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Judicial Enforcement Developments

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RECENT JUDICIAL ENFORCEMENT DEVELOPMENTS

- Claim Interpretation
- Prosecution Laches
- Treatment of Intangible Products Under The Infringement Provisions of 35 U.S.C. § § 271(f) and (g)
- Permanent Injunction

CLAIM INTERPRETATION

Discussion Of Federal Circuit's En Banc Decision in Phillips v. AWH Corp.,
415 F.3d 1303 (Fed. Cir. 2005), And Subsequent Cases

OLD LAW: DICTIONARY IS A PRIMARY REFERENCE

Underlying Basis: “Dictionaries, encyclopedias and treatises, publicly available at the time the patent is issued, are objective resources that serve as reliable sources of information on the established meanings that would have been attributed to the terms of the claims by those of skill in the art.”

Texas Digital Sys., Inc. v. Telegenix, Inc., 308 F.3d 1193, 1202-03 (Fed. Cir. 2002)

OLD LAW: DICTIONARY IS A PRIMARY REFERENCE

Conclusion: “Consulting the written description and prosecution history as a threshold step in the claim construction process, before any effort is made to discern the ordinary and customary meanings attributed to the words themselves, invites a violation of our precedent counseling against importing limitations into the claims.”

Texas Digital Sys., Inc. v. Telegenix, Inc., 308 F.3d 1193, 1204 (Fed. Cir. 2002)

**OLD LAW: SECONDARY ROLE FOR SPECIFICATION
AND PROSECUTION HISTORY**

- Because words often have multiple dictionary definitions, the intrinsic evidence must be consulted to determine which of the different possible dictionary meanings is most consistent with the use of the words by the inventor.
- If more than one dictionary definition is consistent with the use of the words in the intrinsic record, the claim terms may be construed to encompass all such meanings.

**OLD LAW: SECONDARY ROLE FOR SPECIFICATION
AND PROSECUTION HISTORY**

The patent's specification and prosecution history must be consulted to determine if the patentee has used the words of the claim in a manner inconsistent with the ordinary meaning reflected in a dictionary definition.

- The presumption in favor of a dictionary definition will be overcome where the patentee, acting as his own lexicographer, has clearly set forth an explicit definition of the term different from its ordinary meaning.
- The presumption will also be rebutted if the inventor has disavowed or disclaimed scope of coverage, by using words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.

Texas Digital Sys., Inc. v. Telegenix, Inc., 308 F.3d 1193, 1204 (Fed. Cir. 2002)

IN PHILLIPS, THE FEDERAL CIRCUIT OVER-TURNED THE TEXAS DIGITAL APPROACH

■ “That approach, in our view, improperly restricts the role of the specification in claim construction.”

■ “Assigning such a limited role to the specification, and in particular requiring that any definition of claim language in the specification be express, is inconsistent with our prior rulings that the specification is ‘the single best guide to the meaning of a disputed term,’ and that the specification acts as a dictionary when it expressly defines terms used in the claims or when it defines terms by implication.”

Phillips v. AWH Corp., 415 F.3d 1303, 1320-21 (Fed. Cir. 2005)

DIFFERENT VIEW OF THE NATURE OF DICTIONARIES

■ “The patent system is based on the proposition that claims cover only the invented subject matter The use of a dictionary can conflict with that directive because the patent applicant did not create the dictionary to describe the invention.”

■ “By design, general dictionaries collect the definitions of a term as used not only in a particular art field, but in many different settings. . . . Thus, the use of a dictionary may extend patent protection beyond what should properly be afforded by the inventor’s patent.”

Phillips v. AWH Corp., 415 F.3d 1303, 1321, 22 (Fed. Cir. 2005)

IN PHILLIPS, THE FEDERAL CIRCUIT OVER-TURNED THE TEXAS DIGITAL APPROACH

Suggests Starting With The Intrinsic Evidence

“The problem is that if the district court starts with the broad dictionary definition in every case and fails to fully appreciate how the specification implicitly limits that definition, the error will systematically cause the construction of the claim to be unduly expansive. The risk of systematic overbreadth is greatly reduced if the court instead focuses at the outset on how the patentee used the claim term in the claims, specification, and prosecution history, rather than starting with a broad definition and whittling it down.”

Phillips v. AWH Corp., 415 F.3d 1303, 1321 (Fed. Cir. 2005)

IN PHILLIPS, THE FEDERAL CIRCUIT OVER-TURNED THE TEXAS DIGITAL APPROACH

No Rigid Procedure For Construing Claims

- “[A] judge who encounters a claim term while reading a patent might consult a general purpose or specialized dictionary to begin to understand the meaning of the term, before reviewing the remainder of the patent to determine how the patentee has used the term.”
- “The sequence of steps used by the judge in consulting various sources is not important; what matters is for the court to attach the appropriate weight to be assigned to those sources in light of the statutes and policies that inform patent law.”

Phillips v. AWH Corp., 415 F.3d 1303, 1324 (Fed. Cir. 2005)

IN PHILLIPS, THE FEDERAL CIRCUIT RESTATED THE BASIC PRINCIPLES OF CLAIM CONSTRUCTION

- The ordinary and customary meaning of a claim term is the meaning that term would have to a person of ordinary skill in the art at the time of the invention, i.e., as of the effective filing date of the patent application.

IN PHILLIPS, THE FEDERAL CIRCUIT RESTATED THE BASIC PRINCIPLES OF CLAIM CONSTRUCTION

Claims

■ The context in which a term is used in the asserted claim can be highly instructive.

- example: “steel baffles” suggest that “baffles” does not inherently mean objects made of steel.

■ Because claim terms are normally used consistently throughout the patent, the usage of a term in one claim often illuminate the meaning of same term in other claims.

■ Claim differentiation: the presence of a dependent claim that adds a particular limitation creates a presumption that the limitation is not present in the independent claim.

- example: dependent claim 2 recites that baffles are oriented at angles for deflecting bullets. Independent claim 1 presumed not to include that limitation within the meaning of “baffles”.

SUBSEQUENT TO PHILLIPS: CLAIM DIFFERENTIATION

Although the doctrine is at its strongest where the limitation sought to be “read into” an independent claim already appears in a dependent claim, there is still a presumption that two independent claims have different scope when different words or phrases are used in those claims.

Rebutting Presumption

- Claim differentiation cannot broaden claims beyond their correct scope, based on the intrinsic and extrinsic evidence.
- Claims that are written in different words may ultimately cover the exact same subject matter.

Curtiss-Wright Flow Control Corp. v. Velan, Inc., 438 F.3d 1374, 1380-81 (Fed. Cir. 2006)

IN PHILLIPS, THE FEDERAL CIRCUIT RESTATED THE BASIC PRINCIPLES OF CLAIM CONSTRUCTION

Specification

- The specification may reveal a special definition given to a claim term by the patentee that differs from the meaning it would otherwise have. In such cases, the inventor's special definition governs.
- The specification may reveal an intentional disclaimer, or disavowal, of claim scope by the inventor. In that instance, the inventor dictated the correct claim scope, and the inventor's intention, as expressed in the specification, is controlling
 - example: claim recites 2 lumens (i.e., passageways). The specification discloses two possible orientations, side-by-side and coaxial, but specification criticizes side-by-side. Therefore, claim limited to coaxial lumens. SciMed Life Sys., Inc. v. Advanced Cardiovascular Sys., Inc., 242 F.3d 1337, 1343-44 (Fed. Cir. 2001)

SUBSEQUENT TO PHILLIPS: SPECIFICATION

“[C]laims may vary from the specification because they are usually amended during prosecution. However, in whatever form the claims are finally issued, they must be interpreted, in light of the written description, but not beyond it, because otherwise they would be interpreted to cover inventions or aspects of an invention that have not been disclosed. Claims are not necessarily limited to preferred embodiments, but, if there are no other embodiments, and no other disclosure, then they may be so limited.”

Lizardtech, Inc. v. Earth Resource Mapping, Inc., 433 F.3d 1373, 1375 (Fed. Cir. 2006) (J. Lourie, C.J. Michel, and J. Newman) [concurring with denial for rehearing].

**IN PHILLIPS, THE FEDERAL CIRCUIT RESTATED THE
BASIC PRINCIPLES OF CLAIM CONSTRUCTION**

Prosecution History

“[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.”

Phillips v. AWH Corp., 415 F.3d 1303, 1317
(Fed. Cir. 2005)

IN PHILLIPS, THE FEDERAL CIRCUIT RESTATED THE BASIC PRINCIPLES OF CLAIM CONSTRUCTION

Prosecution History

“Nonetheless, the prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be.”

Phillips v. AWH Corp., 415 F.3d 1303, 1317 (Fed. Cir. 2005)

SUBSEQUENT TO PHILLIPS: PROSECUTION HISTORY

- Federal Circuit rejected Atofina's argument that the district court erred in its construction of "chromium catalyst" because the applicant's statements regarding "metal oxides" were intended to distinguish only nickel-chromium catalysts, not Agent X-chromium catalysts.
- "[I]t frequently happens that patentees surrender more through amendment than may have been absolutely necessary to avoid particular prior art. In such cases, we have held the patentees to the scope of what they ultimately claim, and we have not allowed them to assert that claims should be interpreted as if they had surrendered only what they had to."

Atofina v. Great Lakes Chem. Corp., Slip Op. (Fed. Cir., March 23, 2006)

IN PHILLIPS, THE FEDERAL CIRCUIT RESTATED THE BASIC PRINCIPLES OF CLAIM CONSTRUCTION

Extrinsic Evidence

- While extrinsic evidence can shed useful light on the relevant art, it is less significant than the intrinsic record in determining the legally operative meaning of claim language.
 - Dictionaries are often useful to assist in understanding the widely accepted meaning of commonly understood words.
 - Unsupported assertions by experts as to the definition of a claim term are not useful to a court.

PROSECUTION LACHES

Symbol Technologies, Inc. v. Lemelson Med., Educ. And Research Found.,
422 F.3d 1378 (Fed. Cir. 2005)

DEFINITION OF PROSECUTION LACHES

Prosecution laches is an equitable defense that may be applied to bar enforcement of patent claims after an unreasonable and unexpected delay in prosecution even though the applicant complied with pertinent statutes and rules.

PROSECUTION TIMELINE FOR LEMELSON'S PATENTS

- December 1954: filed original patent application
- 1956: filed second application
- 1963: filed continuation-in-part application from the 1954 and 1956 applications
- 1972: filed another continuation-in-part application
- 1977-1993: filed an additional 16 patent applications

LEMELSON CIRCUMSTANCES AMOUNT TO PROSECUTION LACHES

- The 18 to 39 year period that elapsed between the filing and issuance of the patent-in-suit is not what is contemplated by the continuation and continuation-in-part provisions of the patent statute.
- The Lemelson patents held the “top thirteen positions” for the longest prosecutions from 1914 to 2001.
- Lemelson engaged in “culpable neglect” during the prosecution of the applications.
- Adverse effect on businesses that were unable to determine what was patented from what was not patented.

GUIDELINES FOR DETERMINING WHEN PROSECUTION LACHES EXISTS

No strict time limitation for determining whether continued refileing of patent applications is a legitimate utilization of statutory provisions or an abuse of those provisions.

Symbol Technologies, Inc. v. Lemelson Med., Educ. & Research Found., 422 F.3d 1378, 1385 (Fed. Cir. 2005).

GUIDELINES FOR DETERMINING WHEN PROSECUTION LACHES EXISTS

Legitimate grounds for refiling a patent application which should not amount to prosecution laches:

- Filing a divisional application in response to a restriction requirement.
- Refiling an application to present new evidence of unexpected advantages of the invention.
- Refiling an application to add subject matter to support broader claims as the development of the invention progresses.

Symbol Technologies, Inc. v. Lemelson Med., Educ. & Research Found., 422 F.3d 1378, 1385 (Fed. Cir. 2005).

GUIDELINES FOR DETERMINING WHEN PROSECUTION LACHES EXISTS

Abuses Of The Patent System Which May Amount To Prosecution Laches:

- Refiling an application solely containing previously allowed claims for the business purpose of delaying their issuance.
- Multiple examples of repetitive refiling that demonstrate a pattern of unjustifiably delayed prosecution.

Symbol Technologies, Inc. v. Lemelson Med., Educ. & Research Found., 422 F.3d 1378, 1385 (Fed. Cir. 2005).

**TREATMENT OF INTANGIBLE PRODUCTS UNDER THE
INFRINGEMENT PROVISIONS OF 35 § § 281(f) AND (g)**

35 U.S.C. § 271(g) Infringement Of Patent

(g) Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the noncommercial use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other use, offer to sell, or sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after –

- (1) it is material changed by subsequent processes; or
- (2) it becomes a trivial and nonessential component of another product.

REPRESENTATIVE PROCESS CLAIM AT ISSUE IN BAYER AG v. HOUSEY PHARMACEUTICALS

1. A method of determining whether a substance is an inhibitor or activator of a protein whose production by a cell evokes a responsive change in a phenotypic characteristic other than the level of said protein in said cell per se, which comprises:
 - a) providing a first cell line...;
 - b) providing a second cell line...;
 - c) Incubating the substance with the first and second cell lines; and
 - d) Comparing the phenotypic response of the first cell line to the substance with the phenotypic response of the second cell line to the substance.

ISSUE PRESENTED IN BAYER AG v. HOUSEY PHARMACEUTICALS

Housey offers two theories as to why section 271(g) is applicable here. First, it contends that the information produced by Bayer using the patented processes claimed in the Housey patents is itself a product made by a patented process. Bayer, in turn, argues that (1) the word "made" means "manufactured" and that (2) information is not a manufactured product.

Bayer AG v. Housey Pharmaceuticals, Inc., 340 F.3d 1367, 1371 (Fed. Cir. 2003)

UNDER § 271(g), AS IT NOW STANDS, THE “PRODUCT” IS LIMITED TO PHYSICAL ARTICLES

We, therefore, hold that in order for a product to have been "made by a process patented in the United States" it must have been a physical article that was "manufactured" and that the production of information is not covered.

Bayer AG v. Housey Pharmaceuticals, Inc., 340 F.3d 1367, 1377 (Fed. Cir. 2003)

**“WIRELESS ELECTRONIC MAIL ” IS NOT A “PRODUCT” UNDER
35 U.S.C. 271(g)**

In this case, the relevant claims are directed to methods for the transmission of information in the form of email messages...Because the “transmission of information,” like the “production of information,” does not entail the manufacturing of a physical product, section 271(g) does not apply to the asserted method claims in this case any more than it did in Bayer.

NTP, Inc. v. Research In Motion, Ltd., 418 F.3d 1282, 1323 (Fed. Cir. 2005).

§ 271(f) – Infringement of Patent

(f) (1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of **the components of a patented invention**, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent is such combination occurred within the United States, shall be liable as an infringer.

ISSUE PRESENTED IN EOLAS TECHS. INC. v. MICROSOFT CORP.

- Microsoft exports a limited number of golden master disks containing the software code for the Windows operating system to Original Equipment Manufacturers (OEMs) abroad who use the disk to replicate the code onto computer hard drives for sale outside of the United States. The golden master disk itself does not end up as a physical part of an infringing product.
- Does the code on the golden master disks constitute “components” of an infringing product for combination outside of the United States under section 271(f)?

INTANGIBLE INFORMATION CAN BE “COMPONENTS OF A PATENTED INVENTION”

- The statutory language does not limit section 271(f) to patented “machines” or patented “physical structures.” Rather every form of invention eligible for patenting falls within the protection of section 271(f). By the same token, the statute did not limit section 271(f) to “machine” components or “structural or physical” components. Rather every component of every form of invention deserves the protection of section 271(f).
- Title 35, section 101, explains that an invention includes “any new and useful process, machine, manufacture or composition of matter.” Without question, software code alone qualifies as an invention eligible for patenting under these categories, at least as processes.

Eolas Techs. Inc. v. Microsoft Corp., 399 F.3d 1325, 1338-1339 (Fed. Cir. 2005).

INTANGIBLE INFORMATION CAN BE “COMPONENTS OF A PATENTED INVENTION”

- A “component” of a process invention would encompass method steps or acts. See, e.g., 35 § 112, ¶6 (2000)...Because a computer program product is a patented invention within the meaning of Title 35, then the “computer readable program code” claimed in claim 6 of the ‘906 patent is a part or component of that patented invention.
- Exact duplicates of the software code on the golden master disk are incorporated as an operating element of the ultimate device...Thus, the software code on the golden master disk is not only a component, it is probably the key part of this patented invention. Therefore, the language of section 271(f) in the context of Title 35 shows that this part of the claimed computer product is a “component of a patented invention.”

Eolas Techs. Inc. v. Microsoft Corp., 399 F.3d 1325, 1338-1339 (Fed. Cir. 2005).

INTANGIBLE INFORMATION CAN BE “COMPONENTS OF A PATENTED INVENTION”

■ “[W]hether software is sent abroad via electronic transmission or shipped abroad on a ‘golden master’ disk is a distinction without a difference for the purposes of § 271(f) liability. Liability under § 271(f) is not premised on the mode of exportation, but rather the fact of exportation.”

AT&T Corp. v. Microsoft Corp., 414 F.3d 1366, 1370-71 (Fed. Cir. 2005).

PERMANENT INJUNCTIONS

MercExchange, LLC v. eBay, Inc., 401 F.3d 1323 (Fed. Cir. 2005), cert. granted, _____ U.S. _____.

STATUTORY PROVISION INVOLVED

35 U.S.C. § 283 – Injunction

The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

DISTRICT COURT DENIED PERMANENT INJUNCTION – 4 PART TEST

- (i) Whether the patentee would face irreparable injury if the injunction did not issue:
- Irreparable harm presumed.
 - Rebutted by patentee's willingness to license and lack of commercialization of patent.
 - Patentee did not seek a preliminary injunction.

DISTRICT COURT DENIED PERMANENT INJUNCTION – 4 PART TEST

(ii) Whether the patentee has an adequate remedy at law:

- Here, monetary damages are an adequate remedy to compensate the patentee for any continuing infringement.
- Patentee has licensed its patents to others and has indicated a willingness to license the defendants.

DISTRICT COURT DENIED PERMANENT INJUNCTION – 4 PART TEST

iii) Whether granting the injunction is in the public interest:

- This factor often favors the patentee, given the public's interest in maintaining the integrity of the patent system.
- Growing concern over issuance of business-method patents.
- The public does not benefit from a patentee who obtains a patent yet declines to allow the public to benefit from the invention.

DISTRICT COURT DENIED PERMANENT INJUNCTION – 4 PART TEST

(iv) Whether the balance of hardships tips in the patentee's favor

- Any harm suffered by patentee can be recovered by damages -- the patentee exists solely to license its patents or to sue, and not to commercialize them.
- Cost to parties and judicial resources for contempt hearing regarding next generation, design-around products.

FEDERAL CIRCUIT REVERSES DENIAL OF PERMANENT INJUNCTION

- Because the “right to exclude recognized in a patent is but the essence of the concept of property,” the general rule is that a permanent injunction will issue once infringement and validity have been adjudged.
- Exception: Patentee’s failure to practice the invention frustrates an important public need, such as protection of public health.

MercExchange, LLC v. eBay, Inc., 401 F.3d 1323, 1338 (Fed. Cir. 2005)

FEDERAL CIRCUIT REVERSES DENIAL OF PERMANENT INJUNCTION

- Injunctions are not reserved for patentees who intend to practice their patents, as opposed to those who choose to license.
- A general concern regarding business-method patents is not an important public need.
- Preliminary and permanent injunctions are different -- the two types of relief have different requirements.
- Continuing disputes are not unusual in patent cases.

SUPREME COURT GRANTS CERTIORARI

The Supreme Court has elected to consider:

- 1) whether the Federal Circuit correctly articulated the “general rule” that a permanent injunction will normally issue in patent cases after a finding of liability absent exception circumstances, and
- 2) its prior precedents including Continental Paper Bag v. Eastern Paper Bag, regarding when it is appropriate to grant an injunction against a patent infringer.



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Steven F. Meyer, who has been with Morgan & Finnegan since 1989, specializes in patent litigation in the U.S. District Courts, Court of Appeals for the Federal Circuit, and U.S. International Trade Commission, and in prosecuting patent applications in the U.S. Patent and Trademark Office. Mr. Meyer litigates, prosecutes and renders opinions in patent matters for American and foreign clients, primarily in the mechanical and medical devices fields. These matters have included a wide range of technologies including cookies, diapers, angioplasty devices, biopsy devices, urinary catheters, automotive parts, air handling devices and nuclear reactor repair methods. Mr. Meyer has experience in Section 337 investigations in the U.S. International Trade Commission.

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