



PATENT HAPPENINGS®

A publication by MATTHEWS PATENT-LAW CONSULTING on
judicial, legislative, and administrative developments in U.S. patent law

HIGHLIGHTS

1. *Means-plus-function limitation with software as corresponding structure indefinite where specification only disclosed the functions done by the software but not how the software did the functions.....* 1
2. *Functional limitation defining a structural attribute of a product only had to be met during manufacturing phase to show infringement even though product was made abroad.....* 3
3. *Knowledge to a scientific certainty that invention works not required for conception.....* 5
4. *Section 288's limitation of costs for failing to disclaim an invalid claim questionably held to only apply to claims previously adjudicated invalid and not for claims proven invalid during the given suit.....* 6
5. *Post-filing publication used to understand a prior art reference for purposes of showing anticipation or obviousness.....* 7
6. *Reexamination could not be used to add material from a priority application to cure a break in continuity of disclosure.....* 7
7. *Trial stipulation that licensees had standing did not preclude accused infringer from later showing alleged co-exclusive licensees lacked constitutional standing.....* 8
8. *Trial counsel given suspended jail sentence and client subjected to procedural sanctions for counsel's willful violation of an in limine order.* 9

JUDICIAL HAPPENINGS

Software as Corresponding Structure

A means-plus-function limitation provides a short-hand way to claim a collection of *structure* disclosed in the specification as performing a particular function without having to recite that collection of structure in the claim.¹ Pursuant 35 U.S.C. § 112, ¶6, the inventor can merely recite in the body of the claim a “means” for performing the particular function without reciting the collection of structure that performs the function. Because a means-plus-function limitation simply provides a short-hand way to claim a collection of structure disclosed in the specification, the law limits the scope of a means-plus-function limitation to the “corresponding structure” disclosed in the specification and equivalents thereof.² The Federal Circuit has emphatically explained that § 112, ¶6 “rules out the possibility that any and every means which performs the function specified in the claim literally satisfies that limitation.”³ Instead, a means-plus-function limitation only covers the particular corresponding structure disclosed and identified in the specification as performing the function and equivalents thereof.⁴

¹ See generally, Robert A. Matthews, Jr., ANNOTATED PATENT DIGEST § 8:1 General Aspects of Means-Plus-Function Limitations [*hereinafter* APD].

² See generally, APD § 8:22 Claim Scope is Limited to the Corresponding Structure and its Equivalents.

³ *Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F.2d 931, 934 (Fed. Cir. 1987) (*en banc*).

⁴ See generally, APD § 8:31 Limited to Structure Actually Specified as Being the Means.

In pseudo equation form, the scope of means-plus-function limitation can be represented by:

MPF Scope = Structure in spec. + Equivalentents

Since a means-plus-function limitation is merely a short-hand way of reciting a collection of structure disclosed in the specification, the failure to describe in the specification at least one collection of structure that performs the function of the means leaves nothing for the means-plus-function limitation to equate to; i.e., the right hand side of the pseudo-equation noted above is zero. Should this happen, the inventor has failed to “particularly point[] out and distinctly claim[] the subject matter which the applicant regards as his invention.” 35 U.S.C. § 112, ¶ 2

Not surprisingly, the Federal Circuit has repeatedly held that if an inventor recites a means-plus-function limitation in the body of a claim but the specification fails to disclose and link corresponding structure for that means-plus-function limitation, the claim is invalid for being indefinite.⁵ The court has explained that “in order for a means-plus-function claim to be valid under § 112, the corresponding structure of the limitation ‘must be disclosed in the written description in such a manner that one skilled in the art will know and understand what structure corresponds to the means limitation. Otherwise, one does not know what the claim means.’”⁶

The issue of indefiniteness for failing to disclose corresponding structure has presented complexities where the recited function of a means-plus-function limitation is performed by a computer or a microprocessor executing programmed software. Since the 1999 opinion in *WMS Gaming*, the Federal Circuit has held that a generic recitation of software does not adequately define structure for a means-plus-function limitation where a programmed computer or microprocessor performs the function of the means.⁷ Rather, the corresponding structure is the specific

algorithm that the software performs.⁸ As a consequence, the Federal Circuit has on several occasions held that if a specification only notes in general terms that software performs the function of a means-plus-function limitation, but fails to give details as to the how that software performs the functions, i.e., fails to disclose the algorithm⁹ that the software performs, the claims fall for being indefinite.¹⁰

Continuing to adhere to its view that merely a generic reference that software performs the function of a means-plus-function limitation does not pass muster, the Federal Circuit affirmed a finding of invalidity for indefiniteness in *Blackboard, Inc. v. Desire2Learn, Inc.*, No. 2008-1368, -1396, 2009 WL 2215107, *10-*14 (Fed. Cir. 2009).

The claims at issue in *Blackboard* were directed to a system for managing on-line education courses. One limitation recited a “means for assigning a level of access to and control of each data file...” The specification described an “access control manager” as the structure that performed the function of the assigning means. Its limited description of the access control manager provided:

Access control manager 151 creates an access control list (ACL) for one or more subsystems in response to a request from a subsystem to have its resources protected through adherence to an ACL. Education support system 100 provides multiple levels of access restrictions to enable different types of users to effectively interact with the system (e.g. access web pages, upload or download files, view grade information) while preserving confidentiality of information.

Id. at *10.

⁵ *In re Donaldson Co.*, 16 F.3d 1189, 1195 (Fed. Cir. 1994) (*en banc*) (“If an applicant fails to set forth an adequate disclosure, the applicant has in effect failed to particularly point out and distinctly claim the invention as required by the second paragraph of section 112.”); *see generally*, APD § 23:17 Failing to Disclose Corresponding Structure of a Means-Plus-Function Limitation.

⁶ *Biomedino, LLC v. Waters Technologies Corp.*, 490 F.3d 946, 950 (Fed. Cir. 2007).

⁷ *WMS Gaming, Inc. v. Int’l Game Technology*, 184 F.3d 1339, 1348 (Fed. Cir. 1999).

⁸ *Id.*; *see generally*, APD § 8:49 *WMS Gaming* – Disclosed Algorithm Part of Corresponding Structure.

⁹ For cases and discussion on what constitutes an “algorithm” *see* APD § 8:47 Corresponding Structure of Computers and Microprocessors Limited by Disclosed Algorithm and the discussion in § 8:49 *WMS Gaming* – Disclosed Algorithm Part of Corresponding Structure, as to the algorithm at issue in *WMS Gaming*.

¹⁰ *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1367 (Fed. Cir. 2008); *Finisar Corp. v. DirectTV Gp., Inc.*, 523 F.3d 1323, 1340 (Fed. Cir. 2008); *Aristocrat Tech. Australia Pty Ltd. v. Int’l. Game Technology*, 521 F.3d 1328, 1334-38 (Fed. Cir. 2008), *cert denied*, 129 S. Ct. 754 (Dec. 8, 2008).

The Federal Circuit found that the description of the access control manager was effectively a description of a black box and what the box did, but no description of *how* the box did what it did. *Id.* at *11. Finding that the claim at issue suffered the same infirmities as the claim in *Aristocrat*, the court reiterated that merely describing what functions the “black box” performs with its software, does not suffice where the disclosure fails to describe “how” the software performs those functions. *Id.* at *13. The Federal Circuit criticized the deficiencies in the disclosure by noting that the specification only “describes an outcome, not a means for achieving that outcome.” *Id.*

Trying to avoid the invalidity finding, the patentee argued that one of skill in the art would know how to create software that could implement the assigning function, and therefore a more detailed disclosure was not required. Rejecting this argument, the Federal Circuit explained that the issue was whether the “specification contains a sufficiently precise description of the ‘corresponding structure’ to satisfy section 112, paragraph 6, not whether a person of skill in the art could devise some means to carry out the recited function.” *Id.*¹¹ The court further explained that “[a] patentee cannot avoid providing specificity as to structure simply because someone of ordinary skill in the art would be able to devise a means to perform the claimed function. To allow that form of claiming under section 112, paragraph 6, would

“A patentee cannot avoid providing specificity as to structure simply because someone of ordinary skill in the art would be able to devise a means to perform the claimed function.”

¹¹ The Federal Circuit has, on several occasions, rejected the argument that the failure to disclose corresponding structure should be excused if one of skill in the art would be able to build something to perform the function. *Biomedino, LLC v. Waters Technologies Corp.*, 490 F.3d 946, 953 (Fed. Cir. 2007) (“The inquiry is whether one of skill in the art would understand the specification itself to disclose a structure, not simply whether that person would be capable of implementing a structure.”); *see also Medical Instrumentation and Diagnostics Corp. v. Elekta AB*, 344 F.3d 1205, 1211-12 (Fed. Cir. 2003) (district court erred in including software as corresponding structure for a “converting means” limitation where the specification only disclosed hardware as performing the function even though one of skill in the art would know how to use software to perform the function).

allow the patentee to claim all possible means of achieving a function.” *Id.* at *14.

Summing up the policy behind its jurisprudence in this area of the law, the court explained:

That ordinarily skilled artisans could carry out the recited function in a variety of ways is precisely why claims written in “means-plus-function” form must disclose the particular structure that is used to perform the recited function. By failing to describe the means by which the access control manager will create an access control list, Blackboard has attempted to capture any possible means for achieving that end. Section 112, paragraph 6, is intended to prevent such pure functional claiming.

*Id.*¹²

Functional Limitation in Product Claim

Generally, unless required by the patent’s claim language, an accused product infringes a claim even if it only momentarily exists in a state that meets all of the claim limitations.¹³ In view of this principle, the Federal Circuit’s recent affirmance in *Gemtron Corp. v. Saint-Gobain Corp.*, No. 2009-1001, 2009 WL 2137154 (Fed. Cir. July 20, 2009), of a finding of infringement by a product that allegedly only met all of the claim limitations during a phase of its manufacturing, but not in its final form, may not seem that surprising. Given that the accused infringer

manufactured the product in Mexico, and imported the final product into the U.S. for later sale, the finding of infringement does seem unexpected since the form of

¹² During the month of July, three district court opinions also invalidated claims for failing to disclose the algorithms associated with software urged to be the corresponding structure of a means-plus-function limitation. *E.g.*, *Typhoon Touch Technologies, Inc. v. Dell, Inc.*, 2009 WL 2243126, *16 (E.D. Tex. July 23, 2009); *FotoMedia Tech., LLC v. AOL, LLC*, 2009 WL 2175845, *20 (E.D. Tex. July 21, 2009); *Brown v. Baylor Health Care Sys.*, 2009 WL 2170050, *9-*12 (S.D. Tex. July 20, 2009).

¹³ *See generally*, APD § 12:16 Momentary Infringement is Sufficient.

the product in its imported state governs infringement determinations.¹⁴

The claim at issue in *Gemtron* concerned a refrigerator shelf made from a glass plate attached to a plastic frame. The novel aspect of the shelf rested in its use of the resilient characteristics of the plastic frame that permitted the edges of the frame to be bent and then snapped over the glass plate, thereby securing the glass plate within the frame without the need to use adhesives. The specific claim limitation at issue recited that the plastic frame has “a *relatively resilient* end edge portion which *temporarily deflects and subsequently rebounds to snap-secure* one of said glass piece front and rear edges in the glass piece edge-receiving channel.” *Id.* at *2. Despite the use of the present tense in the express language of the claim limitation, the district court construed the claim to require the frame edge had to be resilient only when the glass plate was being inserted into the frame, i.e., only during the manufacturing phase. *Id.* at *3. Seeking to avoid a finding of infringement, the accused infringer argued that the claim required that the edge of the plastic frame had to have the characteristic of being “relatively resilient” at all times, i.e., the finished product had to have flexible edges such that the glass plate could be pushed out and back into the frame at anytime. *Id.* at *4. The edges of the frame of the finished accused product lacked this resiliency. During a phase of manufacturing, however, the edges of the frame had the specified resiliency. Specifically, upon being taken from a forming mold, the plastic frame was at an elevated temperature. At this temperature, the edges of the frame could and were bent, and then snapped over the edges of the a glass plate. When the shelf cooled the edges lost their resiliency.

Relying on its construction of the claim, the Federal Circuit rejected the accused infringer’s contention that the product had to show resiliency at all times. The court noted that the specification only described the resilient characteristics of the edge of the frame in connection with the manufacturing phase, which supported construing the claim to require the recited resiliency only during the manufacturing phase. *Id.* at *5-*6. The court also found that the language of the claim stating that the edge “subsequently rebounds to

snap-secure” further supported the conclusion that the resilient aspect only had to exist during assembly. *Id.* Although relying on the functional claim language, i.e., resiliency to allow temporary deflection and rebounding to snap secure the plate, the court further instructed the language recited a structural attribute possessed by the claim frame and was not a process limitation. *Id.* at *5. The court also held that the “snap-back” aspect did not transform the claim limitation in a product-by-process claim. *Id.* at *6.

Turning to the issue of infringement, the Federal Circuit held that video evidence showing the manufacturing *process* of the accused product proved that the plastic frame met the “relatively resilient” *structural* limitation under the court’s construction. *Id.* at *7. The video showed a worker pushing on the frame when the frame was still warm from the molding process, which caused the edges of the frame to temporarily deflect to accommodate the glass plate. Once the plate sat in the receiving channel, the edges snapped back to secure the plate. Thus, the video showed that during manufacturing the frame met the structural limitations of the claim.

Despite this evidence, the accused infringer argued it did not infringe because by the time the accused product was imported into the U.S., the frame had cooled and thereby lost the resiliency it had during the manufacturing phase. Thus, it argued that a product meeting all the claim limitations had never existed “within the United States” as required under § 271(a).¹⁵ Adding a further gloss to its claim construction, the Federal Circuit rejected this argument. *Id.* at *8. It rationalized that the structure imported into the U.S. was a structure that had “*been temporarily deflected and subsequently rebounded to snap-secure the glass at the time of manufacture.*” *Id.* (emphasis added) The court found that the accused product in its imported form met all the claim limitations since “[t]he end portions of the frames of the accused shelves are ‘relatively resilient,’ as that phrase is used in claim 23, in that they *were temporarily deflected and subsequently rebounded when glass was being inserted into the frame during assembly.*” *Id.* (emphasis added).

The court’s analysis, at least at first blush, appears inconsistent. In one portion of the opinion the court expressly holds that its construction of the “relatively resilient” limitation, and specifically, that the glass

¹⁴ *Biotec Biologische Naturverpackungen GmbH & Co. KG v. Biocorp, Inc.*, 249 F.3d 1341, 1350 (Fed. Cir. 2001) (“Infringement of product claims by an imported product requires that the product be viewed in the form in which it is present within the United States.”).

¹⁵ See generally, APD § 10:21 Infringing Act Must Occur “Within In the United States.”

panel be “snap-secured” in the frame, did not transform the limitation into a product-by-process limitation, *id.* at *6. But it finds that the imported product infringed because in its imported form the frame had previously been subjected to a process whereby it was temporarily deflected and then snapped back to secure the plate. Notably, no evidence had been introduced that subjecting the frame to the deflecting/snap-back process somehow altered the structural makeup of the frame such that structurally a frame subjected to the process was different from a frame that was not subjected to the process.

Typically, to prove liability for importing or selling in the U.S. a product that had been made abroad by a process patented in the U.S., a patentee must rely on 35 U.S.C. § 271(g).¹⁶ Section 271(g) contains some significant limitations including that the infringing component must not “become[] a trivial and nonessential component of another product.”¹⁷ One wonders, whether the ruling in *Gemtron* provides a way for others to avoid the restrictions of § 271(g) if it’s possible to effectively cast a process step as a functionally recited structural characteristic.

Knowledge of Success for Conception

“Conception [of an invention] is defined as the point in time when the inventor formed in his or her mind ‘a definite and permanent idea of the complete operative invention, as it is hereafter to be applied in practice,’ which idea is ‘so clearly defined in the inventor’s mind that only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation.’”¹⁸ Generally, conception does not require that the inventor knows the invention will work for its intended purpose.¹⁹ An

¹⁶ See generally, APD § 10:101 Importing Under § 271(g). The law has not yet addressed whether § 271(g) applies to product-by-process claims. In view of the recent *en banc* ruling that the process steps of a product-by-process claim are limitations that must be proven to show infringement, *Abbott Labs. v. Sandoz, Inc.*, 566 F.3d 1282, 1293-95 (Fed. Cir. 2009) (*en banc*), it seems plausible to argue that § 271(g) should apply to product-by-process claims.

¹⁷ See generally, APD § 10:111 Overview of “Trivial and Nonessential Component.”

¹⁸ APD § 26:12 Definition of Conception (quoting *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994)).

¹⁹ See *Burroughs Wellcome*, 40 F.3d at 1228 (rejecting contention that conception also requires the inventor have “a reasonable expectation that the invention will work for

inventor normally needs to show that it recognized that the invention worked for its intended purpose to show an actual reduction to practice.”²⁰

Applying this principle in *Univ. of Pittsburgh v. Hedrick*, No. 2008-1468, 2009 WL 2183175 (Fed. Cir. July 23, 2009), the Federal Circuit rejected an argument that originally named inventors, who had been judicially removed from the patent, contributed to the true inventors’ conception. The removed inventors contended that since they provided information that allowed the true inventors to “know” that the claimed invention worked as claimed, they had contributed to the conception of the invention, and therefore should be named joint inventors.

The claims at issue concerned an “adipose-derived” stem cell, i.e., a stem cell derived from fat tissue, that could be used to generate bone cells, cartilage cells, nerve cells, or a muscle cell. In a § 256 action brought by the patentee to remove some of the named inventors, the district court ruled in favor of the patentee and found that two of the named inventors were the true inventors and that the additional named inventors, i.e., the removed inventors, did not contribute to the conception of the invention. The district court based its ruling on its finding that the lab notebooks of the true inventors showed an enabling disclosure of the complete claimed invention. The lab notebooks provided corroborating evidence that the true inventors had the idea to isolate stem cells from fat tissue. The notebooks also provided evidence of the experiments the inventors ran on the stem cells they had obtained from fat tissue. All this was done before the true inventors had begun working with the removed inventors. Additionally, the lab notebooks showed that in further experimenting with the stem

its intended purpose”). Nonetheless, the Federal Circuit has also held that “[a]n inventor cannot effectively ‘back date’ a conception based on the fact that he or she created an embodiment of its invention that inherently possessed a feature that the inventor later recognized and claimed as his invention. In such a case the conception does not occur until the inventor’s later recognition of the inherent feature.” APD § 26:15 Conception Unappreciated when First Made – *Nunc Pro Tunc* Conception.

²⁰ *Applegate v. Scherer*, 332 F.2d 571, 573 (CCPA 1964) (“Appellants seem to propose that there cannot be a conception of an invention of the type here involved in the absence of knowledge that the invention will work. Such knowledge, necessarily, can rest only on an actual reduction to practice.”). See also APD § 26:40— Inventor’s Recognition and Appreciation of Success.

August 2009

cells, the inventors believed they had successfully “differentiated” the stem cells into cells resembling muscle, bone, fat, cartilage, and nerve cells. Although, the inventors were not “scientifically certain” that they had achieved this result. Through later studies performed with the removed inventors, the parties confirmed that the differentiated cells were indeed, muscle, bone, cartilage and nerve cells. *Id.* at *2-*3.

On appeal, the removed inventors did not contest the district court’s finding as to what the true inventors’ lab notebooks showed. Instead the removed inventors argued that the true inventors’ work was “highly speculative” and that the true inventors did not “know” that the obtained stem cells contained every limitation of each claim at the time of the conception, and that they lacked this knowledge until the removed inventors helped the true inventors confirm the claimed properties of the claimed stem cells. *Id.* at *6.

Characterizing this argument as a “misapprehension of what it means to ‘know’ the limitations of the claims,” the Federal Circuit rejected it. *Id.* The court explained that “[k]nowledge in the context of a possessed, isolated biological construct does not mean proof to a scientific certainty that the construct is exactly what a scientist believes it is.” *Id.* at *7. Since the true inventors “had formed a definite and permanent idea of the cells’ inventive qualities, and had in fact observed them,” the Federal Circuit found that “[wa]s immaterial that their knowledge was not scientifically certain and that the [removed inventors] helped them gain such scientific certainty.” *Id.* The court further instructed that “[t]he determinative inquiry is not whether the inventor’s disclosure was phrased certainly or tentatively, but whether the idea expressed therein was sufficiently developed to support conception of the subject matter.” *Id.* Accordingly, the Federal Circuit affirmed the district court’s judgment that the removed inventors were not co-inventors.

Limitations on Costs Under § 288

Section 288 of the Patent Act provides that if “a claim of a patent is invalid . . . [t]he patentee *shall recover no costs* unless a disclaimer of the invalid claim has been entered at the Patent and Trademark

Office before the commencement of the suit.”²¹ Recently, the district court in *Cordance Corp. v. Amazon.com, Inc.*, 2009 WL 1883914, *12 (D. Del. June 30, 2009), granted a patentee summary judgment dismissing an accused infringer’s cost-limitation defense based on § 288 by construing the statute to only apply where a patentee has failed to disclaim a patent claim that had been previously determined to be invalid.

In making its ruling the district court relied on a 2001 nonprecedential opinion from the Federal Circuit in *Bradford Co. v. Jefferson Smurfit Corp.*²² There, in dicta, the Federal Circuit explained that because § 288 requires the disclaimer to be filed *before* the commencement of the suit, “[o]bviously, then, there must have been a prior determination of invalidity

before the patent-infringement suit for which costs are now sought.”²³ Since there was no such prior determination in the case before it, the Federal Circuit noted that § 288 would not apply. In a similar fashion, the district court in *Cordance* held that section 288 could not be implicated because there had been no prior adjudication of invalidity of any asserted claim.

Notwithstanding the apparent logic of the rationale applied in *Bradford* and *Cordance*, other authority not cited in either opinion raises serious questions as to the correctness of the rule that § 288 does not apply when claims are held invalid during the suit for which the patentee seeks costs.

For example, addressing the predecessor statute to

*“Knowledge in the
context of a
possessed, isolated
biological construct
does not mean
proof to a scientific
certainty that the
construct is exactly
what a scientist
believes it is.”*

²¹ 35 U.S.C. § 288. A second statute also limits costs should a patent contain claims invalid over prior art. 28 U.S.C. § 1928 (“Whenever a judgment is rendered for the plaintiff in any patent infringement action involving a part of a patent and it appears that the patentee, in his specifications, claimed to be, but was not, the original and first inventor or discoverer of any material or substantial part of the thing patented, no costs shall be included in such judgment, unless the proper disclaimer has been filed in the United States Patent and Trademark Office prior to the commencement of the action.”) *See generally*, APD § 43:6 Limitation on Patentee’s Recovering Costs in the Presence of Invalid Claims.

²² No. 2000-1511, 2001 WL 35738792, *7 (Fed. Cir. Oct. 31, 2001) (*nonprecedential*).

²³ *Id.*

§ 288 the Supreme Court has held on two occasions that a determination that at least one claim of a patent is invalid made during a litigation precludes a patentee who prevails in proving other claims are infringed from recovering its costs.²⁴ Furthermore, in his Commentary on the 1952 Patent Act, Federico explained “By the operation of these provisions [i.e., 35 U.S.C. § 288 and 28 U.S.C. § 1928], a patentee who secures a favorable judgment on some claims of the patent cannot recover costs if a claim of the patent is found invalid.”²⁵

Given the contradictory positions of the old Supreme Court cases and Federico’s comments with the Federal Circuit’s position in *Bradford*, it will be interesting to see if the § 288 issue of *Cordance* makes its way to the Federal Circuit so that court can more fully analyze the statute and give guidance as to how § 288 should be construed and applied.

Use of Post-Filing Publications

In proving anticipation or obviousness, the law requires that the asserted reference or references allegedly invalidating the claim must be prior art to the claim. Hence, references published after the application filing date generally may not be used to support an invalidity challenge because these references do not qualify as prior art.²⁶ In limited circumstances, however, a post-filing publication that provides additional evidence that explains one of skill in the art’s understanding as to the prior art may be used to support an invalidity challenge. For example, the Federal Circuit has permitted a challenger to use post-filing publications that describe the state of the

²⁴ *Gage v. Herring*, 107 U.S. 640, 646 (1883) (ruling that where a claim added in reissued patent was invalid for not complying with the reissue statute, which determination was made during the course of the suit, the patentee could still maintain its infringement suit on the claims in the reissue patent that were retained from the original patent even though the invalid reissue claim had not been disclaimed before the suit had commenced, but the patentee, if successful, would not be entitled to its costs – “If the defendants have infringed the second or old claim, the plaintiffs, upon filing a disclaimer of the new one, are entitled to a decree, *without costs*, for the infringement of the old and valid claim.” – emphasis added); *O’Reilly v. Morse*, 56 U.S. 62, 121 (1853).

²⁵ P.J. FEDERICO, “COMMENTARY ON THE NEW PATENT ACT,” 35 U.S.C.A. 1, 49 (1954), 75 J. PAT. OFF. SOC’Y 160, 209-10 (1993).

²⁶ See generally, APD § 15:59 [Prior Art] Defined by 35 U.S.C. § 102.

art that existed before the application filing date to prove that a prior art reference provides an enabling disclosure of the claimed invention.²⁷

Recently, the Federal Circuit relied on a post-filing publication to support an obviousness rejection in *In re Pod-Ners, LLC.*, No. 2008-1492, 2009 WL 2029976, *2-*3 (Fed. Cir. July 10, 2009) (*nonprecedential*). There, the patentee had claimed a yellow bean plant it called an Enola bean. On a combined reissue and reexamination proceeding, the Board had affirmed an obviousness rejection of all the claims based on a publication (Salinas) that described a yellow bean plant found in Mexico called an Azulfrado Peruano plant. The Board also relied on a post-filing publication (the Pallotinni reference) that reported the results of an examination of the Enola bean and the Azulfrado Peruano plant, that concluded the two plants had the same DNA fingerprint. The Federal Circuit affirmed the Board’s rejection and held that the Board properly used the post-filing Pallotinni reference in its analysis to understand the disclosure of Salinas even though the Pallotinni reference was not prior art. *Id.* at *3 (“[W]hile the Pallotinni reference by itself could not render the present claims obvious, Salinas, as understood by Pallotinni, did render them obvious, if not anticipated.”).

Reexam Can’t Cure Breaks in Continuity

In order to assert the benefit of a filing date of an earlier patent application, the patentee must show that each application in the application chain discloses the material for which the patentee claims priority. For example, for a patent issuing from a child application, if a patentee seeks to claim priority to material disclosed in a grand-parent application, the parent application must also disclose that material or else the § 120 priority claim will fail because the continuity of disclosure from the grand-parent to the child application was broken.²⁸

²⁷ E.g., *Syntex (U.S.A.) LLC v. Apotex, Inc.*, 407 F.3d 1371, 1379 (Fed. Cir. 2005) (printed publication having a date five days later than priority date and stating that the use of certain surfactants was “well known” provided competent evidence of that fact despite being dated after the priority date); see generally, APD § 17:49 Enablement can be Shown by Later References that are Prior Art to the Patent; see also APD § 20:66.50 Post-Filing Publications Showing the State of the Art as of the Filing Date.

²⁸ E.g., *Zenon Environmental, Inc. v. U.S. Filter Corp.*, 506 F.3d 1370, 1378 (Fed. Cir. 2007) (“[I]n order for the ’319

August 2009

Patentees facing a break of continuity may attempt to use a reissue or reexamination proceeding to cure the defect. The Federal Circuit's opinion *In re Reiffin Family Trust*, No. 2008-1544, 2009 WL 2222341, *6-*8 (Fed. Cir. July 27, 2009) (*nonprecedential*), however, shows this tactic will likely fail.

To overcome a written description rejection on reexamination, the patentee in *Reiffin* sought to amend its specification to add material disclosed in a 1982 priority patent application. The Board held the amendment was improper. It concluded that unless the material from the 1982 application was inherently disclosed in the issued patent's specification, the patentee's failure to include the 1982 material in the specification of the issued patent "clearly indicated his intention that [the 1982 material] was not his invention." *Id.* at *7.

Agreeing with the Board's holding, but not necessarily its reasoning regarding the applicant's intent, the Federal Circuit affirmed the Board. Relying on the prohibition against introducing new matter into a patent on reexamination,²⁹ the Federal Circuit held that once a patent issues without material contained in a priority application, the chain of continuity is broken, and the failure to include material from the priority application becomes uncorrectable. *Id.* at *7-*8.

The court also cited and applied a 1980 opinion by Judge Markey,³⁰ which held that a patentee could not use reissue to add to a specification material disclosed in a priority application but not included in the original specification. *Id.* at *8.

patent to be entitled to priority from the '373 patent, continuity of disclosure must have been maintained throughout a chain of patents from the '373 patent leading up to the '319 patent."); *Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1571-72 (Fed. Cir. 1997) (no § 120 priority because two of the three intervening applications failed to maintain a continuity of disclosure); *see generally*, APD § 16:31 General Aspects of the Sufficiency of the Disclosure of the Earlier-Filed Application.

²⁹ *See generally*, APD § 24:1 Prohibition Against Introducing New Matter.

³⁰ *Dart Indus., Inc. v. Banner*, 636 F.2d 684, 688-89 (D.C. Cir. 1980) (Markey, J. sitting by designation).

Stipulation on Standing Unenforceable

Plaintiffs in a patent infringement action, including exclusive licensees, bear the burden to prove they have standing to join the patentee in asserting entitlement to relief for infringement.³¹ Because standing goes to an Article III court's jurisdiction to hear and decide a dispute, the law has long held that a defendant cannot waive lack of standing.³² This prohibition against waiver extends to making unenforceable a stipulation that a plaintiff has standing if the stipulation is later challenged or repudiated. Indeed, the Supreme Court has instructed that "[w]hile the parties may be permitted to waive nonjurisdictional defects, they may not by stipulation invoke the judicial power of the United States in litigation which does not present an actual 'case or controversy.'"³³

As illustrated by *Medtronic Sofamor Danek USA, Inc. v. Globus Med., Inc.*, 2009 WL 2138486 (E.D. Pa. July 16, 2009), courts may treat plaintiffs with little leniency who fail to remember that they bear an affirmative duty to prove standing. In *Medtronic*, a patentee, joined by its three alleged co-exclusive licensees, prevailed at trial in proving infringement. Before trial, the patentee obtained a stipulation from the accused infringer that the patentee's three licensees had standing

to pursue the infringement claims with the patentee. At trial, the patentee proved lost-profit damages based on the profits lost by one of the alleged co-exclusive licensees, the patentee's sole distributor of the patented product. The patentee also relied on the irreparable harm the distributor suffered to prove entitlement to permanent injunctive relief. The patentee never introduced evidence that it personally suffered lost profits, that the profits of the distributor inexorably flowed to the patentee, or that the patentee had personally suffered irreparable harm from the infringement.

On post-trial motions, the accused infringer argued that the three licensees lacked constitutional standing. Relying on the stipulation, the patentee initially

³¹ *See generally*, APD § 9:27 Only the Patentee Has Standing to Pursue Infringement Claims.

³² *See generally*, APD § 9:35 Requirement of Standing may Not be Waived.

³³ *Sosna v. Iowa*, 419 U.S. 393, 398 (1975).

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argued that the accused infringer could not raise the standing defect. The district court disagreed and ruled that “[c]onstitutional standing is jurisdictional and cannot be waived by a party to suit.” *Id.* at *6. The court noted that despite the stipulation, the court “must independently determine there is subject matter jurisdiction without regard to the parties’ stipulation.” Consequently, it gave the stipulation no weight.

Conceding that the stipulation was unenforceable, the patentee sought the court’s indulgence to reopen the evidentiary record to allow it to introduce evidence as to the lost profits and irreparable harm that it had personally suffered. The patentee contended that the accused infringer’s renegeing on the stipulation justified reopening the evidentiary record. Disagreeing with the patentee, the district court denied the request.

The court faulted the patentee for recognizing the potential standing defect early in the case, but then using the stipulation to avoid having to address the merits of the standing issue and bring the issue to the court’s attention early in the litigation. The court noted that “[t]he interest of justice is served when parties resolve disputes concerning standing at the beginning of civil litigation.” *Id.* at *4. Noting that the accused infringer had attempted to raise the constitutional standing issue at trial, for which the patentee relied on the stipulation to prevent the issue from coming to further light, the court also faulted the patentee for making the strategic decision to only present evidence as to the damages suffered by its distributor and not to present evidence as to damages and harm the patentee and the other alleged co-exclusive licensees personally suffered. The court explained that “[w]hen a party chooses not to present evidence at trial for strategic or tactical reasons, it is not an abuse of discretion [for the court] to deny the party’s request to re-open the record before entry of judgment.” *Id.* Accordingly, the court denied the patentee’s request to reopen the record.

Based on its analysis of the license and distributorship agreements, the court concluded that none of the alleged co-exclusive licensees held exclusive licenses. *Id.* at *10-*15. Thus, it vacated the original damages award of lost profits and a reasonable royalty since that award had been based solely on the profits lost by the distributor and the royalty circumstances associated with the distributor. Noting that the patentee was still entitled to a reasonable royalty, the court reevaluated the reasonable royalty rate and awarded damages at a

15% royalty rate. *Id.* at *16-*19. But it also held that the patentee was not entitled to a permanent injunction since the patentee had failed to introduce evidence of its irreparable harm, and the court determined that the irreparable harm suffered by the distributor was not harm that the patentee suffered. *Id.* at *20.

Jail Time For Violating in *limine* Ruling

As we have noted in the past, the Eastern District of Texas does not take lightly violations of its orders and does not seem to hesitate to impose severe sanctions when it deems the circumstances so warrant.³⁴ Following this characteristic, Magistrate Judge Everingham ordered a series of sanctions, including a potential jail sentence, for a trial counsel’s willful violation of a preclusionary *in limine* order in *O2 Micro Intern. Ltd v. Beyond Innovation Technology*, 2009 WL 2047617, *2-*3 (E.D. Tex. July 10, 2009). There, the magistrate judge, in following a prior ruling of Judge Ward made in an earlier phase of the case, ordered that the accused infringers could not comment on the patentee’s possible tax motivations for incorporating in the Cayman Islands, but they could mention to the jury that the patentee was a Cayman Island corporation. During jury voir dire, trial counsel for one of the accused infringers asked the jury “now, are there any of you who have a problem with a company that puts its headquarters offshore on a Caribbean island in order to avoid paying U.S. taxes?” *Id.* at *2. Rejecting trial counsel’s argument that *in limine* order did not bar a hypothetical question as the counsel posed, the court found that the trial counsel had willfully and intentionally violated the court’s prior order. *Id.* As a consequence, the court found trial counsel in contempt, sentenced him to 48 hours in jail, but suspended the sentence until the completion of the trial, and stated that it would consider the sentence discharged if the counsel violated no further orders during the course of the trial. *Id.*

In addition to personally sanctioning the attorney, and to “cur[e] the prejudice caused by the violation and deter[] future litigants from violating the court’s orders *in limine*,” the court also imposed sanctions against the sanctioned trial counsel’s client, BiTek. *Id.* at *2. Those sanctions included giving the

³⁴ See e.g., *Patent Happenings*, Feb. 2009 at p. 6 (discussing a half a million dollar fine ordered as a sanction for a willful violation of a discovery order in one case, and a host of procedural restrictions imposed against a party in presenting its case at trial in a second case).

patentee the option of having a mistrial declared with respect to the issues to be tried against BiTek, which were just the issues of infringement and willful infringement. *Id.* at *3. The court then noted it would sever the claims against BiTek from the claims against the other accused infringers, even though some of the other accused infringers' acts of infringement arose from their use and sale of BiTek's accused products. Additionally, the court ordered that in the severed trial BiTek would be prohibited from introducing any expert witnesses on the issue of infringement, and that any rulings or judgment from the trial with the remaining defendants would have no preclusive effect against the patentee in its trial against BiTek. Further, the court ordered it would reduce by one half BiTek's time for jury voir dire as the patentee would have, and only give BiTek half the preemptory challenges that the patentee would have. It also ordered BiTek to pay the patentee's attorney's fees and costs associated with the jury selection in the first case and the fees and costs to have to try the severed case against BiTek. *Id.*

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