in patent cases “can be a significant waste of time and money” due to the numerous factual disputes lurking in the background. Andrew Lungdren, “D. Del. Judges Discuss Patent Litigation Pet Peeves,” Delaware IP Law Blog, May 14, 2008 (reporting on comments by Judge Sleet and Judge Farnan of the District Delaware), available at [http://www.delawareiplaw.com/gregory\\_m\\_sleet\\_chief\\_judge/](http://www.delawareiplaw.com/gregory_m_sleet_chief_judge/).

<sup>8</sup> 504 F.3d 1293, 1314-15 (Fed. Cir. 2007). See generally, APD § 32:161 – “Ongoing” Royalty in Lieu of an Injunction.

of an injunction.” *Id.* It would, however, assist the court in meeting its obligation to provide a “concise but clear explanation of its reasons for the future royalty fee award.” *Id.* Judge Clark also noted that “[d]etermining a percentage rate or royalty per item to be applied in the future in a patent case is no more difficult than the task commonly performed by jurors in federal and state courts, when asked to calculate loss of future earning capacity, future medical expenses, future pain and suffering, or future lost profits.” *Id.* at \*3. Finally, while generally speaking in terms of a future “royalty,” Judge Clark instructed the parties that “[i]n formulating their jury instructions, the parties should consider whether the jury should be instructed regarding a future reasonable royalty rate, lost profits, price per unit, or some other appropriate measure of future damages. Of course, the instructions and question(s) will depend on the evidence submitted, and the theories of recovery pending at that time.” *Id.*

#### **Claim Preclusion Bars Invalidation Defenses**

Depending on the circumstances, the doctrine of claim preclusion can apply to bar a patentee’s second infringement suit<sup>9</sup> or it can apply to preclude an accused infringer from raising *any* invalidity defenses in a second infringement action.<sup>10</sup> In May of this year, the Federal Circuit ruled that claim preclusion applies in an infringement action where the accused product at issue in a second suit is “essentially the same” as the accused product adjudicated in a first suit.<sup>11</sup> It further held that to determine whether the products are “essentially the same” a court must look for “differences that are related to the limitations” of the claims.<sup>12</sup> The Federal Circuit announced this test in the context of whether claim preclusion barred a patentee’s second infringement suit. Recently, in *Roche Palo Alto LLC v. Apotex, Inc.*, No. 2008-1021, 2008 WL 2669287 (Fed. Cir. July 9, 2008), the court applied the “essentially the same” test to determine whether claim preclusion barred an accused infringer,

in a second infringement action, from raising any invalidity and unenforceability defenses.

In *Roche*, the patentee prevailed in proving that an accused infringer’s first product, covered by a first ANDA, infringed its patent. Additionally, in the first suit, the accused infringer failed to prove that the patent claims were invalid or unenforceable. Thereafter, the patentee brought a second infringement action on a second product based on a second ANDA. The second product differed from the first product in the concentration level of particular constituent. The first product had a concentration of 0.01%, while the second product had a lower concentration of 0.004%. The claim, however, claimed a range of concentrations from 0.001% to 10%, and hence both products literally fell within the claimed range.

The accused infringer argued that due to the difference in concentration levels its second accused product was not “essentially the same” as its first product, and therefore claim preclusion should not apply. It argued that due to the lower concentration different ingredients were stabilized by different chemical mechanisms in the second product from the first product. It further argued that because the FDA required it to file a separate ANDA on the second product, the second product could not be “essentially the same” as its first product.<sup>13</sup> *Id.* at \*6.

Affirming the district court’s summary judgment that claim preclusion applied,<sup>14</sup> the Federal Circuit rejected the accused infringer’s arguments. It determined that the purported differences in chemical mechanism were unrelated to the claim limitations, and therefore the differences were only “colorable.” Relying on the fact that both concentrations were within the literal scope of the claimed range, the court stated that even if the two products were stabilized by different mechanisms that was “irrelevant because both formulations are encompassed by the claims of the ’493 patent.” *Id.* at \*7.

Thus, it appears that, under *Roche*, if changes in a second accused product do not at least arguably take the product outside the literal scope of a claim limitation, i.e., at least raise a “substantial open issue”

<sup>9</sup> See generally, APD § 38:15.50 – May Patentee Bring Second Infringement Suit on Same Patent and Same Product and § 38:16.50 – May Patentee Bring Second Infringement Suit on Same Patent but Different Product.

<sup>10</sup> See generally, APD § 38:15 – Barring Defenses where Same Patent is Asserted Against a Different Accused Product of a Prior Action.

<sup>11</sup> *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 86 USPQ2d 1950 (Fed. Cir. 2008); see May 2008 issue of PATENT HAPPENINGS at page 6 for a summary of *Acumed*.

<sup>12</sup> *Acumed*, 525 F.3d at 1326.

<sup>13</sup> *But cf. Abbott Labs. v. Torpharm, Inc.*, 503 F.3d 1372, 1381 (Fed. Cir. 2007) (contempt proceeding proper despite fact that an alleged violation of an injunction involved a second ANDA where differences between second and first drug products were only colorable).

<sup>14</sup> *Roche Palo Alto LLC v. Apotex, Inc.*, 526 F. Supp. 2d 985, 998 (N.D. Cal. Sept. 11, 2007).

as to infringement,<sup>15</sup> the second product will be “essentially the same” as the first product for purposes of claim preclusion.<sup>16</sup> This result seems to follow even if there are verifiable differences as to how the two products meet the same claim limitation.

Future cases may need to address whether this standard is perhaps too broad. If too broad, should the court consider a narrower test that looks to see if, despite the alleged differences in a second product from an adjudicated first product, the second product meets the claim limitations in essentially the same way as the first product rather than just looking to see if the same claim limitations are met regardless of how they are met?

### **Obviousness of Web-Implemented Invention**

The case of *Muniauction, Inc. v. Thomson Corp.*, No. 2007-1485, 2008 WL 2717689, \*5-\*8 (Fed. Cir. July 14, 2008), considers an obviousness challenge on a web-implemented invention. There the court reversed in part a district court’s denial of an accused infringer’s motion for JMOL that method claims to a computerized auction system that used the web for part of the process were obvious, and vacated a \$77 million dollar judgment in the patentee’s favor.

Contrary to the district court’s findings, the Federal Circuit found that the record evidence showed that all the steps of the claimed method were performed by a prior art computer system except for using a conventional web browser for a bidder to interface with the system. Other prior art patents disclosed using the internet to conduct online auctions. The court found that “adapting existing electronic processes to incorporate modern internet and web browser technology was . . . commonplace at the time the ’099

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<sup>15</sup> Cf. *Additive Controls & Measurement Sys., Inc. v. Cotton*, 154 F.3d 1345, 1349 (Fed. Cir. 1998) (contempt proceedings proper for a redesigned product unless “the differences are such that ‘substantial open issues’ of infringement are raised by the new device”).

<sup>16</sup> See e.g., *Acumed LLC*, 525 F.3d at 1326 (products were not “essentially the same” where length of component of second product differed from first product, and that change in length arguably took the second product outside one of the claim limitations). Cf. *Yingbin-Nature (Guangdong) Wood Industry Co., Ltd. v. Int’l Trade Comm’n.*, No. 2007-1311, 2008 WL 2924095, \*9 (Fed. Cir. July 31, 2008) (ruling that elimination of one structural feature and substituting a different structural feature in a second product would prevent *issue* preclusion from applying to a prior infringement finding since the structural changes showed that the second product would not be “essentially the same” as the previously adjudicated product).

patent application was filed.” *Id.* at \* 6. The court also noted that an industry-related speech “explicitly addressed the desirability of using World Wide Web technology to distribute debt issue to consumers,” as done by the claimed method. This provided evidence of “demands known to the design community.” *Id.* Accordingly, the Federal Circuit ruled that the claimed invention showed a predictable use of known technology, and therefore the claims were obvious and invalid. *Id.* at \*7.

The court also rejected the patentee’s argument that its evidence of skepticism from members of the industry overcame the *prima facie* showing of obviousness. As an initial matter, that court noted that the nexus between the claimed invention and the skepticism appeared relevant to only one specific embodiment within the scope of the claim. But other embodiments within the scope of the claim appeared obvious. Relying on the “long-established rule that ‘[c]laims which are broad enough to read on obvious subject matter are unpatentable even though they also read on nonobvious subject matter[,]’” the court held the patentee’s evidence of nexus was too weak to overcome the showing of obviousness. *Id.* at \* 7 n.4. The court also noted that the alleged “skepticism” was questionable given that it only came from one segment of the industry, which had a commercial self-interest to be skeptical. *Id.* at \* 7.

### **Joint Infringement Requires a “Mastermind”**

In *Muniauction, supra*, the Federal Circuit also addressed the “joint infringement” of a method claim where two or more separate actors collectively perform all the claimed steps.<sup>17</sup> Relying on last year’s decision in *BMC Resources*,<sup>18</sup> the Federal Circuit instructed that joint infringement requires a “mastermind.” It explained that when the “actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed only if one party exercises ‘control or direction’ over the entire process such that every step is attributable to the controlling party, i.e., the ‘mastermind.’” *Id.*, 2008 WL 2717689 at \*8. Under this standard, “mere ‘arms-length cooperation’ will not give rise to direct infringement by any party.” *Id.*

Applying this standard, the Federal Circuit held

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<sup>17</sup> See generally, APD § 10:176 – Steps of Process Performed by Different Entities.

<sup>18</sup> *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381-82 (Fed. Cir. 2007).

that the district court erred by permitting the jury to decide an issue of alleged joint infringement by considering “a connection less than ‘direct control’” between bidders, who allegedly performed the first step of the claimed methods,<sup>19</sup> and the accused infringer, who ran the computer system that allegedly performed the remaining steps of the claimed methods. The district court instructed the jury to consider whether the bidders and the accused infringer were “acting jointly or together”; were “aware of each other’s existence and interacting with each other”; and whether the accused infringer taught, instructed, or facilitated the bidder’s participation in the electronic auction process. *Id.* at \*9. According to the Federal Circuit, none of these considerations are relevant to the liability inquiry because none of them consider whether the accused infringer directed or controlled the acts of the bidders. *Id.* The court expressly held that the accused infringer’s controlling the access to its system and providing instructions to bidders on how to use its computer system was “not sufficient to incur liability for direct infringement.” *Id.* It further explained that “[u]nder *BMC Resources*, the control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method.” *Id.* Thus, because the accused infringer in the case “neither performed every step of the claimed methods nor had another party perform steps on its behalf, and [the patentee] ha[d] identified no legal theory under which [the accused infringer] might be vicariously liable for the actions of the bidders,” the accused infringer, as a matter of law, did not directly infringe the asserted method claims under a theory of joint infringement. *Id.*

It seems apparent that *Muniauction* presents another example of the Federal Circuit refusing to apply the patent law to forgive a patentee from a claim drafting error. Most likely, the patentee in *Muniauction* could have written its claims to require “receiving” data inputted by a bidder, and thereby avoid the “joint infringement” issue created with the claimed bidder “inputting” step. Indeed, the Federal Circuit’s statement in *BMC Resources* seems directly applicable:

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<sup>19</sup> The claim at issue concerned a method of conducting an electronic auction having a bidder’s computer connected through a network to an issuer’s computer. The first step of the method claim required the bidder to input data into *its* computer.

The concerns over a party avoiding infringement by arms-length cooperation can usually be offset by proper claim drafting. A patentee can usually structure a claim to capture infringement by a single party. The steps of the claim might have featured references to a single party’s supplying or receiving each element of the claimed process. However, [the patentee] chose instead to have four different parties perform different acts within one claim. [The patentee] correctly notes the difficulty of proving infringement of this claim format. Nonetheless, this court will not unilaterally restructure the claim or the standards for joint infringement to remedy these ill-conceived claims.<sup>20</sup>

### Laches for Omitted Inventorship Claim

The equitable doctrine of laches can bar a claim when a plaintiff unreasonably delays in asserting its alleged rights, and that delay causes the defendant to suffer economic or evidentiary prejudice.<sup>21</sup> While the doctrine is often asserted by accused infringer’s as a defense to a patent infringement claim, laches can apply to bar an alleged omitted inventor’s claim to correct the inventorship of an issued patent.<sup>22</sup> In *Serdarevic v. Advanced Med. Optics, Inc.*, No. 2008-1075, 2008 WL 2745279, \*2-\*6 (Fed. Cir. July 16, 2008),<sup>23</sup> the Federal Circuit affirmed a summary judgment dismissing an alleged omitted inventor’s correction of inventorship claim based on an eight-year delay in asserting the claim after the alleged omitted inventor learned of the patent.

The court, in *Serdarevic*, reaffirmed the legal principle that a delay of more than six years by an alleged omitted inventor can raise a presumption of laches for a claim to correct inventorship. *Id.* at \*3. It also reaffirmed the principle that when the presumption applies, the defendant has no obligation to affirmatively make a showing of prejudice. Indeed, the court instructed that when the presumption applies the defendant may remain “utterly mute.” *Id.* at \*4.

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<sup>20</sup> *BMC Resources*, 498 F.3d at 1381.

<sup>21</sup> See generally, APD § 11:98 – Basic Elements of Laches.

<sup>22</sup> See generally, APD § 26:133 – Laches or Equitable Estoppel may Defeat [Correction of Inventorship] Action.

<sup>23</sup> It is interesting to note the speed with which the Federal Circuit issued this opinion. The district court opinion issued on Sept. 25, 2007, and the Federal Circuit opinion came down in less than ten months from that date. Judge Michel has commented that the court is working hard to reduce the time it takes to issue its opinions, and this case appears to be an example of the court’s efforts.

The omitted inventor sought to avoid the presumption of laches by arguing that since the subject patent was involved in a reexamination proceeding during the period of delay, the laches clock reset when that proceeding concluded and the reexamination certificate issued. The Federal Circuit rejected this argument. First, it explained that post-issuance proceedings in the Patent Office can excuse a period of delay under the rubric of “other litigation”<sup>24</sup> when the claimant is involved in those proceedings. *Id.* at \*4. The alleged omitted inventor, however, was not involved in the reexamination proceeding, even though she offered to help the patentee in that proceeding. Second, the court also noted that the reexamination proceeding did not alter the alleged omitted inventor’s claim in any material way. Although the alleged omitted inventor correctly argued that it was theoretically possible that the scope of the claims could have been amended during the reexamination proceeding in a manner that might have mooted her inventorship claim, “that mere possibility d[id] not excuse her from asserting her claim.” *Id.* Third, the court noted that the alleged omitted inventor failed to offer any evidence that the defendants were informed that they might be sued on the inventorship claim after the reexamination proceeding concluded.<sup>25</sup> *Id.* Accordingly, the court concluded that the existence of the reexamination proceeding did not excuse any portion of the alleged omitted inventor’s period of delay. *Id.* The Federal Circuit further ruled that the alleged omitted inventor’s personal unfamiliarity with U.S. patent law or her difficulties in finding counsel willing to take her case on a contingency basis did not provide a sufficient justification to excuse her delay. *Id.*

The alleged omitted inventor also sought to avoid the finding of laches by arguing that the defendant had unclean hands.<sup>26</sup> The Federal Circuit rejected this contention. It held that for unclean hands to negate a laches defense, the defendant’s alleged acts of misconduct must cause the plaintiff’s delay in asserting its claim. The court stated “we hold that in the context of an inventorship action, a plaintiff relying on the unclean hands doctrine to defeat a defense of laches

<sup>24</sup> See generally, APD § 11:129 – Other Litigation or Patent Office Proceedings and § 11:131 – Post-Issuance Patent Office Proceedings.

<sup>25</sup> See generally, APD § 11:130 – Duty to Notify.

<sup>26</sup> See generally, APD § 11:154 – Unclean Hands May Negate Applying Laches.

must show not only that the defendant engaged in misconduct, but moreover that the defendant’s misconduct was responsible for the plaintiff’s delay in bringing suit.” *Id.* at \*5. In the case, the alleged omitted inventor merely argued that the defendants had unclean hands based on their acts of allegedly hiding the original patent application. But the alleged omitted inventor made no allegations that the defendants did anything to delay the omitted inventor from filing suit once she learned of the patent years later. The Federal Circuit rejected the argument that a mere failure to name an omitted inventor in the patent application would constitute “sufficiently ‘egregious conduct’ to give rise to an unclean hands claim, [because] then laches would never be available as a defense to an inventorship claim.” *Id.* at \*6.

### “Comprising” Does not Trump Surrender

While the transition term “comprising” generally provides an openness to a claim, the Federal Circuit has long held that openness may not be used to alter or vitiate a claim limitation.<sup>27</sup> The Federal Circuit reaffirmed this principle by holding in *Bd. of Regents of the Univ. of Tex. Sys. v. BENQ Am. Corp.*, No. 2007-1388, 2008 WL 2834704 (Fed. Cir. July 24, 2008), that a patentee “cannot rely on the word ‘comprising’ to broaden the scope of a claim phrase that was limited during prosecution so as to gain allowance of the patent.” *Id.* at \*8.

In *BENQ*, the Federal Circuit construed a claim limitation reciting “each pre-programmed code being representative of a syllabic element” as requiring that all programmed codes in a database be a “syllabic element.” The majority of elements in the database of the accused product were not “syllabic elements.” Nonetheless, the patentee argued that because the asserted method claim used the open transition term “comprising” the accused process intermittently infringed for the occasions that its database had syllabic elements.<sup>28</sup>

Rejecting this argument, the Federal Circuit noted that to distinguish over the prior art, the applicant agreed to an Examiner’s amendment that each code in the database be a syllabic element. Thus, it surrendered claim scope such that a database must have only syllabic elements to meet the claim

<sup>27</sup> See generally, APD § 4:39 – Cannot Contort “Comprising” to Alter or Vitate a Claim Limitation.

<sup>28</sup> See generally, APD § 12:16 – Momentary Infringement is Sufficient.

limitation. The Federal Circuit acknowledged that it “is correct that, generally, the use of the transitional phrase ‘comprising’ does not exclude additional, unrecited steps.” *Id.* But, it further instructed that “[t]his presumption, however, does not reach into each of the claimed steps to render every word and phrase therein open-ended—especially where, as here, the patentee has narrowly defined the claim term it now seeks to have broadened.” *Id.* Accordingly, the openness afforded by the transition term “comprising” may not negate a disclaimer of claim scope shown in the prosecution history. *Id.*

The Federal Circuit in *BENQ* also reaffirmed the importance of the prosecution history to claim construction when a disputed term has been added to the claim by an amendment. Tempering the cautionary warning in *Phillips* regarding using the prosecution history to construe a claim term,<sup>29</sup> the court instructed that “[w]hile there are times that the prosecution history ‘lacks the clarity’ of other intrinsic sources, the prosecution history may be given substantial weight in construing a term where that term was added by amendment.” *Id.* at \*5.

#### Use of Accused Product in Claim Construction

Since at least the 1985 *en banc* opinion in *SRI Int’l.*,<sup>30</sup> Federal Circuit law has held that “claims may not be construed by reference to the accused device.”<sup>31</sup> More recently, however, the Federal Circuit has acknowledged that to fully understand and construe claims to a sufficient precision to resolve the parties’ dispute, a court may need knowledge of specific details of the accused product or process.<sup>32</sup> The Federal

<sup>29</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303, 1317 (Fed. Cir. 2005) (*en banc*) (“[B]ecause the prosecution history represents an ongoing negotiation between the PTO and the applicant, rather than the final product of that negotiation, it often lacks the clarity of the specification and thus is less useful for claim construction purposes.”).

<sup>30</sup> *SRI Int’l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1118 (Fed. Cir. 1985) (*en banc*) (“It is only after the claims have been construed without reference to the accused device that the claims, as so construed are applied to the accused device to determine infringement.”) (emphasis in original).

<sup>31</sup> *NeoMagic Corp. v. Trident Microsystems*, 287 F.3d 1062, 1074 (Fed. Cir. 2002).

<sup>32</sup> See *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, 442 F.3d 1322, 1326-27 (Fed. Cir. 2006) (“While a trial court should certainly not prejudice the ultimate infringement analysis by construing claims with an aim to include or exclude an accused product or process, knowledge of that product or process provides meaningful context for the first step of the infringement analysis,

Circuit, itself, on several occasions has criticized district court opinions that fail to provide information of the accused product or process so that the Federal Circuit understands how the claim construction dispute relates to the overall infringement or invalidity issues.<sup>33</sup>

Providing further guidance on this issue, the Federal Circuit in *Jang v. Boston Scientific Corp.*, No. 2007-1385, 2008 WL 2736014 (Fed. Cir. July 15, 2008), refused to decide an appeal of claim construction rulings because the record was insufficient for the court to understand, or even infer, how a reversal of any of the claim construction rulings would impact the infringement determinations. Indeed, the parties had conceded that reversal of some of the claim construction rulings would have no impact on the infringement determination. Remanding the case to the district court for clarification as to how its rulings impacted the infringement determination, the Federal Circuit determined that without that information it “risk[ed] rendering an advisory opinion as to claim construction issues that do not actually affect the infringement controversy between the parties.” *Id.* at \*4.<sup>34</sup>

Additionally, the Federal Circuit stated that it needed “context with respect to how the disputed claim construction rulings relate to the accused products” to conduct its review of the claim construction rulings. *Id.* at \*5. The court found the district court’s opinion deficient for purposes of appellate review because “[w]hile the record contains depictions of the accused products and the parties offer cryptic comments in their

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claim construction.”); *Serio-US Indus., Inc. v. Plastic Recovery Tech. Corp.*, 459 F.3d 1311, 1319 (Fed. Cir. 2006) (“[A] trial court may consult the accused device for context that informs the claim construction process.”). See generally, APD § 5:21 – Use of Accused Product In Claim Construction.

<sup>33</sup> E.g., *Toshiba Corp. v. Juniper Networks, Inc.*, No. 2006-1612, 2007 WL 2574744, \*1-2 (Fed. Cir. Sept. 6, 2007) (*nonprecedential*); *Massachusetts Institute of Technology v. Abacus Software*, 462 F.3d 1344, 1350-51 (Fed. Cir. 2006); *Lava Trading, Inc. v. Sonic Trading Mgmt., LLC*, 445 F.3d 1348, 1350 (Fed. Cir. 2006).

<sup>34</sup> Federal courts have no subject matter jurisdiction to issue advisory opinions. Accordingly, the Federal Circuit based its decision to remand in part on its obligation to insure it had subject matter jurisdiction over the appeal. *Competitive Technologies, Inc. v. Fujitsu Ltd.*, 374 F.3d 1098, 1101 (Fed. Cir. 2004) (“Although neither party in its briefs contests this court’s jurisdiction, we are nonetheless obligated to determine whether we have jurisdiction over this appeal. Every federal appellate court has a special obligation to satisfy itself of its own jurisdiction even though the parties are prepared to concede it.”).

appeal briefs on the infringement issue, there is no explanation . . . as to why the accused products would not infringe under the district court's claim construction or why they would infringe under the alternative claim constructions offered by [the patentee]." *Id.* at \*6. The Federal Circuit concluded that "[t]he lack of information concerning infringement makes it difficult to comprehend the claim construction issues." *Id.* Hence, it ruled that "a remand for clarification is both necessary and appropriate." *Id.*

### **Prefiling Investigation of ANDA Claims**

In *Celgene Corp. v. KV Pharmaceutical Co.*, 2008 WL 2856469, \*2-\*5 (D.N.J. July 22, 2008), the district court denied with prejudice a generic drug manufacturer's motion to impose Rule 11 sanctions against a patentee for allegedly not conducting an adequate prefiling investigation before asserting its § 271(e)(2) infringement claims. The accused infringer argued that since the patentee had not actually investigated whether the accused drug product infringed the asserted patent before filing suit, Rule 11 sanctions were warranted. The court ruled that since in the context of ANDA litigation, the mere fact of filing a notice letter with a Paragraph IV certification is the act of infringement, a patentee has no legal requirement to investigate the drug product actually planned to be sold by the generic. Rather, the patentee only need investigate "whether a relevant ANDA has been filed."

## **ADMINISTRATIVE HAPPENINGS**

### **"Triway" Patent Prosecution Highway**

On July 28, 2008, the PTO commenced a new pilot patent prosecution highway called the "Triway" Pilot Program. This program will create a search sharing strategy between the USPTO, EPO, and JPO. Under the program each office will provide early search results to each other so that each office will have the search results from the other offices before substantively examining a patent application. With search results available from three sources, the PTO expects to see an improvement in the quality of patents issuing from the program.

The Pilot will be limited to 100 applications selected from 15 requests from each Technology Center within the USPTO. The program will end on July 28, 2009 or once 100 requests have been accepted, whichever occurs first.

Eligibility is limited to applications recently filed in the USPTO as the Office of First Filing (OFF) and

complete at the time of filing. Excluded from eligibility are provisional applications, plant and design applications, reissue applications, reexamination proceedings, and applications subject to a secrecy order. Applicants must file a request for participation in the Triway pilot program and must petition to make the US application special under the program. A sample request form (PTO/SB/12) is available on the USPTO website. A petition fee under 37 C.F.R. 1.17(h) is also required. The request must also be faxed to the appropriate person at the USPTO, Magdalen Greenleaf.

Corresponding applications claiming priority to the US application must be filed in the EPO and JPO as the Offices of Second Filing (OSF) under the Paris Convention within four (4) months of the filing date of the US application and should also be complete as filed in accordance with EPO and JPO standards. The applications must be limited to a single invention and the claims of the applications must be the same or similar in scope.

Once the request and special status have been granted, the USPTO will notify the EPO and JPO. The USPTO will perform a search and issue (by fax) a search report to the applicant within six (6) months of filing the US application. The applicant must file a copy of the search report in the EPO and request participation in the program from the EPO. The EPO will then conduct a search and consider the US search report in its analysis. Upon receipt of the EPO search report, the applicant must file a copy in the corresponding US application and list the art cited in the EPO search report on an IDS in the USPTO. Additionally, the EPO search report and IDS must be faxed to the USPTO. The applicant then must request examination, accelerated examination, and participation in the Triway program at the JPO and submit copies of the US and EPO search reports to the JPO. Once the JPO request is granted, the JPO will conduct a search, while considering the art cited in the EPO and US search reports, and issue an office action. The applicant must then file the JPO office action in the corresponding US and EPO applications, along with an English translation and accuracy statement for the USPTO. The art cited on the JPO office action must be submitted to the USPTO in an IDS. The JPO office action, translation, accuracy statement, and IDS must also be faxed to the USPTO. Upon completion of these steps, the US application will then be taken up as special and the USPTO will consider the search results



of all three Offices in the examination of the US application.

### **Peer Review Extended**

The USPTO officially extended the Peer Review Pilot for an additional twelve months through June 15, 2009. The Pilot, launched in 2007, is being conducted in cooperation with the Peer-to-Patent Project (organized by the New York Law School's Institute for Information Law and Policy) and has the primary purpose of exposing examiners to the best prior art.

Originally limited to patent applications in the computer-related arts (Technology Center 2100), the PTO is expanding the Peer Review Pilot to include patent applications concerning business methods (class 705). The total number of applications permitted in the program has also increased from 250 to 400, of which no more than 25 separate applications (previously only 15) will be allowed from any one entity.

Since its inception, participants in the Pilot have included IBM, Microsoft, Hewlett-Packard, Sun Microsystems, Intel, GE, Red Hat, Cisco, Yahoo!, and others. Technical experts in the computer and business methods-related arts registering with the [peertopatent.org](http://peertopatent.org) website review can submit technical references (prior art submission is limited to 10 references) and comments for the examiner's consideration on whether the invention is new and non-obvious. The PTO reports that of the first 31 applications that have been examined through the Peer Review Pilot, more than one-third of the examiners used peer-supplied prior art in the first action on the merits.

### **Outsourcing US Patent Application Work**

In a Notice published in the Federal Register (73 Fed. Reg. 142) on 23 July 2008, the U.S. Patent and Trademark Office (USPTO) reminded applicants of the need to obtain appropriate clearance before outsourcing U.S. patent prosecution work to service providers located in a foreign country. The USPTO issued the Notice after "becom[ing] aware that a number of law firms or service provider companies located in foreign countries are sending solicitations to U.S. registered patent practitioners offering their services in connections with the preparation of patent applications to be filed in the United States." The Notice reminds applicants and practitioners that "the export of subject matter abroad pursuant to a license from the USPTO, such as a foreign filing license, is limited to purposes related to the filing of foreign patent applications." The Notice further states that "[a] foreign filing license from the USPTO does not authorize the exporting of subject matter abroad for the preparation of patent applications to be filed in the United States." Therefore, "Applicants who are considering exporting subject matter abroad for the preparation of patent applications to be filed in the United States should contact the Bureau of Industry and Security (BIS) at the Department of Commerce for the appropriate clearance." Finally, the Notice states that it does not change existing law or regulations, and, therefore, "does not excuse or otherwise affect the legal consequence of a failure to comply with existing law or regulations that occurred prior to July 23, 2008."

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