

DEVELOPMENTS IN PATENT LAW 2002

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A. PATENTABILITY, VALIDITY, AND PROCUREMENT

1. STATUTORY SUBJECT MATTER

J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International Inc., 534 U.S. 124 (2001). The Supreme Court affirmed the Federal Circuit's ruling that seed-reproduced plants can be patented under section 101 of the patent statute, despite the fact that the Plant Patent Act of 1930 and the Plant Variety Protection Act of 1970 also cover such plants. Pioneer's utility patents on new varieties of hybrid and inbred corn and on their seeds were upheld as patentable subject matter.

2. WRITTEN DESCRIPTION

PIN/NIP, Inc. v. Platte Chemical Co., 304 F.3d 1235 (Fed. Cir. 2002). A claim added during prosecution that was broader than what was originally disclosed was invalid for lack of written description. Platte's patent application described a method for applying a composition of two substances to inhibit formation of sprouts. After learning that a competitor was separately applying the two substances, Platte added a claim of "applying" the two substances without claiming them as a composition. The Federal Circuit held that the claim was invalid for lack of written description in the specification.

Enzo Biochem, Inc. v. Gen-Probe, Inc., 296 F.3d 1316 (Fed. Cir. 2002). The Federal Circuit reversed itself after the loser filed a petition for rehearing. In its original opinion, the court held that a reference in the specification to a deposit of biological materials in a public depository was insufficient to satisfy the written description requirement for the claimed invention. Upon rehearing, the court concluded that such deposits may be used to satisfy the written description requirement.

3. ANTICIPATION

Rosco, Inc. v. Mirror Lite Co., 304 F.3d 1373 (Fed. Cir. 2002). A product made prior to an inventor's date of invention does not invalidate the patent under 35 U.S.C. § 102(g) unless the inventor of the first product appreciated the features of his invention that correspond to the later-patented invention. In this case, an earlier-developed mirror was held not to invalidate the later-filed patent because the inventor of the earlier mirror did not appreciate the later-claimed features.

4. ON-SALE BAR

Linear Technology Corp. v. Micrel, Inc., 275 F.3d 1040 (Fed. Cir. 2002). In order to be invalidating, an offer for sale must be capable of being accepted under general contract principles. Linear distributed data sheets to potential customers listing many of the features of the later-patented product; conducted a sales conference to provide information regarding the upcoming product; and received purchase orders offering to buy the devices before their official release date. The Federal Circuit concluded that none of these manifested an intent to be bound by an offer for sale, but were

instead “preliminary negotiations” designed to lead to a concrete offer for sale. The purchase orders from potential customers were merely “offers to buy” rather than “offers to sell;” Linear never manifested its assent to the offers.

In re Kollar, 286 F.3d 1326 (Fed. Cir. 2002). An agreement granting the right to commercialize a claimed process and to sell resulting products in the future did not constitute an invalidating on-sale bar. The court found that even though the invention had been actually reduced to practice, the agreement was a license and “right to commercialize” rather than an offer to sell the claimed invention. The court also distinguished an agreement concerning a tangible item from an agreement concerning a process, which requires that the process actually be carried out rather than merely described in a document.

5. PUBLIC USE

New Railhead Mfg., L.L.C. v. Vermeer Mfg. Co., 298 F.3d 1290 (Fed. Cir. 2002). Testing drill bits at a public job site to determine their durability constituted a public use of the later-claimed method. The inventor admitted that he had no control over the method (as opposed to the drill bit itself). In dissent, Judge Dyk argued that durability of the drill bit was implicit in the claimed method, so testing the drill bit for durability constituted experimental use of the claimed method.

6. OBVIOUSNESS

In re Lee, 277 F.3d 1338 (Fed. Cir. 2002). Motivation to combine references to prove obviousness may not be proved by relying solely on “common sense.” The Federal Circuit reversed a Board of Appeals decision that had relied on “common knowledge and common sense” of a person of ordinary skill in the art in rejecting the claims as obvious. The Federal Circuit stated that the Board must provide a “full and reasoned explanation of its decision.”

7. PRINTED PUBLICATIONS

Cooper Cameron Corp. v. Kvaerner Oilfield Prods., Inc., 291 F.3d 1317 (Fed. Cir. 2002). A document is available as a printed publication for prior art purposes if it is sufficiently available to the interested public. A joint venture released two reports to its three members and six participants. It also submitted a report to the Commission of European Communities, which contained only a single confidentiality notice relating to financial information on one page out of 130 pages. Kvaerner provided evidence that any other interested person exercising reasonable diligence could have obtained the information from the joint venture. There was enough evidence that the reports were available to a significant portion of the “interested public” without any restrictions on confidentiality.

8. FAILURE TO FOLLOW PTO RULES CAN INVALIDATE PATENT

Dethmers Mfg. Co. v. Automatic Equipment Mfg. Co., 272 F.3d 1365 (Fed. Cir. 2001). Claims in a reissue patent were held invalid because the patent owner did not comply with PTO Rule 1.75, which required a reissue applicant to specify every difference between the reissue and original claims. Judge Dyk filed a dissenting opinion contending that the court should give deference to the PTO's interpretation of its own rules. By a 6 to 6 vote, the full court narrowly declined to rehear the issue, see 293 F.3d 1364 (Fed. Cir. 2002).

9. BEST MODE -- NEW STANDARD

Bayer AG v. Schein Pharmaceuticals, 301 F.3d 1306 (Fed. Cir. 2002). A patent was not invalid for failing to disclose the best mode where the inventor failed to disclose a preferred route for making an intermediate used to make Cipro. The best mode requirement is not violated unless the preferred and undisclosed mode "materially affects the properties of the claimed invention."

10. INDEFINITENESS -- RELIANCE ON EXTRINSIC EVIDENCE

Creo Products, Inc. v. Presstek Inc., 305 F.3d 1337 (Fed. Cir. 2002). A claim is not indefinite merely because the specification fails to explicitly disclose structure corresponding to a means-plus-function limitation, where knowledge of one skilled in the art can be used to "flesh out" a particular structural reference in the specification.

11. LACHES DURING PROSECUTION MAY BAR PATENT

In re Bogese, 303 F.3d 1362 (Fed. Cir. 2002). A patent applicant who repeatedly filed continuation applications over a period of years without amending the claims forfeited the right to a patent. From 1987 through 1994, Bogese repeatedly filed continuation applications in response to final rejections but did not make any amendments or arguments in support of patentability. The examiner warned him that the next continuation would be rejected under the doctrine of laches. Despite the warning, Bogese filed another continuation application in 1995. The Board of Appeals upheld the examiner's rejection based on laches, pointing to Bogese's deliberate delays before the PTO. Citing its recent decision in Symbol Technologies v. Lemelson (see below), the Federal Circuit held that the PTO also had the power to reject patent applications for unreasonable and unexplained delay during prosecution.

12. CLAIMING PRIORITY TO PROVISIONAL APPLICATIONS

New Railhead Mfg., L.L.C. v. Vermeer Mfg. Co., 298 F.3d 1290 (Fed. Cir. 2002). Because a provisional application failed to expressly disclose the claimed angle between a drill bit and its housing, a claim was not entitled to the priority date of the provisional. [Practice note: Although not surprising, this case highlights the risks of relying on provisional patent applications].

13. EXPIRATION OF PATENT WHEN TERMINAL DISCLAIMER FILED

Bayer AG v. Carlsbad Technology, Inc., 298 F.3d 1377 (Fed. Cir. 2002). The patent for the

drug Cipro was automatically extended to December 9, 2003. Bayer had filed a terminal disclaimer in 1992 for any term extending beyond October 1, 2002, to avoid a double patenting problem based on two other patents. The PTO had allowed Bayer to amend the original disclaimer in view of the Uruguay Round Amendments Act, which extended the term of certain patents that were filed before 1995. The Federal Circuit held that the patent term was extended automatically under the URAA and Bayer was not bound by the date in its original terminal disclaimer.

14. INVENTORSHIP

Trovan, Ltd. v. Sokymat SA, 299 F.3d 1292 (Fed. Cir. 2002). The first step in any inventorship analysis is to construe the claim. The second step is to compare the contribution of each potential co-inventor with the properly construed claim. The Federal Circuit held that the district court failed to properly construe the claim, leading to an erroneous conclusion that one person was not a co-inventor.

Hoop v. Hoop, 279 F.3d 1004 (Fed. Cir. 2002). One who merely assists an inventor after conception has been completed does not become a co-inventor. Jeffrey and Stephen Hoop created an eagle-shaped design for a “fairing guard” for motorcycles, then hired Mark and Lisa Hoop to create a drawing for a design patent. Both parties submitted design patents for the same design. The Federal Circuit concluded that Jeffrey and Stephen Hoop conceived of the design first, and Mark and Lisa’s design was merely a refined version.

15. INTERFERENCE

Scott v. Koyama, 281 F.3d 1243 (Fed. Cir. 2002). Scott’s activities in building a plant to perform the patented process constituted diligence in reducing the invention to practice. The Federal Circuit rejected the argument that diligence had to be performed in a laboratory setting, and distinguished cases in which purely money-raising activities were involved.

Brown v. Barbacid, 276 F.3d 1327 (Fed. Cir. 2002). The burden of proving priority in a patent interference always rests with the junior party. Judge Newman dissented, stating that the rule contemplated a rebuttable presumption that shifted the burden.

B. INTERPRETATION OF PATENTS

1. CLAIM CONSTRUCTION

Masco Corp. v. United States, 303 F.3d 1316 (Fed. Cir. 2002). Where a method claim does not contain the term “step for,” a limitation of that claim cannot be construed as a step-plus-function limitation without a showing that the limitation contains no act. Here, the function of “transmitting a force” is to drive the lever into the cam. “Transmitting” is the act that describes how the function is accomplished.

Texas Digital Systems, Inc. v. Telegenix, Inc., 308 F.3d 1193 (Fed. Cir. 2002). A court should rely on the ordinary meaning of claim terms. Dictionaries and technical treatises, which may be consulted freely by the court, are not “extrinsic evidence.”

Rheox Inc. v. Entact, Inc., 276 F.3d 1319 (Fed. Cir. 2002). A court may interpret a claim in such a way that it excludes a preferred embodiment when the applicant makes amendments during prosecution indicating a disclaimer of that embodiment. In this case, the inventor disclaimed monocalcium orthophosphate and TSP from its method, even though the claim term “calcium orthophosphate” included those compounds and TSP was listed in a preferred embodiment.

2. DESIGN PATENTS

Contessa Food Products, Inc. v. Conagra, Inc., 282 F.3d 1370 (Fed. Cir. 2002). An “ordinary observer” analysis for design patent infringement must encompass all figures of the design patent and extend to all features that are visible during normal use of the product. In this dispute over a design patent on a shrimp tray, the district court erred by failing to consider a patent drawing showing the underside of the tray, and by limiting the analysis to features that were visible at the point of sale.

3. DOCTRINE OF EQUIVALENTS (SCOPE OF CLAIMS)

Johnson & Johnston Associates, Inc. v. R.E. Service Co., Inc., 285 F.3d 1046 (Fed. Cir. 2002) (en banc). The doctrine of equivalents cannot be used to cover equivalents that are disclosed in a patent specification but not claimed. Disclosed but unclaimed subject matter is “dedicated to the public.” In this case, the specification explained that a substrate could be manufactured from a number of materials, including aluminum, steel, and nickel. The claims, however, recited aluminum. The accused infringer used steel. The Federal Circuit held that the plaintiff was precluded from capturing steel using the doctrine of equivalents, since steel was specifically disclosed but unclaimed. The court reasoned that allowing a contrary result would encourage patent applicants to disclose a broad range of variations but claim only narrow ones, thus avoiding examination of broader claims and instead relying on murky scope through the doctrine of equivalents. [Practice tip: there is now a disadvantage to describing numerous variations in the specification unless all the

variations are specifically claimed.]

Eagle Comtronics, Inc. v. Arrow Communication Laboratories Inc., 305 F.3d 1303 (Fed. Cir. 2002). The “all-elements rule” does not prevent a finding of equivalents infringement where a single piece of the infringer’s device performed the functions of a claimed three-piece assembly. In this case, the claims required that a collet assembly comprise a front cap, a rear insert body, and a seal. The accused devices did not have separate elements. The Federal Circuit stated that “whether or not a limitation is deemed to be vitiated must take into account that when two elements of the accused device perform a single function of the patented invention, or when separate claim limitations are combined into a single element of the accused device, a claim limitation is not necessarily vitiated, and the doctrine of equivalents may still apply if the differences are insubstantial.”

Cooper Cameron Corp. v. Kvaerner Oilfield Prods., Inc., 291 F.3d 1317 (Fed. Cir. 2002). The “all elements rule” was violated by alleging that the claimed “workover port . . . between the two plugs” limitation was met by a workover port that was “above the two plugs.” The Federal Circuit rejected Cooper’s argument that the limitation was the workover port rather than the “between the two plugs” limitation.

4. PROSECUTION HISTORY ESTOPPEL

Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722 (2002). A narrowing amendment made for patentability reasons creates prosecution history estoppel. However, the estoppel is not absolute; it can be rebutted by showing that the amendment did not surrender a particular equivalent. The Supreme Court identified three situations that could avoid estoppel: (1) the equivalent was unforeseeable at the time of the application; (2) the rationale underlying the amendment is only tangentially related to the equivalent; and (3) some other reason that the inventor could not reasonably be expected to have described the insubstantial substitute. The Court vacated and remanded for a determination as to whether a two-way seal was a foreseeable alternative to a one-way seal. [Note: the Federal Circuit has ordered briefing and hearing to clarify what action should be taken in light of the Supreme Court’s ruling.]

Interactive Pictures Corp. v. Infinite Pictures Inc., 274 F.3d 1371 (Fed. Cir. 2001). Amending the claim term “output signals” to “output transform calculation signals” did not narrow the claim, since it merely rendered explicit what was already implicit in the claim. Consequently, it was not a narrowing amendment and prosecution history estoppel did not apply.

Bose Cop. v. JBL, Inc., 274 F.3d 1354 (Fed. Cir. 2001). Fixing an antecedent basis problem in a claim does not constitute a narrowing amendment for purposes of prosecution history estoppel. The patent examiner required Bose to add the phrase “having a major diameter” to provide antecedent basis for reference to the term “ellipse” to ensure definiteness. The Federal Circuit held that an ellipse is inherently understood to have a major diameter. Since it was not a narrowing amendment, the reason for the amendment was irrelevant.

Abbott Laboratories v. Dey, L.P., 287 F.3d 1097 (Fed. Cir. 2002). An argument made in an earlier application could not be used for purposes of prosecution history estoppel in a later patent where the later application was not a continuation, continuation-in-part, or divisional of the earlier one. The fact that the patents had a common assignee, a common inventor, and similar subject matter was insufficient to render statements in the first patent attributable to the second patent.

C. ENFORCEMENT OF PATENTS

1. OWNERSHIP OF PATENTS

University of West Virginia v. Vanvorhies, 278 F.3d 1288 (Fed. Cir. 2002). A former graduate student was obligated to assign his interest in a patent to the university, because the university had a written policy asserting that all inventions made by university personnel belonged to the university. In view of the evidence that he developed the invention while he was a graduate student, the Federal Circuit affirmed the district court's order requiring him to execute an assignment to the university.

2. INFRINGEMENT

Smith & Nephew, Inc. v. Ethicon, Inc., 276 F.3d 1304 (Fed. Cir. 2002). A claim can be infringed by a method that includes an additional step that was disclosed but not claimed in the patent. The majority rejected the argument that the "dedicated to the public" doctrine applied to literal infringement. Judge Michel dissented, arguing that the unclaimed step performed by the accused device was disclosed in the patent and thus "dedicated to the public."

3. PERSONAL JURISDICTION

Deprenyl Animal Health, Inc. v. University of Toronto Innovations Foundation, 297 F.3d 1343 (Fed. Cir. 2002). Trips to Kansas to negotiate a license of a patented invention in Kansas, coupled with letters sent into the state regarding the license, constituted "minimum contacts" with Kansas sufficient to confer personal jurisdiction in that state. The court rejected the argument that a forum selection clause invoking Canadian law should have precluded a finding of personal jurisdiction.

Hildebrand v. Steck Mfg. Co., 279 F.3d 1351 (Fed. Cir. 2002). An inventor who sent warning letters to Ohio was not subject to personal jurisdiction in Ohio. Hildebrand sent four infringement warning letters and a sample set of wrenches into Ohio and also made phone calls into Ohio. The Federal Circuit held that this was insufficient to invoke personal jurisdiction, and noted that a patentee is "free to inform a party who happens to be located in a particular forum of suspected infringement without the risk of being subjected to a lawsuit in that forum."

4. REPAIR VS. RECONSTRUCTION

Husky Injection Molding Systems Ltd. v. R&D Tool & Engineering Co., 291 F.3d 780 (Fed. Cir. 2002). Selling replacement molds and carrier plates did not infringe a patent for an injection molding machine that used replaceable molds and carrier plates. Substituting parts in a patented combination is akin to permissible repair -- rather than infringing reconstruction -- if the parts are “readily replaceable.”

5. “PRACTICING THE PRIOR ART” AS A DEFENSE

Tate Access Floors, Inc. v. Interface Architectural Resources, Inc., 279 F.3d 1357 (Fed. Cir. 2002). For literal infringement, there is no “practicing the prior art” defense. The defendant argued that regardless of the claim construction, it could not infringe because the products it produced merely practiced the prior art or were obvious in light of the prior art. The Federal Circuit rejected this line of reasoning, stating that literal infringement must be analyzed by construing the claims and comparing them to the accused device, not by comparing the accused device to the prior art.

6. DAMAGES

Catalina Lighting, Inc. v. Lamps Plus, Inc., 295 F.3d 1277 (Fed. Cir. 2002). A patent owner may not recover lost profits for infringement of a design patent and a reasonable royalty for infringement of a utility patent where both infringements arise from the sale of the same item.

Riles v. Shell Exploration and Production Co., 298 F.3d 1302 (Fed. Cir. 2002). The Federal Circuit threw out an \$8.7 million damage award for patent infringement because the plaintiff’s expert erred in assuming that Shell’s installation of the platform using the patented method would have resulted in an injunction against the use of the platform. In other words, the plaintiff could not rely on the burden of the injunction in arriving at its damages figure.

7. UNENFORCEABILITY DUE TO PROSECUTION LACHES

Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation, 277 F.3d 1361 (Fed. Cir. 2002). The equitable doctrine of laches can bar enforcement of a patent that issued after an unreasonable and unexplained delay in prosecution, even though the patent applicant complied with the patent statute and rules. The Federal Circuit concluded that enactment of sections 120 and 121 of the patent statute, which permitted continuation and divisional applications to receive the benefit of an earlier-filed patent application, did not foreclose application of prosecution laches.

8. “EXPERIMENTAL USE” DEFENSE TO INFRINGEMENT

Madey v. Duke University, 307 F.3d 1351 (Fed. Cir. 2002). The “experimental use” defense to patent infringement is a very narrow and limited defense. A nonprofit university that conducts research using a patented method is not excused from infringement. The defense is limited to acts of

infringement performed “for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry.”

9. INEQUITABLE CONDUCT

Frank’s Casing Crew & Rental Tools, Inc. v. PMR Technologies, Ltd., 292 F.3d 1363 (Fed. Cir. 2002). Where a patent applicant failed to include a co-inventor on the patent, the patent was rendered unenforceable even as to the “innocent” unnamed co-inventor. The district court had found that the original owners were guilty of “deliberate scheming” in omitting an inventor who had a fee dispute with them.

10. SUITS AGAINST GOVERNMENT-FUNDED ENTITIES

Madey v. Duke University, 307 F.3d 1351 (Fed. Cir. 2002). A district court may not dismiss an infringement suit against a government-funded entity without concrete evidence that the federal government has consented to suit for the infringement. Duke University performed allegedly infringing activity under a federal grant, and argued that the plaintiff was required to sue the federal government pursuant to 28 U.S.C. § 1498(a) (must sue government where invention is “used or manufactured by or for the United States”). After noting that § 1498(a) was an affirmative defense and was not jurisdictional, the Federal Circuit held that there was insufficient evidence that the federal government had authorized the infringing acts or had consented to suit.

11. PROCEDURE

Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc., 535 U.S. 826 (2002). A patent infringement counterclaim does not provide federal “arising under” jurisdiction for a district court and does not empower the Federal Circuit to hear an appeal. Holmes filed a declaratory judgment action against Vornado, seeking a declaration that Holmes did not infringe Vornado’s trade dress. Vornado counterclaimed for patent infringement. Applying the well-pleaded complaint rule, the Supreme Court held that the complaint did not “arise under” the patent laws, and that therefore the Federal Circuit could not hear the appeal. [Note: this opens the door for other regional circuits to interpret and apply patent law.]

Telecomm Technical Services, Inc. v. Siemens Rolm Communications, Inc., 295 F.3d 1249 (Fed. Cir. 2002). The Federal Circuit transferred an antitrust case to the Eleventh Circuit that included counterclaims for patent infringement, in light of the Supreme Court’s Vornado decision.

12. DECLARATORY JUDGMENT: REASONABLE APPREHENSION

Vanguard Research, Inc. v. PEAT, Inc., 304 F.3d 1249 (Fed. Cir. 2002). Vanguard had a reasonable apprehension that it was going to be sued by PEAT based on PEAT’s prior lawsuit against Vanguard for misappropriation of trade secrets regarding the same technology.

13. DISCOVERY SANCTIONS: ENTRY OF JUDGMENT

Transclean Corp. v. Bridgewood Services, Inc., 290 F.3d 1364 (Fed. Cir. 2002). The Federal Circuit affirmed the extreme sanction of entering a judgment of infringement against Bridgewood, which had failed to answer an interrogatory asking for grounds for its noninfringement defense.

14. COLLATERAL ESTOPPEL

Ecolab Inc. v. Paraclipse, Inc., 285 F.3d 1362 (Fed. Cir. 2002). An agreement between the parties stating that “the ‘690 is a valid patent” in settling earlier litigation was not binding in later litigation. According to the Federal Circuit, Paraclipse could waive its right to challenge the validity of the patent only if (1) the allegedly infringing devices in the two lawsuits were “essentially the same”; or (2) there was a clear intent to waive future litigation of the validity issue. The agreement met neither one of those standards.

15. BONA FIDE PURCHASER RULE DOES NOT APPLY TO LICENSES

Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp., 284 F.3d 1323 (Fed. Cir. 2002). Essentially overruling one of its earlier decisions, the Federal Circuit held that the bona fide purchaser for value defense does not apply to nonexclusive licensees. Monsanto was a sublicensee that acquired its rights from DeKalb, which acquired the original license by fraud. The Federal Circuit held that Monsanto could not rely on its license to defend against infringement.