

Welcome to Hauptman Ham, LLP's Case Law Review, a summary of recent important intellectual property decisions.

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## OFFER FOR SALE DEFINED BY COMMERCIAL TERMS

### *Crown Packaging Tech., Inc. v. Belvac Prod. Mach., Inc.*

Appeal No. 22-2299 (Fed. Cir., December 10, 2024, Dyk, Hughes, Cunningham, precedential)

Author: *Josh Hauptman*

#### Key Points:

- A letter communicating detailed commercial terms for a transaction involving an invention that is ready for patenting is a patent-invalidating offer for sale under pre-AIA 35 U.S.C. § 102(b) despite using the word “quotation,” rather than “quote,” and despite requiring written acceptance of an order.
- 一份详细说明某项可申请专利发明的交易商业条款的信函，即使使用“报价单” (“quotation”) 而非“正式报价” (“quote”) 的措辞，且要求书面确认订单，仍构成《美国《专利法》AIA修订前的第35条第102(b)款规定的导致专利无效的销售要约。
- 特許取得の準備段階にある発明に関わる取引のための商業上の詳細な条件を伝える書簡は、旧特許法(pre-AIA)102条(b)項下における特許を無効にする販売の申し出となる。これは“quote”ではなく“quotation”という用語が用いられていたとしても、およびこの注文に対する書面の承諾を要求していたとしても、である。
- 특허 취득 준비 단계에 있는 발명과 관련된 거래에 대해 상업적 세부 조건을 전달하는 서신은 구 특허법(pre-AIA) 제102조(b)항에 따라 특허를 무효화하는 판매 제안에 해당한다. 이것은 “quote”가 아닌 “quotation”이라는 용어가 사용되었더라도, 그리고 계약성립 조건으로 서면 승낙을 요구했더라도 마찬가지이다.
- An offer for sale sent by a non-U.S. party to a U.S. party is a patent-invalidating offer for sale under pre-AIA 35 U.S.C. § 102(b).
- 非美国方向美国方发出的销售要约，根据美国《专利法》AIA修订前的第35条第102(b)款，构成导致专利无效的销售要约。

- 非米国人当事者から米国人当事者へ送付された販売の申し出は、旧特許法(pre-AIA)102条(b)項下における特許を無効にする販売の申し出となる。
- 미국인이 아닌 당사자가 미국인 당사자에게 보낸 판매 제안은 구 특허법(pre-AIA) 제102조(b)항에 따라 특허를 무효로 하는 판매 제안에 해당한다.

### **Background:**

Crown, a manufacturer of necking machines for metal beverage cans, accused Belvac of infringing U.S. Patent Nos. 9,308,570, 9,968,982, and 10,751,784, related to high-speed necking machines. The district court granted summary judgment to Crown that the three patents were not invalid under the on-sale bar of pre-AIA 35 U.S.C. § 102(b). After a jury trial, the jury found that the asserted claims were not invalid under the on-sale bar and were not infringed. Both parties moved for JMOL. The district court denied both parties' motions and entered judgment according to the jury verdict. Both parties appealed.

### **Holding:**

The Court of Appeal for the Federal Circuit determined that a letter communicating a “quotation” for a necking machine, dated November 14, 2006, and sent by Crown to a third party, contained specific terms and commitments typical of a commercial contract, such as price, delivery terms, and payment obligations, making it a valid offer for sale before the critical date of April 24, 2007.

### **Discussion:**

The letter was directed to Complete Packaging in Colorado and included a detailed description of the 3400 Necker, an actual price, payment terms, and delivery conditions. Crown argued, and the district court held, that the letter was “an invitation to make an offer, not an offer in itself.” Crown pointed to language in the letter stating that “[q]uotations...are subject to written acceptance of your order,” and to specific and intentional use of the word “quotation,” rather than “quote.” The reviewing court, however, found the result in *Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, 586 U.S. 123 (2019), where similar language did not compel a finding of no offer for sale in a communication otherwise containing commercial terms, binding. Finding other detailed terms of a proposed transaction in the letter, the Federal Circuit concluded that the letter constituted an offer for sale under the statute.

Crown also argued, for the first time on appeal, that, since Crown is an English company, its letter to the U.S. recipient does not constitute an offer for sale “in this country,” as required by the statute. The Federal Circuit disagreed, finding *In re Caveny*, 761 F.2d 671, 676-77 (Fed. Cir. 1985, offer for sale from English company to U.S. recipient was a patent-invalidating offer for sale) and *Hamilton Beach Brands, Inc. v. Sunbeam Prods., Inc.*, 726 F.3d 1370, 1375 (Fed. Cir. 2013, reiterating *Caveny*) contrary to Crown's position. Having found the asserted patents invalid, the Federal Circuit did not reach other issues advanced by the parties.

Ultimately, the Federal Circuit held that the district court erred in granting summary judgment to Crown and denying summary judgment to Belvac. The letter from Crown to the third party was a commercial offer for sale in the United States, making the invention subject to an invalidating offer for sale before the critical date. The Federal Circuit reversed the district court and granted summary judgment of invalidity to Belvac.

DDR Holdings, LLC v. Priceline.com LLC

Appeal No. 2023-1176, 2023-1177 (Fed. Cir., Dec 09, 2024, Chen, Mayer, Cunningham)

*Author: Bobbie Wu*

**Key Points:**

- Use of a restrictive term in an earlier patent application does not reinstate that term in a later patent that purposely deletes the term, even if the earlier patent application is incorporated by reference.
- 在早期专利申请中使用限制性术语，并不会在后继专利中恢复该术语的效力——即使后继专利刻意删除了该术语，且早期专利申请被以引用方式并入。
- 先の特許出願中の限定的用語の使用は、たとえ当該先の特許出願が（後の特許において）援用されていたとしても、その用語を意図的に削除した後の特許においてその用語を回復しない。
- 이전 특허 출원서에 특정 제한적인 용어를 사용했더라도, 나중에 출원된 특허에서 해당 용어를 의도적으로 삭제했다면, 비록 이전 출원이 참조로 인용(incorporated by reference)되었다 할지라도 그 삭제된 용어의 제한적인 의미가 나중 특허에 다시 적용되지는 않는다.
- Federal courts are not bound by claim construction performed by the Patent Trial and Appeals Board because the legal standards for claim construction are different in the federal courts.
- 联邦法院不受专利审判和上诉委员会权利要求解释的约束，因为联邦法院采用的权利要求解释法律标准不同。
- 連邦裁判所は、特許審理審判部 (PTAB) でなされたクレーム解釈に縛られない。その理由はクレーム解釈の法的基準が連邦裁判所においては異なるからである。
- 연방법원은 특허심판원(PTAB)에서 이루어진 청구항 해석에 얽매이지 않는다. 그 이유는 청구항 해석의 법적 기준이 연방법원에서는 다르기 때문이다.

**Background:**

In 2017, DDR Holdings sued Priceline.com and Booking.com in the District of Delaware, alleging infringement of four patents, including U.S. Patent No. 7,818,399 (the '399 patent). Priceline.com filed petitions to challenge the validity of the asserted patents before the Patent Trial and Appeals Board (PTAB). The district court stayed proceedings, and the PTAB invalidated claims from three patents but did not find the '399 patent invalid. During the review, the PTAB construed the claim term "merchants" of the '399 patent to include providers of both goods and services.

After the PTAB decisions, the district court construed the claim terms "merchants" and "commerce object" of the '399 patent. The court rejected DDR's contention that "merchants" should include both goods

and services, limiting "merchants" to providers of goods and construing "commerce object" similarly. Based on the adopted claim constructions, the parties stipulated that there was no infringement and DDR appealed.

### **Holding:**

The Court of Appeals for the Federal Circuit affirmed, finding that the deletion of "services" in the final patent specification indicated an intentional narrowing of the patent scope.

### **Discussion:**

DDR argued that a provisional application, which the '399 patent incorporates by reference and to which the '399 patent claims priority benefit, repeatedly states that the terms "merchant" and "commerce object" refer to "goods and services," so the terms should be construed in that manner despite removal of the word "services" from the final patent. The reviewing court disagreed, noting that a prior case involving the same patent determined that "merchants," for purposes of the '399 patent, are "producers, distributors, or resellers of the goods to be sold through the outsource provider," with no reference to "services." The reviewing court noted that the district court properly focused on deletion of the word "services" entirely from the final patent application as contributing to understanding of the scope and meaning of the final patent. The Federal Circuit was unpersuaded by DDR's explanation that it intended to define the disputed terms according to the text in the provisional application, rather than the text in the final patent application, finding the intentional deleting of the term "services" entirely from the final patent "highly significant." The Federal Circuit also explained that persons of ordinary skill in the art would understand the progression from the provisional application to the non-provisional application as indicating an evolution of the applicant's intended meaning of the claim term.

The Federal Circuit also rejected DDR's reliance on the broader definition of "merchants" adopted by the Patent Trial and Appeal Board under the "broadest reasonable interpretation" standard, explaining that courts apply the narrower Phillips standard for claim construction. The intrinsic evidence, including the specification and its deliberate language, was key to affirming the district court's judgment. Consequently, the Federal Circuit found no infringement, as the accused products did not infringe the claims under the clarified constructions.

## **DISTRICT COURT FACT FINDING WITHOUT CLEAR ERROR NOT DISTURBED**

### ***Galderma Labs., L.P. v. Lupin Inc***

**Appeal No. 2024-1664** (Fed. Cir., December 6, 2024, Moore, Linn, and Prost)

*Author:* [Subaru R. Kanesaka](#)

### **Key Points:**

- Findings of fact weighed by a district court are not disturbed by the Federal Circuit where no clear error can be discerned.
- 当地区法院の事実認定无明显错误时，联邦巡回上诉法院不会推翻该认定。
- ある地裁において重きが置かれた事実認定は、明らかな誤りが見いだされない限りにおいて、連邦巡回裁判所により妨げられない。

- 연방순회법원은 명백한 오류가 발견되지 않는 한, 연방지방법원의 사실인정을 뒤집을 수 없다.

### **Background:**

Galderma owns U.S. Patent Nos. 7,749,532 and 8,206,740 (the Asserted Patents). Galderma markets Oracea® 40 mg capsules for treatment of symptoms of rosacea. Following FDA approval, Oracea was added to the FDA’s Orange book (Approved Drug Products with Therapeutic Equivalence Evaluations), which identified the Asserted Patents as encompassing Oracea®. The claims of the patents are directed to compositions including doxycycline. Lupin filed an ANDA (Abbreviated New Drug Application) to market a 40 mg doxycycline product, claiming bioequivalence to Oracea®. Lupin submitted certifications under 21 U.S.C. § 355(j)(2)(A)(vii)(IV) that the Asserted Patents are invalid or will not be infringed by Lupin’s ANDA product. In response, Galderma sued Lupin under the Hatch-Waxman Act for infringement of the Asserted Patents. The District Court weighed conflicting evidence and found that Lupin does not infringe the Asserted Patents. Galderma appeals.

### **Holding:**

The Federal Circuit concluded that there is no clear error in the decision from the district court and affirmed the holding in the District Court.

### **Discussion:**

The claims at issue recite a doxycycline composition that has an “immediate release portion” and a “delayed release portion.” The claims recite quantities of medication in each portion and certain ways in which delayed release is achieved.

The following is the comparison between Oracea® from Galderma and the ANDA product from Lupin.

	Galderma’s Claims	Lupin’s ANDA Product
IR drug quantity	30 mg	22 mg
DR drug quantity	10 mg	18 mg with partially coating of the pellets with Eudragit L30-D55 (same polymer in Oracea)

Galderma argued Lupin’s ANDA Product infringed the 30 mg IR, 10 mg DR limitations of the Asserted Claims, because about 8 mg of Lupin’s ANDA product’s DR portion was actually an IR portion, resulting in a 30 mg IR, 10 mg DR product. Lupin argued that a test conducted by Galderma’s expert to show in vivo behavior of Lupin’s ANDA Product was not reliable. The district court credited the testimony of Lupin’s expert that the test by Galderma’s expert was not representative of the in vivo behavior of Lupin’s ANDA Product and stated that even if the test did reflect in vivo behavior, evident flaws in the data called the reliability of the results into question and compelled a finding that Lupin’s ANDA product does not infringe the Asserted Patent directly or under the Doctrine of Equivalents.

Under the clear-error standard, the Federal Circuit defers to the district court’s findings “in the absence of a definite and firm conviction that a mistake has been made.” *Scanner Techs. Corp. v. ICOS Vision Sys. Corp. N.V.*, 528 F.3d 1365, 1374 (Fed. Cir. 2008). “When findings are based on determinations regarding the credibility of witnesses, Rule 52(a) demands even greater deference to the trial court’s findings.” *Anderson v. City of Bessemer City, N.C.*, 470 U.S. 564, 575 (1985). Finding no clear error in the district court result, the Federal Circuit affirmed.

*Honeywell Int'l Inc. v. 3G Licensing, S.A.*

Appeal Nos. 2023-1354, 2023-1384, 2023-1407 (Fed. Cir., January 2, 2025, Dyk, Chen, Stoll)

Author: Michael P. McComas

**Key Points:**

- The motivation to modify a reference does not need to be the same as the motivation of the inventor of a patent, only desirable in light of the prior art and not necessarily the best or preferred approach.
- 对现有技术进行改进的动机不必与专利发明人的动机相同，只需在现有技术背景下具有合理性，且不必是最佳或优选方案。
- 引例を改変する動機付けが、発明者が特許を改変する動機付けと必ずしも同一ではない。（その改変が）先行技術に照らし好ましいという理由のみでかつそれが必ずしも最良または好適な手法でなくとも。
- 선행 기술을 변경하려는 동기가 특허 발명자의 동기와 같을 필요는 없으며, 단지 선행 기술의 관점에서 바람직하기만 하면 충분하다. 또한, 반드시 가장 좋거나 선호되는 접근 방식일 필요도 없다.

**Background:**

In 2001 and 2002, LG Electronics, Inc. (“LGE”) participated in the Third Generation Partnership Project (“TGPP”) focused on developing telecommunication standards including an updated coding method for a channel quality indicator (“CQI”). CQIs are five-bit integer strings that indicate the quality of signals received by cell phones and are encoded for error protection into CQI codewords prior to being transmitted from the cell phones to base stations. The base stations use the CQIs to control relative data rates among users and thereby maximize throughput.

A CQI codeword is generated by applying a group of basis sequences to the five CQI bits to produce a longer data string including additional information used for error recovery. The TGPP increased the CQI codeword length from 16 to 20 bits by adding four new basis sequences; proposals for the new sequences included one by Koninklijke Philips N.V. (“the Philips reference”).

In 2002, LGE filed a Korean patent application for 20-bit CQI codeword generation that became the standard and the basis for U.S. Patent No. 7,319,718 (the ‘718 patent”). The patents describe a basis sequence group that differs from the Philips sequence by a single change of two flipped bits in the fourth new basis sequence. In 2020, 3G Licensing S.A. (“3G”) obtained ownership of the ‘718 patent and sued Honeywell and others (collectively “Honeywell”) for infringement, Honeywell having previously declined a license to the ‘718 patent.

Honeywell filed a petition for inter partes review, asserting that claims of the ‘718 patent were obvious based on the Philips reference. The Patent Trial and Appeal Board (PTAB) rejected the assertion, and Honeywell appealed to the U.S. Court of Appeals for the Federal Circuit (CAFC).

### **Holding:**

The CAFC reversed, holding that the PTAB erred by agreeing with 3G that the motivation to modify the Philips reference needed to be the same as that of the ‘718 patent inventor. The CAFC also held that uncontroverted evidence on the record demonstrated that the Philips reference teaches the required motivation and that the PTAB had further erred by conflating obviousness and anticipation standards in according any weight to “the mere fact that there is a difference in the basis sequence tables in the Philips reference and the ‘718 patent” and by requiring Honeywell to show that the motivation in the Philips reference was the preferred approach.

### **Discussion:**

With respect to the motivation to modify the Philips reference, the Board concluded that a person of ordinary skill in the art would not have been motivated to modify the Philips reference to improve error protection because the ‘718 patent was not concerned with error protection. The CAFC stated that “[r]equiring the motivation to modify to be the same motivation as that of the patent inventor has no basis in obviousness doctrine.” The court further stated, referring to *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007) (“*KSR*”), that “[i]n determining whether the subject matter of a patent claim is obvious, neither the particular motivation nor the avowed purpose of the patentee controls.”

In this case, three of the four new basis sequences in the Philips reference provide error protection to the most significant bit (MSB) of the five-bit CQI integer, with the fourth new basis sequence directed to the second-most significant bit. As acknowledged by 3G, the Philips reference discloses possible reasons for adding the four new basis sequences as including minimizing a bit error rate of the code, minimizing a root-mean-square error of the code, and maximizing protection of the MSBs of the code.

The stated objective of the ‘718 reference is instead to maximize system throughput by reducing the effects of transmission errors on the base station’s control of relative data rates among users. To achieve this objective, the two bits of the fourth basis sequence in the Philips reference are flipped so that all four of the new basis sequences provide error protection to the MSB.

Because, as stated in *KSR*, “any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed,” the CAFC indicated that “[t]here is accordingly no evidence in the record from which a reasonable mind could conclude that the petition failed to show that a person of ordinary skill in the art would not understand that the modification of the Philips reference would have increased protection for the MSB, a goal that the Philips reference itself recognized.”

### **ADDITIONAL INFORMATION**

2318 Mill Road, Suite 1400  
Alexandria, VA 22314 USA

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

Room B565, No. 5 building  
Huayangnian Meinian International Square  
Nanshan District, Shenzhen, China, 518067

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

Tel: +81 3 6256-8970  
Fax: +81 3 6717-2845

H-Business Park D 314, 26  
Beobwon-ro 9-gil, Songpa-gu  
Seoul, Korea

Tel: +82 (0)2 6412-0626  
Fax : +82 (0)2 6412-0627

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