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SUPREME COURT UPDATES OBVIOUSNESS ANALYSIS

SUPREME COURT CLARIFIES THAT THE FEDERAL CIRCUIT'S TEACHING-MOTIVATION-SUGGESTION TEST IS NOT EXCLUSIVE

On April 30, 2007 the United States Supreme Court delivered its opinion in *KSR International Co. v. Teleflex Inc.*, 127 S.Ct 1727; 82 USPQ2d 1385 (2007). The Supreme Court found that the Federal Circuit's exclusive use of "teaching, motivation, or suggestion" (TSM) test to find obviousness, as applied in the case, was too rigid and inconsistent with 35 U.S.C. §103 precedent. While not replacing the TSM test, the Supreme Court held that the TSM test provided a useful insight, but that there is no single test to find obviousness. Instead, the finding of obviousness is more flexible and can be found using factors set forth in *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1. These factors include secondary considerations such as commercial success, unsolved needs, market factors, and other's failures to shine light to the circumstances surrounding the patented subject matter.

BACKGROUND

Teleflex owns U.S. Patent No. 6,237,565 ("the '565 patent"), which is drawn to a gas pedal/electronic sensor combination. Conventionally, pedal assemblies included both an adjustment apparatus and an electronic throttle control; such conventional pedal assemblies can be expensive, time consuming to assemble, and require a significant amount of packaging space. The '565 patent improved over these designs by providing a smaller, less complex, and less expensive electronic pedal assembly. At issue was claim 4, which is drawn to an adjustable pedal system with a fixed pivot point of a support, where an

electric modular sensor is attached to the fixed pivot.

Prior patents include U.S. Patent No. 5,010,782 (the "Asano patent"), which was not cited during prosecution and includes each element of claim 4 except for the use of an electronic controller. Specifically, the Asano patent presented a support structure where the pedal location can be adjusted and one of the pedal's pivot points stays fixed. The Asano patent was also designed such that the necessary force to depress the pedal is the same regardless of the pedal's positioning. However, other patents, such as U.S. Patent No. 5,460,061 ("the Redding patent") revealed a sliding mechanism where both the pivot point and the pedal are adjusted. In addition, U.S. Patent No. 5,241,936 ("the '936 patent") specifically disclosed an electronic sensor on a pivot on the pedal mechanism; and U.S. Patent No. 5,063,811 ("the Smith patent"), taught that the wires should be put on a fixed part of the pedal assembly to prevent chafing. Further, U.S. Patent No. 5,385,068 ("the '068 patent") disclosed a sensor that could be taken off the shelf and attached to any mechanical pedal to allow for computer-controlled functionality; and U.S. Patent No. 5,819,593 ("the Rixon patent") placed the sensor in the pedal footpad; however the Rixon patent was known for causing chafing when the pedal was depressed and released.

Moreover, there was evidence of a general market demand in the 1990's to install computers in cars to control engine operation, including electronic-controlled throttles such as using an off-the-shelf CTS 503 electronic control, which was evidence of a strong incentive to convert mechanical pedals to electronic pedals.

KSR began manufacturing an adjustable pedal assembly for use in GMC automobiles,

and obtained U.S. Patent No. 6,151,976 (the '976 patent) which is also drawn to an adjustable pedal system with cable-actuated throttles and an electric modular sensor. Upon learning of this assembly, Teleflex sued KSR for infringement of claim 4. KSR argued that it could not have infringed claim 4 because it was invalid under 35 U.S.C. §103 since the differences in the prior art and claim 4 would have been obvious to a person of ordinary skill in the art at the time of the invention.

The District Court, on reviewing the evidence of record, granted summary judgment of non-obviousness. Specifically, the District Court determined the level of ordinary skill in the art at the time of the invention based upon expert testimony, and found that the Asano patent suggested each element of claim 4 with the exception of the sensor, which the District Court found in numerous prior art references. The District Court also determined that the USPTO would have likely rejected claim 4 had the Asano patent been cited using a combination of Asano and Smith, since the broader version of claim 4 had already been rejected by the combination of Redding and Smith. The District Court lastly acknowledged the evidence of commercial success proffered by Teleflex, but found the evidence of secondary factors did not overcome the remaining evidence of obviousness. Thus, the District Court granted KSR's motion for summary judgment because the combination of electronic sensors and adjustable pedals was inevitable, the Rixon patent taught the basis for these developments, and the Smith patent provided a solution for the chafing problem.

In an unpublished opinion, the Federal Circuit reversed the district court's ruling and held it did not apply the TSM test strictly enough. Specifically, the Federal Circuit held that the nature of the problem to be solved did not satisfy the requirements because the prior art must reference the precise problem the patentee is trying to solve. The Federal Circuit also determined that summary judgment was incorrectly granted as there were still issues of material facts to be resolved.

QUESTION PRESENTED TO THE SUPREME COURT

KSR appealed the decision to the Supreme Court, and Certiorari was granted on the following question:

"Whether the Federal Circuit has erred in holding that a claimed invention cannot be held "obvious", and thus unpatentable under 35 U.S.C. § 103(a), in the absence of some proven "'teaching, suggestion, or motivation' that would have led a person of ordinary skill in the

art to combine the relevant prior art teachings in the manner claimed."

HOLDING OF THE SUPREME COURT

Under 35 U.S.C. §103 (a) a "patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." The Supreme Court reviewed the jurisprudence regarding 35 U.S.C. §103, and rejected the Federal Circuit's the implication that a rigid approach outlined in the TSM test was required in this case. The Supreme Court first noted that prior cases, such as *Graham*, have set forth a more flexible standard. These cases, including *Graham*, invited the courts to look at secondary considerations when determining obviousness.

The Supreme Court acknowledged that the TSM test captured a "helpful insight" in that mere demonstration that all the elements are known is insufficient to show obviousness. Specifically, the Supreme Court cautioned that "it can be important to identify a reason that would have prompted a person of ordinary skill in the art in the relevant field to combine the elements in the way the claimed new invention does." However, the Supreme Court held that this useful insight "need not become rigid and mandatory formulas," in which case the TSM test becomes inconsistent with established precedent.

In order to determine underlying principles of obviousness, the Supreme Court reviewed some of this precedent, including *United States v. Adams*, 383 U. S. 39 (1966) involving a "wet battery", which contained water, instead of acid conventionally used in batteries, and used electrodes from magnesium and cuprous chloride, rather than zinc and silver chloride. The "wet battery" was found to be non-obvious, even though the claimed structure was already in the prior art because the elements used produced an unexpected and successful result. The Court also pointed to *Anderson's Black Rock, Inc. v. Pavement Salvage Co.*, 396 U. S. 57 (1969), where two combined elements, a heat burner and a paving machine, resulted in a useful function, but added nothing new to the nature and quality of the already patented product. In that case, the Court held the invention was obvious under 35 U.S.C. §103. Lastly the Court mentioned *Sakraida v. AG Pro, Inc.*, 425 U. S. 273 (1976), which held that if the arrangement of old elements produced no more than what was expected, the combination of the elements was obvious. From

this, the Court determined that the principles of these cases reflect that the "[w]hen work is available in one field of endeavor, design incentives and other market forces can prompt variations on it." Any implementations of this predictable variation is merely obvious and not a patentable improvement since "a court must ask whether the improvement is more than the predictable use prior art elements according to their established functions." As such, the Supreme Court noted that obviousness is not governed by a specific and rigid test, such as the TSM test.

Further, the Supreme Court stated that teachings to the specific subject matter of the claim need not be present because the court can take into account the creativity of an ordinary person skilled in the art, and common sense. Regarding the teachings to the specific subject matter, it is important to point out that some fields do not publish a great deal of literature on obviousness of combinations, which can be used to determine specific teaching required under the TSM test. As such, the Supreme Court concluded that an obviousness analysis cannot be limited to a rigid formula and that innovation, rather than the result of pure market demand, is what patent law seeks to protect. Consequently, the Court held that the Federal Circuit erred in applying such a strict test for obviousness.

The Supreme Court also noted that that obviousness needs not to be resolved based upon the problem the *patentee* was trying to resolve. Instead, the Supreme Court held any problem in the field at the time of the invention can provide reasons for combining known elements to make the claimed combination. Thus, the reasons for making a combination are not dependent on the precise problem the patentee was trying to resolve in making the claimed invention. Thus, the Federal Circuit had erred in limiting the type of problem that needed to be resolved by the District Court on remand.

The Supreme Court also determined that the Federal Circuit erred in assuming a person of ordinary skill in the art, in trying to resolve a specific problem, will only use the prior art designed to solve that specific problem. Instead, the Supreme Court held that sometimes common sense teaches that "familiar items may have obvious uses beyond their primary purposes" and persons of ordinary skill in the art could then "fit the teachings of the multiple patents together like pieces of a puzzle."

Additionally, the Supreme Court held some combinations are "obvious to try", and when the market drives the solution of a problem that has anticipated success, it is likely that the solution was the product of common sense and not of innovation. Consequently, combinations shown to be "obvious to try" based upon

market forces and common sense may indicate that the claimed invention was obvious under 35 U.S.C. §103.

While the Supreme Court concluded that common sense and market forces can provide evidence of obviousness, the "factfinder must be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning."

In applying the principles set forth to claim 4, the Supreme Court agreed with the District Court's opinion that the '565 patent had little differences from the Asano and Smith patents. There was evidence that the marketplace provided a strong incentive to make some form of combination of the adjustable pedal and sensor, there was evidence that the sensor needed to be on a non-moving location such as the pivot point, and there were few other places on the adjustable pedals which are non-moving. The Supreme Court also determined that both the District Court and the Federal Circuit considered the issue of obviousness to a person in the skilled art too narrowly and that the true inquiry asks "whether a pedal designer of ordinary skill, facing the wide range of needs created by developments in the field of endeavor, would have seen a benefit to upgrading Asano with a sensor." The Supreme Court also pointed to the prior art and the District Court's finding and concluded that it would have been obvious to an ordinary person skilled in the art to place the sensor in the pivot point; consequently, it found claim 4 to be obvious and invalid under §103.

On the issue of the propriety of resolving the case on summary judgment, the Supreme Court rejected the Federal Circuit's finding that issues of material facts remained. Instead, the Supreme Court found that the District Court properly granted summary judgment since District Courts can resolve facts in conflicting expert opinions for purposes of summary judgments. However, obviousness is a question of law and nothing presented by Teleflex prevented the District Court from reaching a summary judgment verdict in favor of KSR. Accordingly, the Court reversed the Federal Circuit's holding and remanded the case.

Lastly, the Supreme Court noted that there was evidence arguing against the combination due to the complexity of the Asano patent. However, the Supreme Court did not resolve this issue since it was not properly raised and cannot be raised on appeal.

RAMIFICATIONS FOR PATENT OWNERS

While the Supreme Court rejected the Federal Circuit's approach in the context of the specific facts of *KSR*, it is important to recognize that the Supreme Court did not

remove an important aspect of obviousness jurisprudence: the need for evidence. In *KSR*, the Supreme Court outlined a number of existing theories on how obviousness can be shown without a specific teaching in the prior art: obviousness to try, common sense. However, the Supreme Court, in addition to validating these existing approaches, also reminds that these other theories need evidence to support the conclusion of obvious to try and common sense. This requirement is consistent with existing United States Patent and Trademark Office procedures, and in that sense does not represent any change in the law. *E.g.*, MPEP 2144.02 (“when an examiner relies on a scientific theory, evidentiary support for the existence and meaning of that theory must be provided.”); and MPEP 2144.03 (“Official notice unsupported by documentary

evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known” and “Ordinarily, there must be some form of evidence in the record to support an assertion of common knowledge.”) Further, the Federal Circuit has been quick to emphasize that their holding in *KSR*, which was an unpublished opinion, did not reflect the true breadth of the obviousness test as applied by the Federal Circuit. Therefore, while litigants may expect to see a greater emphasis on expert testimony in order to use, in the alternative, one of these theories other than the TSM test, it remains to be seen just how successful these challenges will be in all but the most marginal of inventions.

THE SUPREME COURT CLARIFIES DEFINITION OF "COMPONENT" UNDER 35 U.S.C. §271(F) AS APPLIES TO SOFTWARE

SUPREME COURT HOLDS EXPORTED SOFTWARE COPIED ABROAD AND INSTALLED IN COMPUTER DOES NOT INFRINGE APPARATUS CLAIMS

On April 30, 2007, the United States Supreme Court issued its decision in *Microsoft Corp. v. AT&T Corp.*, 127 S. Ct. 1746; 82 USPQ2d 1400 (2007), which reversed the Federal Circuit’s decision and found that liability under 35 U.S.C. §271(f) does not extend to copies of software made abroad and installed in foreign computers.

BACKGROUND

AT&T holds a U.S. Patent No. 32,580 (“the ‘580 patent”) for an apparatus that digitally encodes and compresses recorded speech. Microsoft’s operating system has the potential to infringe AT&T’s patent because its software, once installed, enables a computer to process speech in the same manner as the ‘580 patent. Consequently, both parties concede that Microsoft’s installation of Windows in its computers during software development, as well as Microsoft’s licensing of Windows copies to manufacturers of computers that are sold in the United States constitute infringement of the AT&T patent.

Microsoft however, denies liability for copies of Windows made from the master disk or electronic transmission it dispatches to foreign manufacturers. Specifically, the master disk was sent to foreign manufacturers, who then made copies, and the copies are installed on the computers. There was no evidence

that the master disk itself was installed in a computer instead of merely being shipped.

AT&T argued that Microsoft is liable because Microsoft supplied components of the AT&T patent from the United States to foreign manufacturers for combination abroad. Microsoft responded that an intangible software on a medium cannot be a “component” of an invention under 35 U.S.C. §271(f), and that the foreign copies of the software copied from the supplied medium were not, themselves, supplied from the United States. The District Court rejected Microsoft’s responses and held it liable under 35 U.S.C. §271(f).

On appeal the Court of Appeals for the Federal Circuit affirmed and determined that for software components copying is included in supplying. The Federal Circuit also emphasized that a master sent abroad is identical to its copies, which are easily and inexpensively generated. Consequently, sending a master disk with the intent that it be replicated results in liability under 35 U.S.C. §271(f).

QUESTION PRESENTED TO THE SUPREME COURT

Subsequent to the Federal Circuit decision, the Supreme Court granted a writ of certiorari on the following issue:

Does a liability extend under 35 U.S.C §271(f) when computers made in another country are loaded with software copied abroad from a master disk or electronic transmission dispatched from the United States?

The Supreme Court granted certiorari to determine whether 35 U.S.C. §271(f) applies to computer software sent from the United States to a foreign manufacturer on a master disk or electronic transmission, which is then copied abroad and installed on computers made and sold abroad.

HOLDING OF THE SUPREME COURT

The general rule of patent law is that no infringement occurs of a U.S. Patent when a patented product is made and sold in another country. However, the exception of this rule is provided for in 35 U.S.C. §271(f), which allows a claim of infringement of a U.S. Patent where the components of a patented invention are combined outside of the United States in a manner that would infringe the patent if combined in the United States, and the component is shipped from the United States. Infringement can be determined under one of the two provisions of 35 U.S.C. §271(f) as follows:

(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 if such combination occurred within the United States, shall be liable as an infringer.

(2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

The Supreme Court held that no liability attaches under 35 U.S.C. §271(f) to software exported from the United States, but is then copied abroad and the copies are installed in foreign made and sold computers. The Supreme Court reasoned that, because software in its abstract form is not considered a component of the patented invention, and the copies of the software were not supplied from the United States.

The Court referred to *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972), and pointed to legislative materials to indicate that 35 U.S.C. §271(f) was enacted as a result of the Court's decision in *Deepsouth*. In that case, the Court agreed that nothing in United States patent law precluded Deepsouth from making parts of a de-veining machine in the United States and selling such parts to foreign buyers to assemble and use abroad. The Court refused to declare the manufacture and sale of parts for assembly abroad as infringement absent a "clear congressional indication of intent". As a result, Congress expanded its definition of infringement from "mak[ing], us[ing] or sell[ing] any patented invention, within the United States . . .", 35 U.S.C. §271(a), to include the supply from the United States of any component of a patented invention that "induce[d] the combination of such components outside the of United States in a manner that would infringe the patent if such combination occurred in the United States . . ." 35 U.S.C. §271(f).

Regarding whether software qualifies as a "component" of a patented invention under 35 U.S.C. §271(f), two different views can be applied. Software may be characterized as "in the abstract", meaning that the set of instructions that directs the computer to perform different tasks is detached from a medium. In the alternative, software may be characterized as a tangible copy because such instructions are encoded in a medium. To be functional, software must be converted from "source code", which is the form understood by humans, to "object code", a machine usable version. Consequently, the Supreme Court held that until Windows is expressed in a computer-readable copy, the software remains uncombinable because it cannot be executed by a computer. The Supreme Court also pointed out that abstract source resembles a blue print in that it contains instructions for how to build a structure, but is not a combinable component of the invention. As such, software in the abstract is not a component as defined under 35 U.S.C. §271(f) since mere supplying of plans to build a machine is not an infringing act for this section.

The next question the Court focused on referred to whether Microsoft supplied components of the computers involved from the United States. The Supreme Court agreed with Judge Rader's dissent from the Federal Circuit in that supplying does not equate to copying, and that nothing in 35 U.S.C. §271(f) renders the ease of copying a factor in deciding whether there is liability for infringement. Also, the Court emphasized that the copies of Windows that were installed on the foreign computers were not themselves supplied from the United States. Consequently, the Supreme Court

determined that absent legislative intent to include copying as "supplying from the United States", the foreign copies of Windows were not supplied from the United States and do not trigger liability under 35 U.S.C. §271(f).

The Supreme Court concluded by emphasizing the presumption against extraterritoriality in that United States law does not govern all foreign affairs, particularly regarding patent law. Although AT&T pointed to the "loophole" for avoiding liability for infringement by copying software abroad, the Supreme Court determined that such "loophole" was best resolved by legislative judgment as was the gap revealed in the *Deepsouth* decision. Congress did not address any other gaps in patent law when it enacted §271(f) although it could have easily determined that supplying information or instructions from the United

States to make duplicates abroad would result in infringement.

SIGNIFICANCE TO PATENT OWNERS

While seemingly of limited applicability, the *Microsoft* case highlights the importance of ensuring that, where software is involved, the claims should be independent of the apparatus in which the invention is installed. This means that applicants need to ensure that claims to software are presented in addition to method and apparatus claims. The very reason AT&T was forced to use 35 U.S.C. §271(f) was that the claims were to the apparatus with the software as opposed to the disk with the software installed. In this way, there is direct infringement through mere possession or export of the disk with the software and is not reliant on whether the disk is directly installed in a computer or is instead merely copied prior to installation.

FEDERAL CIRCUIT FINDS THAT STATEMENTS IN SPECIFICATION COMBINED WITH TESTIMONIAL EVIDENCE SUPPORT HOLDING OF INVALIDITY FOR LACK OF ENABLEMENT OF FULL SCOPE OF PROPERLY CONSTRUED CLAIMS

In *Liebel-Flarsheim Co. v. Medrad, Inc.*, 82 USPQ2d 1113 (Fed. Cir. 2007), Liebel-Flarsheim Company and its parent Mallinckrodt, Inc. ("Liebel") sued Medrad, Inc., for infringing claims 10, 11, 13, and 16-19 of Liebel's U.S. Patent No. 5,456,669 (the "'669 patent"), and claims 1, 8, 9, 11-13, 15, 16, 18, 22, 27, 28, 30-33, and 34-37 of Liebel's U.S. Patent No. 5,658,261 (the "'261 patent"). While Liebel also sued Medrad for infringing certain claims of Liebel's U.S. Patent Nos. 5,662,612 and 5,928,197, these patents are not at issue on appeal.

The '669 and '261 patents are directed to a front-loading fluid injector system with a replaceable syringe capable of withstanding high pressures for delivering a contrast agent to a patient. In a previous appeal to the Federal Circuit (*Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 69 USPQ2d 1801 (Fed. Cir. 2004)), the Federal Circuit reversed the determination of the United States District Court for the Southern District of Ohio that the asserted claims of the '669 and '261 patents require a pressure jacket. Based on that determination, the district court had granted Medrad's motion for summary judgment of noninfringement because Medrad's accused devices do not contain a pressure jacket.

On remand, and in light of the Federal Circuit's determination that the asserted claims of Liebel's patents do not require a pressure jacket, the district court determined that Medrad's accused devices did infringe the claims of Liebel's patents, but granted Medrad's motion for summary judgment that the claims of Liebel's patents were invalid for lack of compliance with the written description and enablement requirements of 35 USC §112, first paragraph. Liebel appealed.

On appeal, the Federal Circuit noted that, in light of its previous determination that the claims do not require a pressure jacket, the full scope of Liebel's claims includes injector systems both with and without a pressure jacket. The court held that this full scope must be enabled, and found that the district court had correctly determined that it was not enabled.

Specifically, the Federal Circuit noted that the specifications of the '669 and '261 patents do not describe an injector system with a disposable syringe without a pressure jacket, and actually teach away from such an invention by stating that a disposable syringe without a pressure jacket is "impractical." The court held that where the specification teaches against a

purported aspect of an invention, such a teaching "is itself evidence that at least a significant amount of experimentation would have been necessary to practice the claimed invention," relying on *AK Steel Corp. v. Sollac & Ugine*, 344 F.3d 1234, (Fed. Cir. 2003).

The Federal Circuit also noted that the specifications of the '669 and '261 patents do not provide any guidance or suggestion of how to make or use a disposable syringe for high pressure use without a jacket; that all of the figures in the patents show a pressure jacket; and that all the discussion of the figures in the specifications refer to the pressure jacket. Furthermore, the court noted that the testimony presented during the trial in the district court supports a conclusion that no genuine issue of material fact exists as to whether undue experimentation would have been required to make and use an injector system with a disposable syringe without a pressure jacket. The inventors admitted that they tried unsuccessfully to make such an injector system. They admitted that more experimentation and testing would have been required to make such an injector system, and that they decided not to proceed with such an approach because it was "too risky." The court noted that the district court had relied on statements by the inventors that testing of a syringe without a pressure jacket had been unsuccessful, and that they were unaware of any other similar testing being conducted at that time. Nothing in the record indicated that a prototype of an injector system with a disposable syringe without a pressure jacket had been made such that there was no evidence that the claims were supported for the syringe without the jacket.

Liebel argued that its position was supported by language in *Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 3 USPQ2d 1737 (Fed. Cir. 1987), that states that if an invention pertains to an art where the results are predictable, such as in the mechanical arts, then disclosure of a single embodiment can enable a broad claim. Liebel argued that because the specifications of the '669 and '261 patents enable one mode of making and using the invention in its preferred embodiment, namely, an injector system with a pressure jacket, the enablement requirement is satisfied and the enquiry should end there, relying on *Engle Indus., Inc. v. Lockformer Co.*, 946 F.2d 1528, 20 USPQ2d 1300 (Fed. Cir. 1991).

The Federal Circuit disagreed. Specifically, the Federal Circuit distinguished *Spectra-Physics* since, in *Spectra-Physics*, the specification disclosed various attachment means for making the claimed invention, but failed to disclose the best attachment means known to the inventors. As such, the claims in *Spectra-Physics* were

held to be invalid for failure to comply with the best mode requirement of 35 USC 112, first paragraph, even though the specification enabled the practice of the claims. However, the court in *Spectra-Physics* did note that the best attachment means known to the inventors was disclosed in other patents, and thus the failure of the specification to disclose that attachment means was "not fatal to enablement under § 112." The Liebel court noted that in *Spectra-Physics*, the disclosure of one attachment means permitted one skilled in the art to make and use the invention as broadly as it was claimed, which included other attachment means known to one of ordinary skill in the art. In contrast, the court noted that the disclosure in Liebel's specifications 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, including without a pressure jacket.

According to the Federal Circuit, the facts are more analogous to *AK Steel* than to *Spectra-Physics*. In *AK Steel*, the patentee argued, as does Liebel, that the patent disclosed several embodiments within the properly construed claim, and that the specification need not teach the full claimed scope in order for the claims to be enabled. The claims in *AK Steel* read on steel strips with either a Type 1 or Type 2 aluminum coating, but the specification clearly described only Type 2 aluminum coating. The *AK Steel* court stated that "as part of the *quid pro quo* of the patent bargain, the applicant's specification must enable one of ordinary skill in the art to practice the full scope of the claimed invention." The *AK Steel* court explained that the specification need not necessarily describe how to make and use every embodiment of the invention "because the artisan's knowledge of the prior art and routine experimentation can often fill in the gaps." However, because the full scope of the claims included both Type 1 and Type 2 aluminum coating, the relevant inquiry became whether one skilled in the art would have been able to make and use a steel strip containing a Type 1 aluminum coating at the time of the patent's effective filing date. The *AK Steel* court held that the specification taught against using a Type 1 aluminum coating, and therefore the claims were invalid for lack of enablement.

Similarly, in the instant case, the Federal Circuit held that the asserted claims read on, and the full scope of the claimed invention includes, an injector system with and without a pressure jacket, and that there must be "reasonable enablement of the scope of the range" (*AK Steel*). As such, the claims need to be enabled for both injector systems with and without a pressure jacket. The Federal Circuit concluded that the statements in

Liebel's specifications teaching away from an injector system with a disposable syringe without a pressure jacket, combined with the testimonial evidence presented during trial that such an injector system could not have been produced at the time of Liebel's applications were filed, supports the district court's conclusion that Liebel's specifications do not comply with the enablement requirement of 35 USC 112, first paragraph. The court noted that since it had resolved the appeal on the enablement ground of the holding of invalidity, it did not need to consider the written description ground of the holding of invalidity.

SIGNIFICANCE TO PATENT APPLICANTS

In *Liebel-Flarsheim*, Liebel's statement in the

FEDERAL CIRCUIT DEFINES TERMS NARROWLY IN VIEW OF LIMITED DESCRIPTION AND BROADLY USING THE DOCTRINE OF CLAIM DIFFERENTIATION

On April 18, 2007, the Court of Appeals for the Federal Circuit handed down an opinion reaffirming the importance of broad language in patent specifications. In *Intamin Ltd. v. Magnetic Technologies Corp.*, the court vacated a summary judgment by the district court. The court held first that narrowing language in the specification did not have a negative effect on the broader claims with respect to one limitation, and second that the lack of intrinsic evidence supported the district court's reliance on plain meaning with respect to another limitation.

Intamin and Magnetar Technologies (Magnetar) both manufacture braking systems for amusement park rides, such as roller coasters. The braking systems at issue in the present case involved an array of magnets arranged along the rails of the roller coaster. When working in concert with a conducting rail, the magnets act as a brake on a passenger car riding along the rails. Magnetar manufactured a magnetic braking system called "Soft Stop". In Magnetar's Soft Stop system, a "Halbach array" of magnets is arranged along the rails. Each magnet in the array has a polarity rotated 90 degrees from the previous magnet. The magnets are arranged one after the other, with nothing substantial in between.

Intamin sued Magnetar, alleging that the Soft Stop brakes infringed U.S. Patent No. 6,062,350 (the '350 patent). Intamin alleged infringement of claim 1 of the '350 patent, which claims:

A braking device for use with an amusement apparatus having a fixed device part, at least one running rail secured to the fixed device part, and a

specifications that a disposable syringe without a pressure jacket is "impractical" was fatal to its subsequent attempt to interpret its claims as covering Medrad's accused devices that did not include a pressure jacket. While it is arguable that the same result may have been reached even if Liebel specifications had not included such a statement, the inclusion of the statement sealed Liebel's fate. Thus, it is best never to make any statements definitively stating that a feature is impractical, not desirable, or otherwise not suitable for the invention being disclosed to avoid a later interpretation that such statements teach away from an alleged infringer's accused device and thus limit the potential true scope of the claimed invention.

movable device part including at least one traveling gear configured for movement along the at least one running rail, the braking device comprising:

- an eddy current brake assembly including:
 - a conducting part having at least one conductive rail configured for attachment to the fixed device part, said at least one conductive rail being adapted to extend the length of the fixed device part;
 - an energizing portion having at least one yoke aligned in correspondence with each said at least one conductive rails, each said yokes including a pair of yoke arms for receiving said at least one conductive rail therebetween; at least one pair of carrying rails extending a predetermined distance along the direction of said at least one conductive rail, each said carrying rails being mounted on corresponding yoke arms of said plurality of yokes;
 - a plurality of magnet elements mounted on each of said carrying rails with alternating polarities, said plurality of magnet elements being further arranged such that the poles of magnet elements mounted on one carrying rail have opposite polarities from the poles of magnet elements mounted on a corresponding carrying rail of said at least one pair of carrying rails; and
 - an intermediary disposed between adjacent pairs of said plurality of magnet elements;
- wherein:

an interferric gap is defined between each said yoke arms and the at least one conductive rail, and movement of the movable device part, relative in the fixed device part, induces eddy currents that create a magnetic brake force between said conducting part and said energizing part.

The limitations at issue on appeal were the "intermediary disposed between adjacent pairs of said plurality of magnet elements" and the "conductive rail being adapted to extend the length of the fixed device part".

The district court granted Magnetar's motion for summary judgment of non-infringement. In interpreting the limitations of claim 1, the court held that the Soft Stop brakes did not include an "intermediary" and did not have a conductive rail "extending the length of the fixed device part". Intamin appealed. The Federal Circuit vacated the summary judgment ruling, affirming the district court's interpretation of the "conductive rail" limitation but reversing the interpretation of the "intermediary".

THE INTERMEDIARY LIMITATION

The district court, in granting Magnetar's motion for summary judgment, held that the "intermediary" could not be a magnet. The district court relied on a description in the specification of an embodiment having a non-magnetic intermediary. The Federal Circuit reversed.

The Federal Circuit based its decision on the doctrine of claim differentiation. Under the doctrine of claim differentiation, each claim in the specification should be interpreted so as to have a different meaning. In the '350 patent, claim 2, which depended on claim 1, defined the intermediary as being non-magnetic. Applying the doctrine of claim differentiation, the Federal Circuit concluded that claim 1 should be interpreted as having a broader scope, encompassing magnetic intermediaries.

The Federal Circuit disagreed with the district court's reliance on the narrow embodiment disclosed in the specification. The narrow disclosure in the specification did not foreclose the possibility of a broader claim, since the specification disclosed only one possible embodiment of the invention. Although this particular embodiment had a non-magnetic intermediary, the context of the patent as a whole contained no disavowal of the possibility of magnetic intermediaries. Absent such a disavowal, the claims should be interpreted broadly.

The Federal Circuit punted on another remaining issue, whether the particular arrangement of magnets in Magnetar's Soft Stop brakes was an intermediary. According to the claim, the intermediary is between two magnets having "alternate polarities". Intamin argued that the magnets had to have opposite polarity, or magnets having a polarity rotated 180°. Magnetar argued that the magnets merely had to have a different polarity. The adjacent magnets in the Soft Stop brakes have a polarity rotated 90° with respect to one another. Under Intamin's interpretation, two magnets in the Soft Stop brakes having a polarity rotated 180° with respect to one another would be separated by an intermediary magnet, albeit with a different interpretation. Under Magnetar's interpretation, the Soft Stop brakes have no intermediary, since two magnets with alternating (different) polarity abut each other with nothing in between. The district court, however, did not reach this issue. The Federal Circuit remanded to the district court to provide the court with an opportunity to resolve the disputed interpretation.

LENGTH LIMITATION

In contrast to the district court's interpretation of the "intermediary" limitation, the Federal Circuit upheld the district court's interpretation of the term "length" as applied to "at least one conductive rail being adapted to extend the length of the fixed device part". The Federal Circuit held that the district court properly used extrinsic evidence to interpret the term "length"; in this case, the plain meaning of the word "length".

According to the district court, the plain meaning of the word "length" was the full length of the fixed device part. The conductive rail had to run the entire length of the track it was attached to. The Federal Circuit agreed. Although intrinsic evidence (evidence found in the specification or prosecution history) is favored over extrinsic evidence (everything else), no intrinsic evidence in the '350 patent contradicted the plain meaning of the term.

Intamin argued that the term "length" should be interpreted to mean the orientation of the conductive rail with respect to the fixed part. However, the Federal Circuit, like the district court, found no intrinsic evidence to support this argument. Indeed, the intrinsic evidence in fact appeared to bolster the plain meaning. The use of the word "extend" appeared to indicate that the conductive rail extended from one end of the fixed device part to the other. And, when the specification referred to an orientation as opposed to a distance, the specification used different language, such as "along drop directions". In the absence of intrinsic evidence to

the contrary, the district court was free to use the plain meaning of the term "length". The Federal Circuit accordingly upheld the district court's interpretation of the "length" limitation.

RULE 11(B) PRE-FILING INVESTIGATIONS

Finally, the Federal Circuit upheld the district court's denial of Magnetar's motion for sanctions under Rule 11(b). Magnetar alleged that Intamin had failed to make a good faith investigation of the Soft Stop brakes prior to bringing the suit. The district court disagreed and the Federal Circuit affirmed.

A patent owner must conduct a "reasonable and competent" inquiry prior to bringing an infringement suit. Magnetar alleged that Intamin had failed to perform such an inquiry because Intamin had not opened up the casing on the magnets in the Soft Stop brake system to determine whether the magnets were arranged in an infringing manner. The Federal Circuit refused to require such an intensive investigation. Patentees, the Federal Circuit held, do not need to conduct a thorough investigation of the potentially infringing product, especially where, as in the instant case, such an investigation would present "unreasonable

obstacles" (cutting open a metal case to examine the magnets inside.) Instead, Intamin properly reviewed roller coasters having the Soft Stop system installed, examined publicly available materials on the Soft Stop system, photographed the brakes, and consulted with experts. These efforts were enough to qualify as a good faith investigation, given the unreasonable obstacles to a physical investigation.

IMPACT ON PATENT PROSECUTION

The *Intamin* case highlights the importance of a good specification. A narrow limitation does not necessarily spell doom for a patent infringement suit, though where a narrow example is given in the specification, care should be taken to ensure that the narrow limitation is not so prevalent as to imply a disavowal of broader terms. Reasonable alternative interpretations of a claim term having multiple well-known meanings should also be included in the specification. "Length", for example, has two well-known meanings, one for distance, another for orientation. Intamin lost on the interpretation of that term largely due to its failure to broadly define the term in the specification. As the *Intamin* case indicates, a broad specification leads to broad claim interpretation and fewer problems in litigation.

FEDERAL CIRCUIT FINDS INEQUITABLE CONDUCT FOR NOT DISCLOSING MATERIAL PRIOR ART IN RELATED APPLICATION

In *McKesson Information Solutions v. Bridge Medical, Inc.*, Civ. Case No. 2006-1517; 2007 U.S. App. LEXIS 11606 (Fed. Cir. May 18, 2007), plaintiff McKesson owned U.S. Patent No. 4,857,716 ("the '716 patent"). The '716 patent provides "a patient identification system for relating items with patients and ensuring that an identified item corresponds to an identified patient." To achieve this patient identification system, the '716 patent discloses a three node approach to communications ("the three node limitation") including (1) a handheld patient terminal in the form of a set of bar codes associated with a given patient such that one bar code from the set is physically attached to the patient and the other bar codes are physically attached to, for example, the patient's medications, (2) a portable handheld bar code reader wirelessly connected to a base station unit (typically located in the patient's room), and (3) a system computer capable of processing and storing patient data. Additionally, the patient identification system discloses a programmable unique identifier ("the programmable unique identifier limitation") that "only allows communication with a

portable handheld patient terminal...having a corresponding program identifier," to prevent one handheld patient terminal from communicating with the wrong base station unit.

The District Court found the '716 patent unenforceable due to inequitable conduct performed by prosecuting attorney Schumann ("Schumann"). Specifically, the District Court relied on McKesson's nondisclosure of three items of information during prosecution of the '716 patent in a setting where the applicant had co-pending applications. Two of these three items related to U.S. Patent No. 4,950,009 ("the '009 patent") based on U.S. Patent Application No. 06/862,149 ("the '149 application"), and thus were not directly related to the '716 patent. The third item related to U.S. Patent Application No. 4,835,372 ("the '372 patent") based on U.S. Patent Application No. 07/078,195 ("the '195 application"), which was a continuation of the '716 patent.

BACKGROUND OF THE RELATED CASES

THE '716 PATENT

The '716 patent, based on U.S. Patent Application No. 06/862,278 ("the '278 application") is a continuation of application Ser. No. 862,278, filed May 12, 1986, which is a continuation-in-part of Ser. No. 757,277 filed July 19, 1985. On August 12, 1986, Schumann informed Examiner Trafton, the Examiner assigned to handle prosecution of the '716 patent, that Schumann was also prosecuting the '149 application. On April 6, 1987, Examiner Trafton rejected the claims of the '278 application. On October 6, 1987, Schumann argued that "none of the references teach the three node approach to communications as provided in the claimed invention," submitted amended claim 1, which recited the three-node limitation, and submitted amended claim 6, which depended on claim 1 and recited the programmable unique identifier limitation.

On December 8, 1987, Examiner Trafton rejected claim 1 and objected to claim 6 but noted that claim 6 would be allowable if rewritten in independent form. On June 8, 1988, Schumann abandoned the '278 application and filed a continuation application (Application No. 07/205,527) with the only independent claim rewritten to incorporate both the three-node limitation and the programmable unique identifier limitation as recited by claim 6.

On February 27, 1989, Examiner Trafton allowed the claims of the '527 application. On August 15, 1989, the '716 patent issued.

THE '009 PATENT

During the same time period that the '716 patent was being prosecuted, Schumann was simultaneously prosecuting the '009 patent based on the '149 application. The invention of the '009 patent was sufficiently similar to the '716 patent that Schumann initially disclosed the same 38 references of prior art for both applications.

On February 26, 1987, Examiner Lev, the Examiner assigned to handle prosecution of the '149 application, rejected independent claim 15 and dependent claim 16 of the '149 application under §103 in view of Blum and Pejas. Examiner Trafton was aware of the Blum and Pejas references. However, Schumann did not inform Examiner Trafton of Examiner Lev's February 26, 1987 rejection of the '149 application.

On August 26, 1987, Schumann amended claims in the '149 application to incorporate "real-time data communication" features. Schumann also added new claims 19-24, which collectively recited both the three-

node limitation and the programmable unique identifier limitation.

On October 23, 1987, seventeen days after Schumann had argued to Examiner Trafton during the prosecution of the '278 application that "none of the references teach the three node approach to communications as provided in the claimed invention," Schumann alerted Examiner Lev to the Baker reference, which taught both the three node communication limitation and the programmable unique identifier limitation. Examiner Lev suggested that Schumann should cancel the newly added claims 19-24. Schumann refused to cancel the claims, and did not tell Examiner Trafton about the Baker reference.

On December 1, 1987, Examiner Lev rejected all the pending claims in the '149 application under §§102 and 103 in view of several references, including Blum and Pejas, and Baker. On June 17, 1988, Schumann amended claim 15 to encompass only handheld terminals capable of initiating communication themselves to distinguish over the references cited by Examiner Lev, and cancelled claims 19-24.

On December 19, 1988, Examiner Lev issued a notice of allowance for the eighteen remaining claims of the '149 application. On July 18, 1989, the '149 application issued as the '009 patent.

THE '372 PATENT

On July 24, 1987, Schumann filed the '195 application, which was a continuation of the '278 application. Examiner Trafton handled the prosecution of the '195 application as well as the prosecution of the '278 application. On December 16, 1988, Examiner Trafton allowed nine claims, and the patent thereafter issued as the '372 patent.

DECISION OF THE DISTRICT COURT

McKesson brought an infringement suit against Bridge Medical in the Eastern District of California based upon the '716 patent. The District Court held that the '716 patent was unenforceable due to inequitable conduct. Specifically, the District Court concluded that the failure of Schumann to (1) inform Examiner Trafton about the Baker reference, (2) inform Examiner Trafton of the rejections of the initially broad claims of the '149 application on February 26, 1987, and (3) inform Examiner Trafton prior to the allowance of the '716 patent about Examiner Trafton's earlier allowance of the '372 patent claims, each were material omissions done with an intent to deceive.

HOLDING ON APPEAL

On appeal, the Federal Circuit affirmed the District Court's finding of inequitable conduct. The Federal Circuit reasoned that a patent may be rendered unenforceable for inequitable conduct if an applicant, with intent to mislead or deceive the examiner, fails to disclose material information or submits materially false information to the PTO during prosecution. *Digital Control Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1313 (Fed. Cir. 2006). "Materiality" embraces any information that a reasonable examiner would be substantially likely consider important in deciding whether to allow an application to issue as a patent. *Akron Polymer Container Corp. v. Exxel Container, Inc.*, 148 F.3d 1380, 1382 (Fed. Cir. 1998). However, a withheld and otherwise material piece of information is not material for the purposes of inequitable conduct if it is merely cumulative to that information considered by the Examiner. *Digital Control*, 437 F.3d at 1319.

The Federal Circuit also noted that the intent element is proven by inferences drawn from facts, with the collection of inferences permitting a confident judgment that deceit has occurred. *Akron Polymer*, 148 F.3d at 1385. A finding that particular conduct amounts to "gross negligence" does not of itself justify an inference of intent to deceive; the involved conduct, viewed in light of all the evidence, including evidence indicative of good faith, must indicate sufficient culpability to require a finding of intent to deceive. *Kingsdown Med. Consultants, Ltd. V. Hollister Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988).

ITEM 1: FAILURE TO DISCLOSE BAKER TO EXAMINER

Regarding the failure of Schumann to inform Examiner Trafton about the Baker reference, the Federal Circuit reasoned that a reasonable examiner would find the Baker reference material because one of Schumann's primary arguments for the patentability of the '716 patent was the use of three-node communication. Baker disclosed three-node communication which was relied upon as a patentable feature. Furthermore, Baker is not cumulative since, although the Pejas reference cited by Schumann disclosed three-node communication, Pejas only described three-node communication under two columns with cursory implementation details. In contrast, Baker disclosed a highly detailed discussion of the implementation of the three-node system over eleven columns.

The Federal Circuit next affirmed the District Court's conclusion that Schumann acted with an intent to deceive by withholding the Baker reference. Although

Schumann received "some credit" for disclosing the co-pendency of the '149 application to Examiner Trafton, the District Court weighed all the evidence and held that the favorable evidence did not outweigh the evidence of an intent to deceive. The mere seventeen-day gap between the October 6, 1987 amendment and the discussion of Baker between Schumann and Examiner Lev in relation to the '149 application is important because Schumann knew or should have known of Baker's materiality. Furthermore, Schumann's cancellation of claim 22 - which incorporated both the three-node limitation and the programmable unique identifier limitation - during the prosecution of the '149 application with Examiner Lev gave rise to an inference that Schumann recognized Baker would also present a significant obstacle to the patentability of dependent claim 6 of the '278 application. As such, intent was inferred from the circumstances as well as the high materiality of the Baker reference.

ITEM 2: FAILURE TO DISCLOSE REJECTIONS OF THE INITIALLY BROAD CLAIMS OF THE '149 APPLICATION TO EXAMINER

Regarding the failure of Schumann to inform Examiner Trafton about Examiner Lev's February 26, 1987 rejection of the initially broad claims of the '149 application, the Federal Circuit applied the rule in *Dayco Products, Inc. v. Total Containment, Inc.*, 329 F.3d 1358, 1368 (Fed. Cir. 2003). *Dayco* stands for the proposition that "[a] contrary decision of another examiner reviewing a substantially similar claim meets the Akron Polymer 'reasonable examiner' threshold materiality test." Here, a reasonable examiner would have considered the rejection of claims 15 and 16 of the '149 application important, since the claims were substantially similar to those claims in the '278 application.

Furthermore, Schumann acted with intent to deceive because the MPEP to which Schumann would have referred while the '278 application was pending leaves no doubt that material rejections in co-pending applications fall squarely within the duty of candor. Both the rejected claims in the '149 application and the '716 patent claims relate to the use of three-node communication and a unique address in the context of bar code reading. As such, intent was inferred from the circumstances as well as the high materiality of the rejection.

ITEM 3: FAILURE TO DISCLOSE ALLOWANCE OF THE '372 PATENT CLAIMS TO EXAMINER

Regarding the failure of Schumann to inform Examiner Trafton during the prosecution of the '278 application about Examiner Trafton's previous allowance of the '372

patent claims, the Federal Circuit held that this omission was material and intentional because allowance of the three-node system of the '372 patent claims plainly gives rise to a conceivable double patenting rejection. In response to McKesson's argument that Examiner Trafton was the same examiner handling both the '372 patent and the '278 application, and that Examiner Trafton issued the claims in the '372 patent only a few months before he issued claims in the '278 application, the Federal Circuit noted that the MPEP at the time explained that "a prosecuting attorney should not assume that [a PTO examiner] retains details of every pending file in his mind when he is reviewing a particular application," MPEP §2001.06(b) (5th ed. Rev. 3, 1986). As such, intent was inferred from the circumstances as well as the high materiality of the child application being allowed prior to allowance of the parent application.

SIGNIFICANCE TO PATENT APPLICANTS

While the Supreme Court's decisions in *KSR*, *Microsoft*, and *MedImmune* have been more newsworthy and more widely discussed, the potential impact of *McKesson* presents a more immediate dilemma for patent holders. In theory, *McKesson* stands for the proposition that the failure to report the status or rejections of any related application (related by continuation status or merely having common subject matter) under prosecution could form the basis for inequitable conduct. The basis could be for the applicants failure to disclose known prior art in a related case, failure to disclose a rejection of broader claims in a related case, or failure to disclose the allowance of patent claims in a related case. In addition, as the duty of disclosure not only applies to the patent attorney actually prosecuting the

applications, but also to their corporate counsel and inventors who might coordinate the activities of related cases among different firms, the holding in *McKesson* would seemingly provide grounds for rendering unenforceable any patent which is part of either a family, provide improvements over existing claimed inventions, or are drawn to alternative embodiments of a similar broader concept. For companies involved with more than one or two patents under prosecution, the financial and logistical problems caused by having to identify related applications and update different Examiners on the allowance, rejection, and basis for rejection in multiple applications are obvious.

However, on closer examination, the holding is likely to be more limited. It has always been important to ensure that at least the applicants file an information disclosure statement to ensure the Examiner is made aware of the co-pending applications. It has also always been important to ensure that, when prior art is known from any case and its applicability is understood, the applicants cannot maintain claims impacted by the prior art even where these claims have not been rejected by that prior art (at least, without explanation in the record). Thus, it is important to realize that the District Court in *McKesson*, the Federal Circuit through its affirming of the District Court, was rejecting the applicant's *willful ignorance* of the relevance of highly material prior art which the court believed was so important that no competent attorney would fail to remember it even in mildly different claims for related applications. As such, in *McKesson*, the Federal Circuit was arguably only reemphasizing the need for complete disclosure of prior art discovered under any context or of related applications.

FEDERAL CIRCUIT FINDS DECLARATORY JUDGMENT POSSIBLE DURING LICENSING NEGOTIATIONS

In *SanDisk Corp. v. STMicroelectronics Inc.*, 82 USPQ2d 1173 (Fed. Cir. 2007), STMicroelectronics sent a letter to SanDisk regarding possible cross-licensing. The letter explicitly discussed a license and did not make an explicit reference to contemplated litigation. The letter instead listed twelve patents that "may be of interest." SanDisk responded that both STMicroelectronics and SanDisk would continue "friendly discussions" relating to the technology, and SanDisk and STMicroelectronics met multiple times to discuss the licensing offer and issues. During an August 27, 2004 meeting, the STMicroelectronics indicated that the meeting was characterized as settlement discussions under Federal Rules of Evidence 108 such that any

discussions therein would not be considered evidence. Significantly, no confidentiality clause was included in the discussions.

In the August 27, 2004 meeting, STMicroelectronics gave a package to SanDisk detailing the products covered by STMicroelectronics' patents, with detailed claims analysis. STMicroelectronics' counsel acknowledged that the package was sufficiently detailed as to be sufficient to start a Declaratory Judgment. While delivering the package, STMicroelectronics' counsel stated that no suit was contemplated. In response, SanDisk responded that no suit was going to be filed "on Monday," and that further meetings "might be appropriate."

STMicroelectronics followed up with a confidential copy of the potential cross license. SanDisk did not reply to the letters substantively, but instead requested non-confidential versions be provided. STMicroelectronics followed up with another confidential copy of the potential cross license. While business representatives were trying to arrange additional meetings, SanDisk filed a Declaratory Judgment in the Northern District of California. No formal termination of the licensing meetings was ever given.

The District Court dismissed for lack of subject matter jurisdiction since SanDisk could not have had an objective reasonable apprehension of suit. On appeal, the Federal Circuit reversed, citing the Supreme Court's recent decision in *MedImmune, Inc. v. Genentech Inc.*, 549 U.S. ___; 81 USPQ2d 1225 (2007). The Federal Circuit set forth a new rule:

In the context of conduct prior to the existence of a license, declaratory judgment jurisdiction generally will not arise merely on the basis that a party learns of the existence of a patent owned by another or even perceives such a patent to pose a risk of infringement, without some affirmative act by the patentee. But Article III jurisdiction may be met where the patentee takes a position that puts the declaratory judgment plaintiff in the position of

either pursuing arguably illegal behavior or abandoning that which he claims a right to do. (82 USPQ2d 1173, 1179-1180)

Under facts, STMicroelectronics requested a royalty for patents, mapped potential infringing products to the patent claims, and delivered materials that were acknowledged to form the basis of a declaratory judgment. Further, the Federal Circuit found that the parties had clear positions on a concrete issue: SanDisk's believed its right to use products without royalty; and STMicroelectronics believed it had a right to royalties for those products. As such, consistent with the Supreme Court's decision in *MedImmune*, SanDisk did not need to "bet the farm" by formally terminating licensing negotiations prior to bringing Declaratory Judgment.

While the Federal Circuit noted that there were multiple statements that STMicroelectronics was not going to bring suit, STMicroelectronics' actions plainly indicated preparations were made for some form of enforcement. As such, based upon the totality of the circumstances, STMicroelectronics' actions and the existence of clear and contrary positions of the parties were sufficient to satisfy both the case and controversy requirement of Article III of the constitution and the requirements of the Declaratory Judgment Act, 28 U.S.C. § 2201(a). As such, the Federal Circuit reversed the District Court's decision.

FIFTH CIRCUIT FINDS USE OF CONFIDENTIAL INFORMATION IN FILED PATENT APPLICATIONS POTENTIALLY TRADE SECRET THEFT

In *Triple Tee Golf, Inc. v. Nike, inc.*, Nos. 05-10934, 05-11442, 2007 U.S. App. LEXIS 8807 (5th Cir. April 17, 2007), Triple Tee Golf, Inc. developed a confidential design for an adjustable golf club. In order to have a prototype made, Triple Tee contacted Tom Stites, a golf club designer. Mr. Stites agreed to produce the prototype, and was shown rough prototype drawings and sketches, which Mr. Stites photographed for later reference. Subsequently, Mr. Stites was hired by Nike as Director of Product Creation, and notified Triple Tee that he could no longer provide the prototype. Further, while Triple Tee submitted the design idea to Nike for consideration, Nike returned the submission indicating it was not interested in the design.

On a trip to a golf trade show, Mr. Gillig, the owner of Triple Tee, noticed that Nike's new CPR Woods bore a resemblance to his confidential design which he has submitted to Tom Stites. Later, Mr. Gillig also found similar uses of his confidential design in Nike's Slingshot

Irons, and OZ T-100 putter. Thus, Triple Tee brought suit against Tom Stites and Nike for misappropriation of trade secrets due to the new clubs.

During trial, Triple Tee requested that Nike provide information about any patent applications which reflect the design, and Nike indicated that no patent applications included the design. As such, Triple Tee was only able to point to the CPR Woods, Slingshot Irons, and OZ T-100 putter as possibly incorporating confidential aspects of the design shown to Mr. Stites. The District Court determined that Nike's clubs did not include the confidential aspects of the design actually shown by Triple Tee such that the CPR Woods, Slingshot Irons, and OZ T-100 putter were not the product of a theft of trade secrets since they were not adjustable in the same way that the confidential designs showed adjustable clubs. Since there remained no other allegation of trade secret theft, the case was dismissed on summary judgment.

Subsequently, Triple Tee discovered that Nike had filed two patent applications, naming Tom Stites as the inventor, which related to adjustable golf clubs and seemed to reflect the design shown to Mr. Stites. Nike had not produced either patent application during discovery and Triple Tee had not been previously aware of the two patent applications. As such, Triple Tee filed a Motion for Relief of Summary Judgment in order to proceed to trial due to a theft of trade secrets, which were used in the patent applications and which also showed that Nike was possibly planning to use the confidential design in new clubs. The district court denied the Motion since, while the patent applications should have been produced in discovery, the patent applications were not included in the specific trade secret theft allegations brought by Triple Tee, which only related to the CPR Woods, Slingshot Irons, and OZ T-100 putter.

On appeal, the Fifth Circuit reversed. On the issue of the summary judgment, the Fifth Circuit held that Triple Tee had produced enough evidence to sustain a theft of trade secret claim for the CPR Woods, Slingshot Irons, and OZ T-100 putter, but limited the number of clubs to only two. As such, the Fifth Circuit reversed the grant of summary judgment as there remained material facts in dispute.

On the issue of whether the Motion should have been granted, the Fifth Circuit noted that the district court's denial of the Motion was based upon the narrowing of the issues to only the known clubs during discovery: CPR Woods, Slingshot Irons, and OZ T-100 putter after the end of discovery. However, the original complaint

related to any theft of trade secrets used by Mr. Stites or Nike, and included the use of the confidential designs in any patent applications or plans for new clubs. As such, had the patent applications been known during discovery, the scope of the trade secret complaint would not have been narrowed to exclude a trade secret theft occurring through the filing of these patent applications. As such, the Fifth Circuit allowed Triple Tee to proceed with its allegation of misappropriation of trade secrets through the filing of the patent applications since such filing represented an unauthorized use of the confidential designs.

POTENTIAL IMPACT ON PATENT APPLICANTS

While the precise fact pattern of *Triple Tee Golf* is somewhat unique, *Triple Tee Golf* highlights a dilemma posed to applicants hoping to improve on existing, but non-public, designs or standards. A similar situation occurred in *OddzOn Products Inc. v. Just Toys Inc.*, 122 F3d 1396; 43 USPQ2d 1641 (Fed. Cir. 1997), where an improvement on a confidential design, which was not disclosed but was prior art under 35 U.S.C. §102(f), was grounds for invalidity under 35 U.S.C. §103. As such, there is a duty to disclose such confidential prior art being improved upon. What the combination of *Triple Tee Golf* and *Oddzon* teaches is that any confidential design needs to be disclosed, but to prevent charges of trade secret theft as occurred in *Triple Tee Golf*, the actual confidential portions should not be included in the specification to the extent possible. Instead, such designs should be submitted for evaluation by the Examiner through the process of submission of trade secret material as outlined at MPEP 724.

DISTRICT COURT CASE OF NOTE: *CROSSROADS SYSTEMS V. DOT HILL*

FIRM WHICH AUTHORED NON-INFRINGEMENT

OPINION DISQUALIFIED AS TRIAL COUNSEL

In *Crossroads Systems (Texas) Inc. v. Dot Hill Systems Corp.*, 82 USPQ2d 1517 (W.D. Tex. 2006), Crossroads brought an action against Dot Hill for patent infringement, for which defendant asserts an invalidity defense. Dot Hill is represented by three different firms as trial counsel. Plaintiff filed a Motion to Disqualify Morgan & Finnegan as Trial Counsel for Dot Hill. In September 9, 2004, the Court held a hearing on Crossroads' motion to compel discovery, and became aware that certain members of the Morgan & Finnegan law firm provided Dot Hill with non-infringement options related to the accused products at issue. On motion to disqualify Morgan & Finnegan, the Court held that it

would not allow Morgan & Finnegan to serve as trial counsel if the opinions of other members of the firm were offered to support Dot Hill's defense. Dot Hill's counsel stated that it would not call any of the Morgan & Finnegan attorneys to testify at trial, and that in the event it would, Morgan & Finnegan would not represent Dot Hill as trial counsel because there were two other firms representing Dot Hill. Since September 2004, Dot Hill indicated that it intends to call Morgan & Finnegan counsel to participate at trial; as a result, Crossroads brought a disqualification motion. At the hearing, Crossroads firmly stated that it would call at least one Morgan & Finnegan attorney to testify at trial; consequently the Court held it will not permit Morgan & Finnegan to serve as counsel in this matter.

Under Fifth Circuit law, four separate ethical cannons govern a disqualification motion: 1) the local rules of the district court in which the motion is filed; 2) the American Bar Association ("ABA") Model Rules of Professional Conduct ("Model Rules"); 3) the ABA Model Code of Professional Responsibility ("the Model Code"); and 4) the rules of professional conduct employed by the bar of the state in which the court sits.

According to Rule 3.08(a) of the Texas Disciplinary Rules of Professional Conduct ("the Texas Rules"), a lawyer may not accept or continue employment "if the lawyer knows or believes that the lawyer is or may be a witness necessary to establish an essential fact on behalf of the lawyer's client, unless [certain enumerated exceptions apply]." Tex. Disc. R. Prof. Conduct 3.08(a).

The Model Rules provide that a "lawyer shall not act as advocate at trial in which the lawyer is likely to be a necessary witness unless: (1) the testimony relates to an uncontested issue; (2) the testimony relates to the nature and value of legal services rendered in the case; or (3) disqualification of the lawyer would work substantial hardship on the client." Model Rules Of Prof'l Conduct R. 3.7(a).

Additionally, the Model Code provides that a "lawyer shall not accept or continue employment as an advocate before a tribunal . . . if the lawyer knows or believes that the lawyer is or may be a witness necessary to establish an essential fact on behalf of the lawyer's client responsibility" Model Code of Prof'l Responsibility DR 5-101(b).

Lastly, the Local Rules of the Western District of Texas provide that lawyers shall "not conduct a trial when they know, prior thereto, that they will be necessary witnesses, other than as to merely formal matters . . ." Local Rule AT-5. These cannons correspondingly indicate that an attorney who is called to testify in trial may not serve as trial counsel.

However, the unanimity of these laws break down when another member of the firm is the witness called at trial. The Model Rules allow for other members of the firm to testify, while the Texas rules prohibit the same firm from having both trial attorneys and attorneys being called to witness absent a client's informed consent. The Model Code treats members of the testifying firm the same as the testifying attorney for purposes of the prohibition on service as trial counsel. In reviewing the applicable rules, the District Court held that a strict prohibition on all members of Morgan & Finnegan serving as trial counsel is appropriate.

Specifically, the District Court noted that Crossroads indicated it will call Morgan & Finnegan's opinion

counsel as witnesses, and will "attack the reasonableness of Dot Hill's reliance on the opinions. This reasonableness will also be dependent on facts communicated to opinion counsel. Thus, both the legal accuracy and the factual basis of the opinion will be at issue, which necessarily implicated the abilities of Morgan & Finnegan's attorneys who drafted the opinions.

Also, the trial attorneys would be placed in the awkward position of having to advocate for the credibility of their partners of their firm, and may be confronted with conflicts of interest between the client's interest and their firm's interest if the same firm's opinion attorneys were to testify adversely to Dot Hill's interests. Any decision by Morgan & Finnegan's trial counsel not to call opinion counsel would be "immediately suspect" since there would be a suspicion that trial counsel refused to call the opinion counsel due to their divided loyalties, and there would be no assurance that Morgan & Finnegan would not have acted differently if the "capability and credibility of their partners were not in issue." The Court determined that the credibility of Morgan & Finnegan attorneys should not be an issue in the case, and would be if both trial and opinion counsel are in the same firm. Thus, based upon the totality of the issues raised, the District Court found that there were simply "too many potential rabbit trails and invitations to jury confusion" to allow Morgan & Finnegan also continue as trial counsel.

Lastly, because Dot Hill is already represented by two other law firms, the District Court found there was little evidence of prejudice on Dot Hill should Morgan & Finnegan be disqualified. On balance, the District Court disqualified Morgan & Finnegan as trial counsel due to their firm having also been opinion counsel since, "[u]nder these circumstances, it is far superior to require Dot Hill to bear the relatively minor cost of disqualifying one of the three firms that has appeared on its behalf than to confront the grave dangers posed by allowing Morgan & Finnegan to continue as trial counsel."

PERFORMING A PRE-FILING INVESTIGATION WHEN SAMPLES ARE NOT AVAILABLE: THE ADEQUACY OF A PRE-FILING INVESTIGATION AFTER INTAMIN

BY JAMES G. McEWEN¹

INTRODUCTION

As a general rule, the Federal Rules of Civil Procedure require that a lawsuit be brought in good faith. As such, Rule 11 requires that, prior to filing a lawsuit, a pre-filing investigation be performed. Specifically, Rule 11(b)(3) states as follows:

By presenting to the court (whether by signing, filing, submitting, or later advocating) a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, . . . (3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery.

Should this pre-filing investigation not be properly performed, Rule 11(c) allows the court to impose stiff sanctions "upon the attorneys, law firms, or parties that have violated subdivision (b) or are responsible for the violation." Fed. R. Civ. P. 11(c). As such, both the individual parties and their representatives can be and have been sanctioned for failing to properly conduct an adequate pre-filing investigation.

While a seemingly simple and obvious requirement, the need for a pre-filing investigation becomes problematic in patent litigation. Specifically, without access to detailed plans and information known only to the potential infringer, the patent owner's investigation is often quite limited to only what is available to the public. For instance, where infringement of a patented process is suspected, but is being performed in a non-public area, how does one conduct the pre-filing investigation using only the resultant product? In the context of software where the end user license specifically prevents reverse engineering, what is the

method for establishing the functional interrelationships needed to determine if the software is infringing? Given the potential for sanctions, the question ultimately becomes: what is the minimum threshold of investigation, before filing suit, that a patent infringement plaintiff must conduct in order to comply with Rule 11 of the Federal Rules of Civil Procedure, and is reverse engineering always required before filing suit?

As described below, it is the general rule that, before bringing an infringement lawsuit, a detailed analysis must be reviewed using conventional techniques, including reverse engineering. Where reverse engineering is not possible (as is often the case for computer software), the plaintiff can still proceed. However, as recently confirmed by the Federal Circuit in *Intamin Ltd. v. Magnetar Technologies Corp.*, 483 F.3d 1328, 82 USPQ2d 1545 (Fed. Cir. 2007), the plaintiff will need to show that all reasonable efforts were made to perform reverse engineering, that such efforts were prevented or not reasonable under the circumstances, and that the detailed analysis was performed using information reasonably available. Therefore, the duty to perform a pre-filing investigation is not limited to situations where reverse engineering is possible so long as there is evidence that indirect evidence of infringement was used and was the best available evidence for use in determining infringement.

ANALYSIS

RULE 11 REQUIRES DIRECT CLAIM COMPARISON

In interpreting Rule 11, the Supreme Court has stated that the "the central purpose of Rule 11 is to deter baseless filings Rule 11 imposes a duty on attorneys to certify that they have conducted a reasonable inquiry and have determined that any papers filed with the court are well grounded in fact [and] legally tenable" *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 393 (1990). In the context of a patent infringement suit, an attorney will be held to have violated Rule 11(b)(3) "when an objectively reasonable attorney would not believe, based on some actual evidence uncovered during the prefiling investigation, that each claim limitation reads on the accused device either literally or under the doctrine of equivalents."

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Antonious v. Spalding & Evenflo Cos., 275 F.3d 1066, 1074, 61USPQ2d 1245, 1250 (Fed. Cir. 2002).

The U.S. Court of Appeals for the Federal Circuit has interpreted Rule 11 “to require, at a minimum, that an attorney interpret the asserted patent claims and compare the accused device with those claims before filing a claim alleging infringement.” *Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F.3d 1295, 1300-01, 70 USPQ2d 1001, 1005 (Fed. Cir. 2004); see *Antonious*, 275 F.3d at 1072; *View Eng’g, Inc. v. Robotic Vision Sys., Inc.*, 208 F.3d 981, 986, 54 USPQ2d 1179 (Fed. Cir. 2000); *Judin v. United States*, 110 F.3d 780, 784, 42 USPQ2d 1300 (Fed. Cir. 1997); *S. Bravo Sys., Inc. v. Containment Techs. Corp.*, 96 F.3d 1372, 1375, 40 USPQ2d 1140 (Fed. Cir. 1996). The court in *View Eng’g* stressed that “[t]he presence of an infringement analysis plays the key role in determining the reasonableness of the pre-filing inquiry made in a patent infringement case under Rule 11.” 208 F.3d at 986; see also *Antonious*, 275 F.3d at 1073-74; *Judin*, 110 F.3d at 784; *S. Bravo Sys.*, 96 F.3d at 1375. “An infringement analysis can simply consist of a good faith, informed comparison of the claims of a patent against the accused subject matter.” *Q-Pharma Inc.*, 360 F.3d at 1302. As such, the Federal Circuit broadly requires the comparison of available evidence of the infringing product with the invention as claimed.

CLAIM ANALYSIS MUST BE INDEPENDENT

However, an attorney may not exclusively rely on his client’s opinion that the accused device infringes the patent in question as the basis of the comparison. *View Eng’g*, 208 F.3d at 985, 54 USPQ2d at 1182; *Judin*, 110 F.3d at 784, 42 USPQ2d at 1304; *S. Bravo Sys.*, 96 F.3d at 137, 540 USPQ2d at 1143. In *View Eng’g*, the court highlighted the plaintiff’s failure to carry out either a proper legal or factual analysis. 208 F.3d at 984-85. “At the time the counterclaims [for infringement] were filed, the only basis for their filing was the belief of [the inventor] that the [defendant’s] devices probably infringed the [plaintiff’s] patents.” *Id.* The plaintiff chose not to perform any independent claim construction analysis. *Id.* at 985. The court came to the conclusion that “[the plaintiff] was afforded ample opportunity to construe the 120 claims [that the defendant] was eventually accused of infringing”, *Id.* at 986, yet neglected to do so.

Furthermore, the court made note of factual inquiries that the plaintiff could have made, but did not, prior to filing its counterclaim for infringement. *Id.* The plaintiff “had the opportunity to file immediately for the protective order that eventually resulted in discovery, to appoint an outside expert to review [the

defendant’s] machines, to talk to [plaintiff’s] sales corps to learn what it knew of [defendant’s] machines – in other words to conduct some form of reasonable inquiry.” *Id.* In fact, counsel for the plaintiff admitted that its infringement suit was based on knowledge of the defendant’s machines that it gained from publicly available information and from the defendant’s literature. *Id.* at 985. Therefore, the court concluded that the plaintiff did not perform a reasonable investigation in the context of filing patent infringement claims. *Id.* at 986.

DIRECT ANALYSIS OF SAMPLE IS ONLY REQUIRED WHEN REASONABLE UNDER THE CIRCUMSTANCES

In contrast, the Federal Circuit held in *Q-Pharma* that the defendant’s action for patent infringement possessed a “sufficient factual basis”, 360 F.3d at 1302, because the defendant “obtained a sample of the accused product, reviewed [the defendant’s] statements made in advertising and labeling of the accused product, and, most importantly, compared the claims of the patent with the accused product.” *Id.* The court distinguished its decision in *View Eng’g* by stating that in the present case, the patentee “did not file suit based solely on [the defendant’s] advertising; critically, it also relied on its own comparison of the asserted claims with the accused product.” *Id.*

Where the sample is easily obtained, the pre-filing investigation will generally include a direct product comparison. For software, this comparison should involve reverse engineering. However, reverse engineering is typically only required where reverse engineering is possible or where there is evidence that reverse engineering would not reveal more information than otherwise available. By way of example, in *Network Caching Technology, LLC v. Novell, Inc.*, 67 USPQ2d 1034 (N.D. Cal. 2002), the Northern District of California found that, while not all comparisons of allegedly infringing products to the plaintiff’s patent claims specifically required reverse engineering of the defendant’s products, the equivalent of such a comparison is necessary. In contrast, there is no need for reverse engineering when reverse engineering would not provide the relevant information needed to show infringement; however, the plaintiff needs to provide evidence to support this contention.

Upon revisiting this case, the district court in *Network Caching Technology, LLC v. Novell, Inc.*, No. C-01-2079 VRW, 2003 WL 21699799 at *6 (N.D. Cal. Mar. 21, 2003), declined to accept the plaintiff’s contention that reliance on marketing materials, white papers, and other product documentation “operate as the functional

equivalent of traditional reverse engineering", *Id.*, in this context as the patentee "[did] not deny that it had the ability to obtain the allegedly infringing products and examine them to determine, for example, whether they operated materially in the manner described by the marketing materials." *Id.* at *7. The court concluded that "looking at these indirect sources of information fails to satisfy the pre-filing inquiry requirements described [in] *View Eng'g.*", *Id.* at *6, since the plaintiff had sufficient direct access to the infringing product, and could reasonably have completed a more thorough pre-filing investigation directly. *Id.* As such, the district court took a narrow view of when reverse engineering need not be performed and seemed to indicate that very few circumstances exist when reverse engineering would be excused.

FEDERAL CIRCUIT CLARIFIES STANDARD IN INTAMIN

More recently, the Federal Circuit expanded upon the notion that a proper pre-filing investigation need not include reverse engineering or even the acquisition of a sample product. In *Intamin Ltd. v. Magnetar Technologies Corp.*, 483 F.3d. 1328, 82 USPQ2d 1545 (Fed. Cir. 2007), the Court of Appeals for the Federal Circuit found that a proper pre-filing investigation had been performed. Intamin and Magnetar Technologies (Magnetar) both manufacture braking systems for amusement park rides, such as roller coasters. The braking systems at issue in the case involved an array of magnets arranged along the rails of the roller coaster. When working in concert with a conducting rail, the magnets act as a brake on a passenger car riding along the rails. Magnetar manufactured a magnetic braking system called "Soft Stop". In Magnetar's Soft Stop system, a "Halbach array" of magnets is arranged along the rails. Each magnet in the array has a polarity rotated 90 degrees from the previous magnet, and the magnets are arranged one after the other with nothing substantial in between.

Prior to filing the infringement complaint, Intamin had reviewed publicly available documents, photographed the brakes, reviewed the findings with experts, and conducted a comparison of the claims. However, Intamin did not cut open the brake casing to physically inspect the magnets or their alignment, which was critical to determining infringement. In filing a motion of Rule 11 sanctions, Magnetar alleged that "Intamin's pre-filing investigation was insufficient because it did not obtain and physically cut open the metal casing on the magnets in Magnetar's brake system." 483 F.3d. at 1552. As such, Magnetar based its motion on the fact that "a visual inspection would not disclose the orientation of the magnets within the tubes", *Id.*, and

therefore, Intamin's failure to obtain a sample of the brakes was in violation of Rule 11.

The Federal Circuit noted that its case law does not require obtaining a sample in each instance. Compliance with Rule 11 is not based solely on whether reverse engineering was conducted and a sample obtained, but is instead based upon a totality of the circumstances and what is reasonable under these circumstances. The Federal Circuit held that patentees do not need to conduct a thorough investigation of the potentially infringing product, especially where, as in the instant case, such an investigation would present "unreasonable obstacles" (i.e., cutting open a metal case to examine the magnets inside.)

The Federal Circuit contrasted its decision in *Judin v. United States*, 110 F.3d 780, 42 USPQ2d 1300 (Fed. Cir. 1997), where the failure to obtain a sample was found to be sanctionable since this "did not create a blanket rule that a patentee must obtain and thoroughly deconstruct a sample of a defendant's product to avoid violating Rule 11." 483 F.3d. at 1552. Instead, the facts in *Judin* showed that "the patentee could have easily obtained a sample of the accused device (a bar code scanner) for a nominal price from the post office." *Id.* In sum, the Federal Circuit found that "the technology presented the patentee with unreasonable obstacles to any effort to obtain a sample of Magnetar's amusement ride brake system, let alone the difficulty of opening the casing." *Id.*

Further, while Intamin might have been able to conduct testing without cutting the casing, the Federal Circuit noted that in its decision in *Q-Pharma*, no sanctions were needed to be imposed even though the patent owner could have easily resolved infringement by performing "a simple chemical test on a sample to determine its composition." *Id.* As such, even though testing was not performed and the magnets were not inspected, Intamin properly conducted its independent claim construction using the evidence reasonably at hand: Intamin properly reviewed roller coasters having the Soft Stop system installed, examined publicly available materials on the Soft Stop system, photographed the brakes, and consulted with experts. These efforts were enough to qualify as a good faith investigation given the unreasonable obstacles to a physical investigation.

CONCLUSION

While the Federal Circuit case law does not provide a bright line rule, the minimum requirement of pre-suit investigations would require at least an independent claim comparison with the product. Where the product

cannot be obtained or analysis would be unduly burdensome, an equivalent will suffice using a good faith analysis of the claims as compared to information available which is reasonable under the circumstances. While findings are preferably found through inspection or reverse engineering of the allegedly infringing product or the equivalent thereof, the courts are mindful that these are not always reasonable under the circumstances. Consequently, where no reverse engineering is possible or the inspection would be unreasonable, such as where the product owner refuses

to allow the plaintiff access to the source code or where the sample cannot be readily and cost-effectively obtained, the plaintiff may be able to perform the infringement analysis using the best available materials (such as manuals or very specific product descriptions made by the software developer) and comply with Rule 11 because such equivalent analysis is reasonable under the circumstances.

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