

VEDDER PRICE

IP Strategies

Trends in patent, copyright, trademark and technology development and protection

September 2007

SUPREME COURT SHAPES NEW OBVIOUSNESS STANDARD UNDER U.S. PATENT LAW

KSR Int'l Co. v. Teleflex Inc.
127 S. Ct. 1727 (2007)

The U.S. Supreme Court issued a landmark decision on April 30, 2007 that is likely to have a significant impact on both patent prosecution and patent litigation. The decision affects the obviousness standard under section 103 of the Patent Act. The case: *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (2007). The technology at issue: an adjustable pedal system for cars. The new standard for obviousness: "common sense." This article takes a closer look at the *KSR* decision itself, along with the Federal Circuit's actions in anticipation of the decision, the Federal Circuit's reaction to the decision and the Patent Office's reaction to the decision. Although it will likely be some time before the implications of the *KSR* decision are clearly established, it appears all but certain that, in view of the *KSR* decision, courts are likely to broaden the scope of the obviousness inquiry by using a more flexible obviousness standard that allows the courts to consider more factors during an obviousness inquiry.

U.S. Patent No. 6,237,565, the patent owned by Teleflex at issue in the suit, is directed toward an adjustable pedal assembly for use with automobiles that are controlled electronically with a device known as an electronic throttle control. The district court explained, among other things, that U.S. Patent No. 5,010,782 (Asano) disclosed all of the structural limitations of the claim at issue with the exception of the electronic control. Since electronic controls were well known in the art, the

district court concluded that a person of ordinary skill in the art would have been motivated to combine the teachings of Asano and electronic control references and therefore granted KSR's motion for summary judgment of invalidity by reason of obviousness. The Federal Circuit found that the district court was required, yet failed, to make specific findings as to a suggestion or motivation to attach an electronic control to the support bracket of the Asano assembly.

In taking up the first patent case related to obviousness since 1976, the U.S. Supreme Court held that the Federal Circuit addressed the obviousness question in a narrow, rigid manner that is inconsistent with section 103 and the Supreme Court's precedents. The Supreme Court stated that when a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. This analysis, however, need not seek out precise teachings directed to the specific subject matter of the challenged claim because a court can take account of the inferences and creative steps that a person of ordinary skill in the art would

IN THIS ISSUE

Supreme Court Shapes New Obviousness Standard Under U.S. Patent Law	Page 1
Standard for Willful Patent Infringement Heightened to an Objective Recklessness Standard.....	Page 4
Webpages Now Acceptable Specimens for Goods.....	Page 6
Case Law Review.....	Page 7
Vedder Price Adds New Attorneys to Intellectual Property Group.....	Page 11

employ. Thus, instead of rigidly applying the teaching-suggestion-motivation (TSM) test, a court must take a more flexible approach that allows fact finders recourse to common sense when evaluating obviousness under section 103.

The Supreme Court reemphasized that the framework set forth in its 1966 decision in *Graham v. John Deere Co.*, 383 U.S. 1 (1966), and the factors described therein control an obviousness inquiry. First, a court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions. Second, there must be an apparent reason to combine the known elements in the fashion claimed by the patent at issue. By rigidly requiring that there must be a teaching, suggestion or motivation to combine the known elements where no such teaching, suggestion or motivation exists, however, a court would find subject matter nonobvious in cases where the claimed subject matter might include creative steps that a person of ordinary skill in the art would employ. Thus, while demonstrating that a teaching, suggestion or motivation to combine known elements exists may be helpful to show obviousness, the lack of a teaching, suggestion or motivation cannot alone lead to a finding of nonobviousness.

The Court notes that it will often be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. For example, if there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent's claims, the patent's subject matter is obvious. Common sense teaches that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle. Rigid preventive rules that deny fact finders recourse to common sense, however, are neither

necessary under the Supreme Court's case law nor consistent with it.

As the Supreme Court recognized, the Federal Circuit apparently sensed the direction the Supreme Court was going and applied a broader conception of the TSM test prior to the Supreme Court's decision in *KSR*. In one case after the Supreme Court decided to hear the *KSR* case but prior to the Supreme Court's decision in *KSR*, the Federal Circuit said, "There is flexibility in our obviousness jurisprudence because a motivation may be found *implicitly* in the prior art. We do not have a rigid test that requires an actual teaching to combine . . ." *Alza Corp. v. Mylan Labs, Inc.*, 464 F.3d 1286 (2006) (affirming the district court's finding of obviousness). The Federal Circuit, in supporting its TSM test, argued that "clearly the Court [in *Graham*] recognized the importance of guarding against hindsight, as is evident in its discussion of the role of secondary considerations as 'serv[ing] to guard against slipping into use of hindsight and to resist the temptation to read into the prior art the teachings of the invention in issue.'" Thus, the "motivation to combine" requirement prevents statutorily proscribed hindsight reasoning when determining the obviousness of an invention. This test, however, need not be explicit. In fact, the Federal Circuit stated that "under our non-rigid 'motivation-suggesting-teaching' test, a suggestion to combine need not be found in the prior art."

In a second case decided by the Federal Circuit prior to the Supreme Court's *KSR* decision, the Federal Circuit said, "Our suggestion test is in actuality quite flexible and not only permits, but *requires*, consideration of common knowledge and common sense." *DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356 (2006). In finding that the claimed method for dyeing textile material with indigo was obvious, the Federal Circuit looked towards the *Graham* factors: (1) the scope and content of the prior art; (2) the differences between the claimed invention and the prior art; (3) the level of ordinary skill in the art; and (4) any relevant secondary considerations, including commercial success, long felt but unresolved needs, and failure of others. In evaluating the scope and

content of the prior art, the Federal Circuit notes that the prior art does not contain a teaching to combine the teachings of the references. Nonetheless, the Federal Circuit said that there only needs to be an implicit motivation to combine references and that the proper question is “whether the ordinary artisan possesses the knowledge and skills rendering him *capable* of combining the prior art references.” There exists an implicit motivation to combine references not only when a suggestion may be gleaned from the prior art as a whole, but also when the “improvement” is technology-independent and the combination of references results in a product or process that is more desirable, for example because it is stronger, cheaper, cleaner, faster, lighter, smaller, more durable or more efficient. “Because the desire to enhance commercial opportunities by improving a product or process is universal—and even common-sensical—we have held that there exists in these situations a motivation to combine prior art references even absent any hint or suggestion in the references themselves.” Thus, the Federal Circuit in *DyStar* defended its TSM test and showed how it related to the *Graham* factors. The Federal Circuit also reiterated that the teaching, suggestion or motivation to combine references could be implicit.

There has been much speculation since the *KSR* decision as to the after-effects the decision will have on patent prosecution and patent litigation. For example, some suggest that, for patent prosecution, it might be wise to take any presently allowable subject matter before any *KSR* after-effects are felt and then file a continuation for any remaining subject matter not yet in condition for allowance. On the litigation side, the initial reaction appears to be that defendants, at a minimum, may have an easier time in arguing that patents in suit were obvious at the time of invention. Although theories exist as to what effect the *KSR* decision may have on patent practice, the true test will be to wait and see how the courts and Patent Office react to the *KSR* decision.

In the first decision from the Federal Circuit since the *KSR* decision, the Federal Circuit affirmed the district court’s finding of obviousness. *Leapfrog Enter., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157 (Fed. Cir.

2007). More specifically, the Federal Circuit found that Leapfrog’s patent, U.S. Patent No. 5,813,861, directed to an interactive learning device, was obvious because it did nothing more than apply modern electronics to a prior art mechanical device. The court said that an obviousness determination is not the result of a rigid formula disassociated from the consideration of the facts of a case. “Indeed, the common sense of those skilled in the art demonstrates why some combinations would have been obvious where others would not.” The Federal Circuit believed that one of ordinary skill in the art of children’s learning toys would have found it obvious to combine the prior art in order to gain the commonly understood benefits of such adaptation, such as decreased size, increased reliability, simplified operation and reduced cost. As some commentators have noted, this case would likely have been decided the same with or without *KSR*, but nonetheless the Federal Circuit used this opportunity to cite *KSR* and emphasize the nonrigid, common-sense approach for evaluating obviousness.

Perhaps a more interesting case was decided on July 26, 2007 in the Northern District of California. *Friskit, Inc. v. Realnetworks, Inc.*, No. 3:03-cv-05085-WWS (N.D. Cal. July 26, 2007). The judge relied on and cited to *KSR* in finding that the patents in suit were invalid because of obviousness, and therefore granted the defendants’ motion for summary judgment. The interesting part, however, is that the judge previously denied a similar motion prior to the *KSR* decision. After *KSR*, Realnetworks asked the judge to reconsider the motion, and, because of *KSR*, the judge changed his mind and found the patents obvious in view of the prior art.

KSR has also created some reaction in the Patent Office as well. In a notice last modified on July 23, the U.S. Patent Office announced that it has “sent to the Office of Management and Budget (OMB) for review draft final guidance for use by patent examiners in determining if an invention is obvious in view of the U.S. Supreme Court’s decision in *KSR v. Teleflex*. The USPTO will post the final guidance document on its website after OMB concludes its review. In the

interim, the agency will begin training for examiners on implementation of *KSR*.” U.S. Patent & Trademark Office, *Draft KSR Training Guidelines under OMB Review* (July 23, 2007), <http://www.uspto.gov/web/patents/notices/ksrguidance.htm>. Although the Patent Office has declined to publicly take any additional position, rumors are surfacing. For the time being, however, patent examiners have allegedly been told to continue to examine patent applications under the current standards and to thus continue to show that a teaching, suggestion or motivation exists to combine references. Others have also noted that the Board of Patent Appeals has taken a dramatic shift in dealing with the obviousness question, now citing *KSR* and deciding cases that appear to be inconsistent with the outcomes of similar issues decided prior to *KSR*. See, e.g., *Ex parte Kubin*, Appeal 2007-0819 (B.P.A.I. May 31, 2007) (stating “the Supreme Court recently cast doubt on the viability of *Deuel* to the extent the Federal Circuit rejected an ‘obvious to try’ test. Under *KSR*, it’s now apparent ‘obvious to try’ may be an appropriate test in more situations than we previously contemplated . . .”).

While the Federal Circuit appears to suggest that its decisions are consistent with the *KSR* decision, the general consensus is that *KSR*’s “common sense” approach to obviousness is broader than the TSM test as the Federal Circuit has been applying it. Thus, it is likely that the obviousness standard and its application have changed. It is worth noting, however, that courts may still apply the TSM test in finding obviousness; the difference is that something may now be deemed obvious even without the TSM test as previously applied. It remains to be determined what the actual implications of *KSR* may be, but what is clear is that any future test relating to obviousness must be flexible and allow consideration of any factors relevant to an obviousness inquiry—not just whether there is a teaching, suggestion or motivation to combine the references.

STANDARD FOR WILLFUL PATENT INFRINGEMENT HEIGHTENED TO AN OBJECTIVE RECKLESSNESS STANDARD

In re Seagate Technology, LLC (Fed. Cir. Aug. 20, 2007)

On August 20, 2007 the Federal Circuit issued its *en banc* decision redefining willful infringement and further addressing the advice-of-counsel defense in relation to both the attorney-client privilege and the work product privilege. More specifically, the Federal Circuit held that proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness, which abandons the affirmative duty of due care approach. Regarding the attorney-client privilege, the Federal Circuit held that asserting the advice-of-counsel defense and disclosing opinions of counsel do not constitute a waiver of the attorney-client privilege for communications with trial counsel. Furthermore, the assertion of advice of counsel as a defense against willful infringement does not implicate a waiver that extends to trial counsel’s work product, absent exceptional circumstances.

Under U.S. Patent Law, section 284 of the Patent Act allows a court to “increase the damages up to three times the amount found or assessed.” 35 U.S.C. § 284. Although the phrase “willful infringement” does not appear in the statute, courts have held that these enhanced damages under section 284 require a showing of willful infringement. In *Underwater Devices Inc. v. Morrison-Knudsen Co.*, the Federal Circuit stated, “Where . . . a potential infringer has actual notice of another’s patent rights, he has an affirmative duty to exercise due care to determine whether or not he is infringing. Such an affirmative duty includes, *inter alia*, the duty to seek and obtain competent legal advice from counsel *before* the initiation of any possible infringing activity.” 717 F.2d 1380 (Fed. Cir. 1983) (citations omitted). The Federal Circuit, however, has now changed this standard.

In *Seagate*, *Convolve, Inc.* and the Massachusetts Institute of Technology (collectively, “Convolve”) sued *Seagate*, alleging willful infringement of U.S. Patent

Nos. 4,916,635 (the ‘635 patent) and 5,638,267 (the ‘267 patent). Subsequently, U.S. Patent No. 6,314,473 (the ‘473 patent) issued, and Convolve amended the complaint to also assert infringement of the ‘473 patent.

Prior to the lawsuit, Seagate hired an attorney to provide an opinion concerning Convolve’s patents, and the attorney ultimately prepared three written opinions. Seagate received the first after the complaint was filed, an updated complaint, and a third opinion after the ‘473 patent issued. There was no dispute that Seagate’s opinion counsel operated separately and independently of trial counsel at all times.

Pursuant to the trial court’s scheduling order, Seagate notified Convolve of its intent to rely on the three opinion letters in defending against willful infringement. Convolve then moved to compel discovery of any communications and work product of Seagate’s other counsel, including Seagate’s trial counsel. The trial court concluded that by raising the opinion letters, Seagate waived the attorney-client privilege for all communications between it and any counsel, including its trial attorneys and in-house counsel, concerning the subject matter of the opinions, i.e., infringement, invalidity and enforceability. Despite Seagate’s providing the three opinion letters and making the attorney who prepared them available for deposition, Convolve sought production of trial counsel opinions relating to infringement, invalidity and enforceability of the patents. The trial court denied Seagate’s motion for a stay and certification of an interlocutory appeal as to this matter. Seagate therefore petitioned the Federal Circuit, which entered a stay and reviewed the case.

First, the Federal Circuit addressed the willfulness issue and compared willfulness under patent law to willfulness in other areas of law. The court stated that the duty of care announced in *Underwater Devices* set a lower threshold for willfulness than in other legal areas. Accordingly, the court overruled the standard set out in *Underwater Devices* and held that proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness. Thus, the Federal Circuit set out a two-step analysis: (1) to

establish willful infringement, “a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent”; and (2) “the patentee must also demonstrate that this objectively defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer.”

Second, the court addressed waiver-related issues associated with the attorney-client privilege and the work product privilege. The court noted that “opinion counsel serves to provide an objective assessment for making informed business decisions,” while “trial counsel focuses on litigation strategy and evaluates the most successful manner of presenting a case to a judicial decision maker.” “Because of the fundamental difference between these types of legal advice, this situation does not present the classic ‘sword and shield’ concerns typically mandating broad subject matter waiver. Therefore, fairness counsels against disclosing trial counsel’s communications on an entire subject matter in response to an accused infringer’s reliance on opinion counsel’s opinion letter to refute a willfulness allegation.” Additionally, the Federal Circuit noted that, in typical patent litigation, “willfulness will depend on an infringer’s prelitigation conduct.” Thus, “communications of trial counsel have little, if any, relevance warranting their disclosure, and this further supports generally shielding trial counsel from the waiver stemming from an advice of counsel defense to willfulness.”

In summary, the court concluded that to establish willful infringement, patentees must establish a higher threshold of objective recklessness by (1) showing clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent, and (2) demonstrating that this objectively defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer. Additionally, the court generalized that asserting the advice-of-counsel defense

and disclosing written opinions will not constitute a waiver of the attorney-client privilege or the work product privilege with respect to work associated with trial counsel.

Practice Tip: When considering bringing or defending allegations of willful infringement, the new standard for willful infringement should be considered. More specifically, proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness. Furthermore, there is not an affirmative obligation to obtain opinion of counsel for possible patent infringement to avoid a finding of willful patent infringement. Nonetheless, it is worth noting that legal opinions relating to non-infringement, unenforceability or invalidity may still be useful for shielding against claims of willful infringement. Furthermore, obtaining legal opinions to explore potential intellectual property barriers may be a prudent measure worth taking to reduce investment risks.

WEBPAGES NOW ACCEPTABLE SPECIMENS FOR GOODS

Historically, specimens of use have been reviewed by Trademark Examiners when filed in support of a trademark application. The Trademark Act deems a mark in use in commerce when “[the mark] is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods make such placement impracticable, then on documents associated with goods or their sale.”¹ The trademark rule defines acceptable specimens as follows: “A trademark specimen is a label, tag, or container for the goods, or a display associated with the goods.”²

Advertisements such as brochures, folders or mail order catalogs are not appropriate specimens for goods.³ Websites, including homepages or product pages, were formerly believed to constitute advertising materials and thus be improper specimens. In 2004, the Trademark Trial and Appeals Board found that many webpages provide means for ordering products and therefore constitute an adequate specimen of

use.⁴ Examiners nevertheless maintained their practice of rejecting webpages as improper specimens.

On July 27, 2004, Valenite Inc. filed for the mark VALPRO for tools: namely, power-operated metal cutting machines The company’s homepage was submitted as a specimen of use. On the company’s webpages, the mark VALPRO was situated in the middle of the page, away from pictures of the tools. The webpage also contained a link to an on-line catalog, a service support line, customer service contacts and a technical resource center. Valenite Inc. argued that customer service staff may take orders over the phone and that web surfers can go to a webpage where orders may be placed. On July 31, 2007 the Trademark Trial and Appeal Board reversed the Trademark Examiner and accepted the webpage at www.valenite.com as a suitable specimen of use.⁵ The Board affirmed that many goods and services are offered for sale on-line and that on-line sales make up a significant portion of trade. The Board concluded that “Applicant’s website provides the prospective purchaser with sufficient information that the customer can select a product and call customer service to confirm the correctness of the selection and place an order.” Homepages or other webpages are now acceptable specimens of use for goods so long as customers can ultimately place an on-line order after browsing.

¹ 15 U.S.C. § 1127.

² Trademark Rule 2.56(b)(1).

³ *Lands’ End Inc. v. Manbeck*, 797 F. Supp. 511 (E.D. Va. 1992).

⁴ *In re Dell, Inc.*, 71 U.S.P.Q.2d 1725 (TTAB 2004).

⁵ *In re Valenite Inc.*, Serial No. 76/482,852, July 31, 2007 (citable as a precedent).

CASE LAW REVIEW

U.S. SUPREME COURT

**COPIES OF COMPUTER SOFTWARE, MADE ABROAD
FROM A MASTER DISK SENT FROM THE UNITED STATES,
ARE NOT SUPPLIED FROM THE UNITED STATES FOR
INFRINGEMENT PURPOSES**

***Microsoft v. AT&T*
(U.S. Supreme Court 2007)**

Computers made in another country and loaded with operating system software copied abroad from a master disk supplied from the United States do not infringe under 35 U.S.C. § 271(f), according to the U.S. Supreme Court.

In general, under U.S. patent law, infringement does not occur when a patented product is made and sold in another country. However, 35 U.S.C. § 271(f) makes it an infringement to supply from the United States components of a patented invention in a manner that actively induces the combination of the components outside the United States in a way that would infringe on the patent if the combination occurred in the United States.

Microsoft admitted that sales in the United States of its Windows operating system infringed an AT&T patent on a speech processing computer. However, it challenged the Federal Circuit's ruling that its shipment of a master disk abroad, from which copies of the software were made and installed on foreign computers, was infringing under § 271(f). The Federal Circuit held that (1) the software can be a "component" of an invention, and (2) that software from the United States that is replicated and installed abroad is "supplied from the United States."

Software as a Component

The Supreme Court noted that software can be regarded in the abstract as instructions detached from a medium (e.g., a CD-ROM) or as a tangible copy of the instructions encoded on a medium. AT&T argued that the software could be a component of an invention

independent of a medium, while Microsoft argued that only a copy of software (e.g., instructions encoded on a medium) could be a component. The significance of the distinction, as explained by the Court, is that the copy analysis would mean that the software supplied abroad on the master disk is distinguishable from the copies installed on the foreign computers.

The Court focused on the statutory language addressing the supply of components abroad to induce the infringing combination outside the United States. The Court stated that, until expressed as a computer-readable copy, software remains uncombinable. Thus, abstract software code is an idea without a physical embodiment and therefore does not match § 271(f)'s categorization: components amenable to combination.

The Court explained that the Windows operating system abstracted from a tangible copy is information (i.e., a detailed set of instructions), and thus can be compared to a blueprint. A blueprint contains precise instructions for the construction and combination of the components of a patented device, but it is not itself a combinable component of that device.

The Court went on to state that the ease of encoding software onto a computer-readable medium makes no difference. It pointed out that many tools can easily and inexpensively generate the parts of a device, but the tools are not components of the device. The Court stated that Congress could have included information or instructions in § 271(f) concerning which components may be generated in addition to combinable components, but it did not.

Supply of Components from the United States

The Court also held that the foreign-made copies installed on the foreign computers were not supplied by Microsoft from the United States.

The Court agreed with Federal Circuit Judge Rader's dissenting opinion that supplying is an activity separate from any subsequent copying. The Court observed that the only true difference between software components and physical components of other patented inventions is that copies of software are easier to make and transport. The Court stated that nothing in § 271(f) renders ease

of copying a relevant factor in triggering liability for infringement.

The Court stated that the presumption against extraterritoriality resolves any doubt about infringement liability for the foreign copying of the software. The Court noted that the presumption is strongly against construing § 271(f) to encompass a physical copy of the software or the software's intangible code as a component. If interpreted otherwise, the Court stated, the software supplied from the United States included not only the exported copies, but also the duplicates made abroad. While this could be considered a loophole, the loophole should not be closed by the Judiciary but by Congress, the Court concluded.

Concurring and Dissenting Opinions

Justice Alito concurred but offered a different rationale. He pointed out that there can be no infringement under § 271(f) because nothing originating from the United States was combined with the computers. Justice Stevens dissented, siding with AT&T's abstract view of software, by which software is supplied independent of the media in which it is embodied.

Practice Tip: This decision reiterates that patents are a national right of exclusion that generally do not have extraterritorial rights. Under U.S. law, extraterritorial enforcement of a patent is a limited exception prohibiting acts by those within the United States. Non-U.S. patents may be required to enforce acts outside of the United States. Therefore, in order to maximize protection of inventions abroad, one or more foreign patent applications should be filed.

FEDERAL CIRCUIT

EMBODIMENT UNDER BROAD CLAIM CONSTRUCTION REQUIRES ENABLEMENT

***Liebel-Flarsheim Co. v. Medrad, Inc.* (Fed. Cir. 2007)**

A patent specification is required to enable one of ordinary skill in the art to practice the broadest claim of an invention, even though more explicitly covered embodiments are enabled in the specification, according to the Federal Circuit.

Liebel-Flarsheim owns patents for a front-loading fluid injector, for delivering a contrast agent to a patient, and a computer-controlled injector, where a motor advances and retracts a plunger in a syringe. The originally filed claims recited a pressure jacket in front of the syringe opening. During prosecution, the applicants deleted all references to a pressure jacket to bring Medrad's injector within the scope of the claims. The claims were subsequently allowed without a recitation of a pressure jacket.

Liebel-Flarsheim sued Medrad for infringement. The district court construed Liebel's claims to be limited to syringes with a pressure jacket, despite the absence of such a limitation in the claims. The Federal Circuit subsequently reversed the district court's claim construction. On remand, the district court applied a broader claim construction to find infringement. However, the district court concluded that the patents were invalid under 35 U.S.C. § 112, first paragraph (i.e., the enablement requirement) since the specification failed to describe and enable a jacketless injector.

The Federal Circuit affirmed the district court's decision. The Court noted that, although the jacketless injector is encompassed by the broader claim construction, the specification teaches away from a jacketless injector. The Court rejected Liebel's argument that the specification's enablement of one embodiment (e.g., an injector with a pressure jacket) is sufficient to satisfy the enablement requirement of the broad claim (e.g., a jacketless injector). The Court stated that Liebel's reliance on *Spectra-Physics*,

Inc. v. Coherent, Inc. for this proposition is misplaced. In that case, the claims were invalid because of failure to disclose the best known way to practice the invention (i.e., the best mode requirement under 35 U.S.C. § 112), even though the specification enabled practice of the claims. The Court noted that, in *Spectra-Physics*, the means not enabled in the specification of the patent were enabled in the specifications of other patents directed to the relevant technology. The Court stated that those disclosures permitted one skilled in the art to make and use the invention as broadly as it was claimed. However, in this case, the Court stated that the disclosure of an injector system with a pressure jacket does not permit one skilled in the art to make and use the invention as broadly as it was claimed (e.g., a jacketless injector).

The Court explained that the more relevant case is *AK Steel Corp. v. Sollace & Uginé*, where the patent disclosed several embodiments within the properly construed claim, but the specification only described how to make and use one embodiment. In *AK Steel*, the Court acknowledged that the specification need not describe how to make and use every embodiment of the invention where knowledge of the prior art and routine experimentation can fill the gaps. Thus, the Court stated, the relevant inquiry is whether one skilled in the art would have been able to make and use the embodiment alleged to be within the scope of the claims as of the patent's filing date.

The Court concluded that while the claims in this case read on an injector both with and without a pressure jacket, the specification lacks a reasonable enablement of that claim scope. The Court noted that the specification explicitly teaches away from an injector system having a disposable syringe without a pressure jacket. In addition, there was testimonial evidence that a jacketless injector could not have been produced at the time of filing.

Practice Tip: When filing a patent application, it is important to verify that the specification explicitly enables one of ordinary skill in the art to practice the broadest claim without undue experimentation.

**GOOD FAITH INTENT NOT A DEFENSE TO AN
INFERRED INTENT TO DECEIVE**

***Cargill Inc. v. Canbra Foods, Ltd.*
(Fed. Cir. 2007)**

An applicant's good faith belief that test results need not be disclosed did not outweigh an intent to deceive, inferred due to the high materiality of the undisclosed material, the Federal Circuit held, affirming a finding of patent unenforceability for inequitable conduct.

In affirming a district court decision, the Federal Circuit discounted the applicant's belief that published test results were immaterial because they were performed under unusual conditions. The Court stated that materiality is determined from the viewpoint of a reasonable Examiner, not from the subjective beliefs of the applicant. The Court noted that, because the Examiner repeatedly raised novelty issues to which the test results related, the applicant knew, or should have known, that the withheld information would be highly material to the Examiner in reviewing the application.

The Court stated that intent to deceive can be inferred from the high degree of materiality of the withheld material. In addition, the Court rejected Cargill's argument that the district court's finding of the applicant's good faith belief that disclosure was not required, negated the inferred intent to deceive. The Court stated that, while subjective good faith can support a defense to inequitable conduct, there is no such thing as a good faith intent to deceive. The Court stated that when an applicant knows, or should know, that information would be material to the examiner, but decides to withhold that information, good faith does not negate an intent to manipulate the evidence. The Court noted that self-serving manipulation of highly material evidence can hardly be called good faith.

Practice Tip: When prosecuting a patent application, all known information relating to patentability should be disclosed to the Patent Office. Not only does disclosure help prevent unenforceability due to inequitable conduct, the resulting issued patent is less susceptible to invalidity attacks.

**MEANS-PLUS-FUNCTION ELEMENT INDEFINITE
WITHOUT CORRESPONDING STRUCTURE**

***Biomedino, L.L.C. v. Waters Technology Corp.*
(Fed. Cir. 2007)**

A mean-plus-function claim must be supported by corresponding structure in the specification, not merely a bare statement that known methods can be used.

The district court found Biomedino's patent invalid as indefinite under 35 U.S.C. § 112, ¶ 2. The district court held that the claim limitation, "control means for automatically operating valving," was indefinite because the specification did not include any structure corresponding to the control means. The Court of Appeals for the Federal Circuit affirmed on appeal.

The specification disclosed that the invention "may be controlled automatically by known differential pressure, valving and control equipment." The Court held that this disclosure was insufficient. It held that a bare statement that known techniques or methods can be used does not disclose structure. The Court stated that to conclude otherwise would vitiate the language of the statute requiring corresponding structure, material or acts described in the specification. The Court also stated that the structure must be disclosed in the specification, even if one of skill in the art could implement a structure without such a disclosure.

Practice Tip: When including mean-plus-function claims in a patent application, it is important to verify that at least corresponding structure is disclosed in the specification for each means claimed.

**PATENT HELD UNENFORCEABLE DUE TO INEQUITABLE
CONDUCT FOR FAILURE TO DISCLOSE MATERIAL
REJECTIONS AND ALLOWANCES IN
RELATED APPLICATIONS**

***McKesson Information Solutions, Inc. v.
Bridge Medical, Inc.*
(Fed. Cir. 2007)**

The Court of Appeals for the Federal Circuit affirmed a district court holding that a patent was unenforceable due

to inequitable conduct. The Court held that McKesson failed to prove that the district court was clearly erroneous in finding inequitable conduct on behalf of the prosecuting attorney. The Court found three nondisclosures that were material to the prosecution of the patent, and the district court's conclusion that the nondisclosures did not result from mistakes or negligence supported its finding of inequitable conduct.

McKesson Information Solutions sued Bridge Medical in district court, alleging patent infringement of U.S. Patent No. 4,857,716 (the '716 patent). Bridge counterclaimed, asserting that the patent was unenforceable due to inequitable conduct of the prosecuting attorney. The district court held that the patent was unenforceable because the prosecuting attorney intentionally withheld three pieces of material information from the Patent Office. The material information included: (1) a prior art patent that had been brought to the attorney's attention by the examiner of a co-pending application, (2) rejection of claims in the same co-pending application, and (3) allowance of another co-pending application.

During prosecution of the '716 patent application, the prosecuting attorney simultaneously prosecuted two related applications: (U.S. Patent Application No. 06/862,149 (the '149 application) and U.S. Patent Application No. 07/078,195 (the '195 application). The prosecuting attorney failed to disclose a prior art reference (Baker) to the examiner of the '716 patent application, which was brought to his attention by the examiner of the '149 application.

The Baker reference described limitations that the prosecuting attorney used to differentiate the claims of the '716 patent from the prior art which was therefore a material reference. In addition, the prosecuting attorney canceled claims in the '149 application including those same limitations due to the Baker reference. The Court stated that, by canceling the claims when confronted with the Baker reference, the prosecuting attorney should have recognized that the Baker reference would also present a significant obstacle to the patentability of the '716 patent, and was thus a material reference. By not disclosing the material reference (i.e., the Baker

reference) to the examiner of the '716 patent, the district court inferred an intent to deceive. The district court held that the overwhelming circumstantial evidence, coupled with the lack of any credible explanation for not disclosing the Baker reference, supported the finding of inequitable conduct. The Court upheld the district court's finding, stating that the inference of intent to deceive was not clearly erroneous.

The prosecuting attorney also failed to disclose rejections of claims in the '149 application. The rejected claims in the '149 application included a combination of features that the prosecuting attorney argued were novel while prosecuting the '716 patent. The Court noted that a contrary decision of another examiner reviewing a substantially similar claim was material and should have been disclosed. The Court stated that, in rejecting claims of co-pending applications, a showing of substantial similarity is sufficient to prove materiality, but that the claims need not be substantially similar in order to be material. The Court upheld the district court's finding of materiality, stating that the finding was not clearly erroneous.

In addition, the prosecuting attorney failed to disclose an allowance of claims in the '195 application. Notably, the allowance of claims in the '195 application was made by the same examiner reviewing the '716 patent application. The Court stated that the appropriate test for materiality is whether a reasonable examiner would have considered the information important, not whether the information would conclusively decide the issue of patentability. The Court stated that the allowance gave rise to a conceivable double patenting rejection, and therefore should have been disclosed. Although the same examiner reviewed both applications, the Court stated that prosecuting attorneys should not assume that an examiner remembers every detail of every application. The Court upheld the district court's finding of materiality, stating that the finding was not clearly erroneous.

In dissent, Judge Newman stated that it is not clear and convincing evidence of deceptive intent that the prosecuting attorney did not inform the examiner of the examiner's grant of a related case a few months

earlier, which the prosecuting attorney had disclosed to the examiner as being related. Judge Newman also stated that it is not clear and convincing evidence of deceptive intent that the prosecuting attorney did not cite a reference that the prosecuting attorney had cited in the same related case, and that had been explicitly discussed with the same examiner in the related case. Judge Newman stated that, to avoid inequity resulting from litigation driven distortion of the complex procedures of patent prosecution, precedent firmly requires that the intent element of inequitable conduct must be established by clear and convincing evidence, which was not met in this case.

Practice Tip: When prosecuting a patent application, all material information must be disclosed to the Patent Office. Material information not only includes all known relevant prior art, but also includes rejections of substantially similar claims of related applications and allowances of claims of related applications.

VEDDER PRICE ADDS NEW ATTORNEYS TO INTELLECTUAL PROPERTY GROUP

Robert S. Rigg has joined Vedder Price as a Shareholder in the firm's Intellectual Property Group. Mr. Rigg concentrates his practice in all areas of intellectual property, including patent, trademark, copyright and trade secrets law, with a primary focus on patent infringement and related litigation. He is admitted to practice before the U.S. Patent and Trademark Office. Mr. Rigg has significant complex patent infringement litigation experience, appearing as lead counsel in numerous U.S. District Courts, the Court of Appeals for the Federal Circuit and the International Trade Commission. Mr. Rigg is also a member of the Trial Bar for the U.S. District Court for the Northern District of Illinois. As a Registered Patent Attorney, Mr. Rigg has drafted and prosecuted over 100 applications in the mechanical, medical device and financial business method arts. He also has experience in drafting and reviewing intellectual property agreements, including

license, assignment, confidentiality, joint venture and nondisclosure agreements. Mr. Rigg received his law degree, with distinction, from Valparaiso University School of Law in 1990 and his B.S. in Interdisciplinary Engineering in 1987 from Purdue University.

Jimmie K. Tolliver joined Vedder Price as an Associate in the Intellectual Property Group in 2007. Mr. Tolliver counsels clients in a variety of intellectual property matters, including the preparation and prosecution of patent, trademark and copyright applications. Mr. Tolliver also represents clients in intellectual property licensing and contractual matters.

Mr. Tolliver focuses his patent practice in the electrical arts. Mr. Tolliver worked for more than five years as an engineer in the wireless communications industry, gaining experience in various communication system technologies. While attending law school, he worked as a law clerk at an intellectual property firm based in the Detroit area, assisting in the preparation and prosecution of patent applications in the electrical arts. Mr. Tolliver received his law degree from the University of Detroit Mercy School of Law in 2006 and his B.S. in Electrical Engineering in 1998 from Western Michigan University.

VEDDER, PRICE, KAUFMAN & KAMMHOLZ, P.C.

IP Strategies is a periodic publication of Vedder, Price, Kaufman & Kammholz, P.C. and should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only, and you are urged to consult your lawyer concerning your specific situation and any legal questions you may have. For purposes of the New York State Bar Rules, this newsletter may be considered ATTORNEY ADVERTISING. Prior results do not guarantee a similar outcome.

We welcome your suggestions for future articles. Please call Angelo J. Bufalino, the Intellectual Property and Technology Practice Chair, at 312-609-7850 with suggested topics, as well as other suggestions or comments concerning materials in this newsletter.

Executive Editor: **Angelo J. Bufalino**. Contributing Authors: **Alain Villeneuve, William Renick Gaines II** and **Jimmie K. Tolliver**. © 2007 Vedder, Price, Kaufman & Kammholz, P.C. Reproduction of this newsletter is permitted only with credit to Vedder, Price, Kaufman & Kammholz, P.C. For additional copies or an electronic copy of this newsletter, please contact us at info@vedderprice.com.

About Vedder Price

Vedder Price is a national, full-service law firm with approximately 250 attorneys in Chicago, New York, Washington, D.C. and New Jersey.

Technology and Intellectual Property Group

Vedder, Price, Kaufman & Kammholz, P.C. offers its clients the benefits of a full-service patent, trademark and copyright law practice that is active in both domestic and foreign markets. Vedder Price's practice is directed not only at obtaining protection of intellectual property rights for its clients, but also at successfully enforcing such rights and defending its clients in the courts and before federal agencies, such as the Patent and Trademark Office and the International Trade Commission, when necessary.

We also have been principal counsel for both vendors and users of information technology products and services. Computer software development agreements, computer software licensing agreements, outsourcing (mainly of data management via specialized computer software tools, as well as help desk-type operations and networking operations), multimedia content acquisition agreements, security interests in intellectual property, distribution agreements and consulting agreements, creative business ventures and strategic alliances are all matters we handle regularly for our firm's client base.

Chicago

222 North LaSalle Street
Chicago, Illinois 60601
312-609-7500
Fax: 312-609-5005
Contact: Angelo J. Bufalino

New York

1633 Broadway, 47th Floor
New York, New York 10019
212-407-7700
Fax: 212-407-7799
Contact: Neal I. Korval

Washington, D.C.

875 15th Street, N.W., Suite 725
Washington, D.C. 20005
202-312-3320
Fax: 202-312-3322
Contact: Theresa M. Peyton

New Jersey

Five Becker Farm Road
Roseland, New Jersey 07068
973-597-1100
Fax: 973-597-9607
Contact: John E. Bradley

www.vedderprice.com