

Latest Intellectual Property News



From Hauptman Ham, LLP

VOL. 7, NO. 2

MARCH 2016

Welcome to The Latest Intellectual Property News, a newsletter for updating you with recent information about Intellectual Property.

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ACTUAL KNOWLEDGE ACTUALLY REQUIRED FOR PROVISIONAL RIGHTS

By **Randy A. Noranbrock, Esq., Partner** (randy@ipfirm.com)

In a case of first impression, the United States Court of Appeals for the Federal Circuit held in *Rosebud LMS, Inc. v. Adobe Systems Incorporated*, slip op. 2015-1428 (Fed. Cir. Feb. 9, 2016) that pre-issuance damages under 35 U.S.C. §154(d) are available only if actual notice of the published patent application can be proven.

Under §154(d), patent owners can collect damages for infringement occurring before issuance of a patent if the infringer “had actual notice of the published patent application.” Although the Federal Circuit agreed with Adobe that constructive knowledge would not satisfy the actual notice requirement, the Federal Circuit failed to adopt a requirement that actual notice required an affirmative act by the applicant giving notice of the published patent application to the infringer. The Federal Circuit relied on the ordinary meaning of “actual notice” as also including “knowledge obtained without an affirmative act of notification.” Based on the language of §287(a), Congress knew how to use language requiring an affirmative act of notification; in §154(d), Congress chose to not use such language.

Turning to the question of whether there remained a genuine dispute of material fact as to whether Adobe actually knew of the published patent application, the Federal Circuit concluded that there was no genuine dispute. First, the fact that Adobe knew of a related (grandparent) patent failed to raise a genuine dispute, because the alleged infringer under §154(d) must have notice of the claims of the published application. Second, the reliance by Rosebud on emails from Adobe employees regarding emulation of product features failed, because the emails were all sent more than two years prior to publication of the patent

application. Third, Rosebud's argument that it is standard practice during litigation to review related patents, applications, and prosecution history to evaluate possible claim construction failed, because the litigation on which claim construction might have occurred never reached the claim construction stage "because Rosebud missed all of its court-ordered deadlines." For each of these reasons, the Federal Circuit held that no reasonable jury could find that Adobe had actual knowledge of the published patent application.

CLAIM CONSTRUCTION IS KEY FOR BOTH NON-INFRINGEMENT AND DEFINITENESS

By Kien T. Le, Patent Agent (kien@ipfirm.com)

In *Akzo Nobel Coatings, Inc. v. Dow Chemical Company*, slip ops. 2015-1331, 2015-1389 (Fed. Cir. Jan. 29, 2016), the Federal Circuit affirmed the district court's holdings of non-infringement and definiteness. Claim construction is the key with respect to all issues on appeal.

Akzo sued Dow for infringement of U.S. Patent No. 6,767,956, claim 1 of which recites a "pressurized collection vessel." Akzo argued that the term should be given the ordinary meaning of "gather or receive." The district court disagreed, and construed the term as "tubing, piping, or other container where a desired material accumulates, which is maintained above atmospheric pressure," in view of both the claim language and the specification. Because Dow used a valve that allows the polymer dispersion to flow continuously without accumulation, the district court found no infringement both literally and under the doctrine of equivalents (DOE). The Federal Circuit affirmed the district court's claim construction and finding of non-infringement. The Federal Circuit further held that Akzo's expert's declaration failed to support Akzo's claim construction and rationale for infringement under the DOE.

Dow argued that the recitation "viscosity below 10 Pa.s" in claim 1 is indefinite, because the claim fails to recite the temperature at which the viscosity is measured. Dow also argued that Akzo's claim 2, reciting "[a] process according to claim 1 which is carried out at a temperature of from about 5 to 150° C above the melting point of the polymer" is indefinite, because it fails to recite which step of claim 1 is carried out at the recited temperature. The district court disagreed with Dow in both issues, holding that anyone skilled in the art would know that the viscosity is tested at room temperature, and the specification supports a claim construction that the recited temperature of claim 2 refers to the elevated temperature phases of claim 1. The Federal Circuit again affirmed the district court, explaining that "we are not redrafting the claims, but rather construing the claims ... in accordance with the specification."

CLAIM CONSTRUCTION HEARING PROPERLY DENIED

By John Lagowski, Esq. (ilagowski@ipfirm.com)

Nuance Communications, Inc. v. ABBYY USA Software House, Inc., slip op. 2014-1629, 2014-1630 (Fed. Cir. Feb. 22, 2016).

A claim construction hearing was properly denied, because an earlier claim construction hearing was ruled upon and the claim construction instruction to the jury pursuant to the earlier claim construction did not prevent the jury from considering each party's position.

Nuance sued ABBYY for infringement of U.S. Patent No. 6,038,342 ("342 patent") directed at optical character recognition. One of the claims asserted by Nuance recites "identifying

said unknown character with said feature analysis process.” The district court held a *Markman* hearing to construct the meaning of the term “identifying.” ABBYY initially proposed that identifying had a special, limited meaning. Nuance proposed that there is “no indication that the inventors intended to use [the] term differently from its commonly understood meaning.” The district court agreed with Nuance and construed the term “identifying” to mean “identifying.”

While preparing for trial, the parties disagreed as to the plain and ordinary meaning of the term “identifying.” Nuance asked the district court to allow briefing on the meaning of the term. However, the district court noted that it had already conducted a claim construction hearing and thus ordered the parties to agree upon an ordinary meaning of the term. This time, ABBYY cited the dictionary definition and proposed that “identify” be construed as “to establish the identity of.” Nuance disagreed and proposed that identify be construed as “identifying (finally or tentatively),” or that the court instruct the jury that “[i]dentifying has its plain and ordinary meaning. Many times an identified character is still ambiguous.” Although the parties could not agree on a definition, the district court construed “identifying” to mean “to establish the identity of.” The jury returned a verdict of non-infringement, and Nuance appealed.

On appeal, Nuance asserted that the district court violated *O2 Micro International Ltd. v. Beyond Innovation Technology Co.*, 521 F.3d 1351 (Fed. Cir. 2008) by failing to resolve the parties’ claim construction dispute before trial. The Federal Circuit disagreed and stated that “[t]he fact that shortly before trial Nuance became dissatisfied with its own proposed construction and sought a new one does not give rise to an *O2 Miro* violation.” Further, the Federal Circuit found that Nuance had not shown any harm that would justify a new trial, the district court did not limit Nuance’s ability to present evidence on the issues, the district court’s instruction to the jury did not prevent the jury from fully considering each party’s position, and that “it is clear that ‘correction of the errors in the jury instruction on claim construction would not have changed the result, given the evidence presented’ *Teleflex Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1328 (Fed. Cir. 2002).”

MOTIVATION TO MODIFY IS A WELL-KNOWN PROBLEM

By Chih-Kuei (Alex) Hu, Esq. (chu@ipfirm.com)

In *ACCO Brands Corp. v. Fellowes, Inc.*, slip op. 2015-1045 (Fed. Cir. Feb. 22, 2016), the Federal Circuit reversed and remanded the Patent Trial and Appeal Board’s decision of the nonobviousness determination in an *inter partes* reexamination.

The claims at issue claim a shredder having a controller, a thickness sensor and a presence sensor, and the cited references disclose two kinds of prior-art shredders. The first kind of shredders has a thickness sensor, and the other kind of shredders describes a controller and a presence sensor. During the *inter partes* reexamination, the Examiner found a *prima facie* case that independent claims 9 and 11, and dependent claims 10 and 12, would have been an obvious combination of the prior art. Then Fellowes presented rebuttal evidence alleging a long-felt but unmet need. However, the Examiner still maintained the 35 U.S.C. §103 rejection of claims 9-12. Fellowes appealed to the Board. The Board found that even if one of ordinary skill might have found it obvious to combine the two prior-art sensors and the prior-art controller, he would not have found it obvious to configure this controller as recited. The Board determined that all four claims at issue would have been nonobvious.

The Federal Circuit disagreed and found the combination would have been obvious for two

reasons. First, one of ordinary skill would have found motivation to modify the shredder with the thickness sensor to add a presence sensor and controller. The prior art discloses presence sensors and controllers as a common way to turn a shredder motor on. One of ordinary skill would therefore find motivation to modify the shredder with the thickness sensor to include this well-known means. Second, one of ordinary skill would have been motivated to modify a prior-art shredder containing a presence sensor and controller to add a thickness sensor. The problem of shredder jamming was known as of the filing date. This problem would have motivated one of ordinary skill to add a thickness sensor, a solution known in the art, to a shredder.

DECEPTIVE INTENT IS “THE SINGLE MOST REASONABLE INFERENCE DRAWN FROM THE EVIDENCE” TO SHOW AN INEQUITABLE CONDUCT

By Inna S. Shestul, Esq. (ishestul@ipfirm.com)

The Ohio Willow Wood Company v. Alps South, LLC, slip ops. 2015-1132, 2015-1133 (Fed. Cir. Feb. 19, 2016)

Ohio Willow Wood Company (“OWW”) owns a group of patents directed to cushioning devices that fit over the residual stumps of amputated limbs to make the use of prosthetics more comfortable. OWW asserted its patents against Alps South, LLC (“Alps”) in several actions. The cushioning devices at issue in this case consist of stretchable pieces of synthetic fabric that are coated with a gel on *only the side touching the body*. That design creates a gel side that reduces irritation to the skin and a dry side that allows free interaction with the prosthesis.

OWW filed the present action in 2004, charging Alps with infringement of U.S. Patent No. 5,830,237 (“the ’237 patent”). After the district court issued a claim construction order, Alps challenged the validity of the ’237 patent in two successive *ex parte* reexamination proceedings before the United States Patent and Trademark Office (“USPTO”). The district court stayed the litigation pending the resolution of the reexamination proceedings.

The second Reexamination was initiated in 2008. The second request for reexamination is based on an advertisement in a trade magazine published on January 1, 1995, which depicted a gel liner identified as the Single Socket Gel Liner (“SSGL”), from Silipos’s “Silosheath product line.” Alps argued that the SSGL is invalidating prior art, because it had gel on its inner surface, but not on its outer surface. The central issue in the second reexamination is whether the synthetic fabric used in the SSGL prevented the gel on the skin side of the liner from bleeding through to the prosthetic side. Alps presented a declaration and deposition testimony from Jean-Paul Comtesse, who worked at Silipos when the Silosheath and the SSGL were developed. Mr. Comtesse stated that the SSGL did not have the same gel bleed-through problem as the Silosheath because it was manufactured from a fabric called “Coolmax” that was thicker and denser than the fabric used in the Silosheath.

Alps argued that in light of the prior art evidence and Mr. Comtesse’s testimony, it was clear that the claims were invalid. The Examiner agreed with Alps and rejected the claims of the ’237 patent for obviousness in light of the SSGL and other prior art. OWW appealed the rejection to the Board of Patent Appeals and Interferences. In its brief to the Board, OWW argued that Mr. Comtesse’s testimony was unreliable because it was *uncorroborated* by any evidence and therefore, the SSGL was not a valid prior art.

The Board reversed the Examiner’s rejection. The Board agreed with OWW that Mr.

Comtesse's testimony was uncorroborated. The Board held that the Examiner had erred in crediting Mr. Comtesse's testimony that the SSGL was made of Coolmax and had gel on only its inner side. Following the second reexamination, the district court lifted the stay of the litigation.

The district court also addressed Alps's inequitable conduct claim, which was predicated on OWW's conduct before the PTO during the two reexamination proceedings, specifically claiming that Mr. Comtesse's testimony was uncorroborated. The district court and Federal Circuit found inequitable conduct in the second reexamination but not in the first.

A party seeking to prove inequitable conduct must show by clear and convincing evidence that the patent applicant made

- (1) misrepresentations or omissions material to patentability,
- (2) that he did so with the specific intent to mislead or deceive the PTO, and
- (3) that deceptive intent was the single most reasonable inference to be drawn from the evidence.

To prove the element of materiality, a party claiming inequitable conduct ordinarily must show that the patentee "withheld or misrepresented information that, in the absence of the withholding or misrepresentation, would have prevented a patent claim from issuing."

Specific intent to commit acts constituting inequitable conduct may be inferred from indirect and circumstantial evidence. *Therasense*, 649 F.3d at 1290. But deceptive intent must be "the single most reasonable inference drawn from the evidence." *Id*

The items the district court identified as corroborative of Mr. Comtesse's testimony included a pair of letters sent to OWW in April and October of 1999 by Michael Scalise, an attorney for Silipos ("the Scalise letters"). The first of the Scalise letters stated that Silipos had sold the "SiloSheath product line" since "at least as early as 1992" and that one of the products in that line "contained the polymeric gel on only the inside of the sock." That letter concluded that Silipos's "original sales of their SiloSheath tube-shaped sock product line having the gelatinous materials on only the inside of the sock pre-date the filing date" of the '237 patent. The second Scalise letter claimed that Silipos's sale of liners "having the gelatinous material on only the inside of the sock pre-date the filing date of [the application that became the '237 patent] by more than one year." Attached to the letter was a November 1, 1993, shipping invoice that the letter claimed was for one of the Silipos products with gel on only one side.

The district court explained that the significance of Scalise letters was not that it conclusively proved that an anticipating device was on sale before that date, but that it corroborated Mr. Comtesse's testimony to that effect. The assertion in the Scalise letters that Silipos sold a product "with gelatinous material on only one side" prior to March 5, 1995, corroborates Mr. Comtesse's testimony. The district court found that the withheld evidence became "but-for" material to patentability in the second reexamination once OWW argued to the Board that Mr. Comtesse's testimony was uncorroborated.

Based on those subsidiary findings, the district court found that deceptive intent was demonstrated by clear and convincing evidence and that the most reasonable inference to be drawn from the evidence was that OWW had acted with deceptive intent.

Fed. Cir. upheld the district court's findings regarding OWW's failure to call the Scalise letters to the PTO's attention in the second reexamination and therefore was guilty of inequitable conduct in the second reexamination.

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**2318 Mill Road, Suite 1400
Alexandria, VA 22314 USA**

**Tel: +1 (703) 684-1111
Fax: +1 (703) 518-5499**

**Chiyoda Kaikan Bldg. 6F
1-6-17 Kudan Minami, Chiyoda-Ku,
Tokyo 102-0074 Japan**

**Tel: +81-3-6256-8970
Fax: +1 (703) 518-5499**

**201, No. 47, Yuancyu 2nd Rd.
IP Innovation Center
Hsinchu Science Park 300
Hsinchu City, Taiwan, R.O.C.
Tel: +886-3-5775912
Fax: +866-3-5779280**

**642-6 Sungji 3 cha Bldg., Suite No.
1111
Yeoksam-dong, Kangnam-gu
Seoul, Korea**

**Tel: +82-2- 567-3710
Fax : +82-2-567-3712**

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