

# **DEVELOPMENTS IN PATENT LAW 2000**

**December 1999 to December 2000**

- I. NEW PATENT LEGISLATION AND REGULATIONS**
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## **I. NEW PATENT LEGISLATION**

The Intellectual Property and Communications Omnibus Reform Act of 1999 (S.1948), which included the American Inventors Protection Act of 1999, made major changes to the patent statute (Title 35, United States Code). Many of these changes became effective in 2000. The following briefly summarizes changes that are now effective under the patent statute:

### **A. IMPROPER AND DECEPTIVE INVENTION PROMOTIONS (NEW SEC. 297)**

Requires that invention “promoters” disclose in writing of success rates to inventors. Also creates a federal cause of action against invention promoters for fraud/misrepresentation, and provides for statutory damages of up to \$5,000. Became effective 60 days after enactment (January 2000).

### **B. REDUCTIONS IN PATENT & TRADEMARK FEES**

Various patent filing and maintenance fees were reduced by about 10% in 2000. The reduced fees have, however, been superseded by the annual inflationary increase that became effective October 1, 2000. The notice concerning the newest fees can be found at: [www.uspto.gov/web/offices/com/sol/notices/revpatfee.pdf](http://www.uspto.gov/web/offices/com/sol/notices/revpatfee.pdf).

### **C. DEFENSE TO INFRINGEMENT BASED ON PRIOR USE (NEW SEC. 273)**

Creates a new defense to patent infringement based on prior use of a “method of doing business.” The defense is personal, not transferable, and is subject to many limitations and conditions. Effective upon enactment (November 29, 1999), but not applicable to then-pending lawsuits.

### **D. PATENT TERM GUARANTEE (AMENDS SEC. 154)**

Establishes certain timelines within which the patent office must act to examine and issue patent applications (e.g., must examine patent applications within 14 months after filing, and must issue patent within 3 years of filing subject to certain exclusions). If PTO fails to act within time limits, the patent term will be extended day-for-day. Effective 6 months after enactment (May 29, 2000).

### **E. PATENT APPLICATIONS TO BE PUBLISHED AT 18 MOS. (AMENDS SEC. 122)**

Provides that non-provisional utility patent applications are to be published 18 months after their priority date. Only applies to newly filed applications; applicants can voluntarily publish applications. Effective one year after enactment (November 29, 2000).

#### **F. PROVISIONAL RIGHTS UNDER PUBLISHED APPLICATIONS**

Permits patent owners to sue for “reasonable royalty” damages for infringement occurring after publication, if infringer has actual notice of published application and the claims in issued patent are “substantially identical” to those in the published application.

#### **G. NEW 102(E) PRIOR ART: PUBLISHED APPLICATIONS**

Provides that published patent applications can be used as prior art under 35 U.S.C. § 102(e) as of their filing date.

#### **H. THIRD-PARTY RE-EXAMINATION PROCEDURES (NEW SEC. 311-318)**

Creates a new optional type of re-examination procedure that permits more substantive involvement by a third-party challenger. Permits the third party to appeal an adverse decision to the PTO Board of Appeals.

#### **I. STRUCTURAL CHANGES TO PATENT & TRADEMARK OFFICE**

Makes certain administrative changes at the patent office in order to turn it into a more independent and efficient organization.

#### **J. WEEKEND/HOLIDAY EXCEPTION FOR PROVISIONAL APPLICATIONS**

Extends life of provisional applications beyond 12-month date if the 12-month date would fall on a weekend or holiday. Cures defects created by unintentionally abandoned provisional applications arising from the 12-month anomaly.

#### **K. EXTENSION OF 102(F) AND 102(G) EXCLUSIONS TO 102(E) PRIOR ART**

Amends obviousness standard (section 103) to prevent rejections or validity challenges based on previously filed applications by persons who were under a duty to assign patent rights in a patent or patent application.

## **NEW PTO REGULATIONS**

The U.S. Patent and Trademark Office issued new regulations, many of which were made to implement changes brought about by the new legislation. They are summarized below. See separate handout (viewgraph format) for a detailed explanation of the new regulations.

### **A. PUBLICATION OF PATENT APPLICATIONS**

1. Applications filed on or after **November 29, 2000** will be published 18 months after their priority date. Does not apply to design applications, abandoned applications, provisional applications, and applications for which an applicant has requested non-publication (only available if applicant certifies that no foreign applications will be filed).

2. Published patent applications will become prior art, and will be available on the PTO web site for searches. The publication will be similar in appearance to patents, and will be assigned a publication number. Front page will include bibliographic data (inventors, dates, abstract, etc.) and will be searchable.

3. Applications must be of sufficient quality for optical character recognition. Applications will be published as filed (no preliminary amendments), unless applicant submits a new application in electronic format under Electronic Filing System (EFS) within one month from filing or 14 months from earliest filing date.

4. PTO will permit copying of individual documents in a pending application after the publication date.

5. Third parties may not request opposition or protest for published applications, but may submit patents and publications in a pending application, as long as there is no discussion of the references.

6. Provisional rights based on a published application may be available upon issuance of the patent, provided that the infringer has actual notice of published application, and patent claims are “substantially identical” to claims in the published application. For international applications published under the PCT, a copy of the publication in English must be filed in the PTO.

7. Publication fee of \$300 to be collected at time of issue fee payment; abandoned applications need not pay any fee.

8. Impact on patent practice:

- (a) Consider requesting non-publication if no intention to file abroad
- (b) Search for published applications as new form of prior art under 102(e).
- (c) Voluntary publication to put infringers on notice (scare tactic).

- (c) Consider whether to avoid amending key claims after publication.

## **B. ELECTRONIC FILING SYSTEM (EFS)**

1. The PTO is now accepting utility patent applications on-line (via the Internet), effective October 27th, 2000.

2. Requirements for electronic filing:

(a) Customer number (one per practitioner or law firm); this number associates patent applications with one or more registered patent attorneys.

(b) PKI (public key infrastructure) certificate, issued by PTO to individuals upon application. See [www.uspto.gov/ebc/index.html](http://www.uspto.gov/ebc/index.html) for an application. This is used to encrypt transmissions to the PTO for security reasons.

(c) Software:

PASAT: Patent application specification authoring tool (overlay for Word)

EPAVE: Software that transmits applications to the PTO.

(d) Images must be in TIFF format for drawings and declarations

3. When application is transmitted to PTO, you instantly get verification of receipt, a serial number, and a confirmation of files that were submitted. Can pay fees by credit card or USPTO deposit account. More information: EBC customer service 703-305-3028 or [efs@uspto.gov](mailto:efs@uspto.gov).

## **C. PATENT APPLICATION INFORMATION RETRIEVAL (PAIR)**

1. Allows patent attorneys to review status of patent applications over the Internet 24 hours a day. Must have customer number, PKI certificate, and PAIR software (can be downloaded from PTO).

2. Can view bibliographic data and file history contents over the Internet.

## **D. PTO BUSINESS GOALS: TIMING AND PROCEDURAL CHANGES**

1. Format of patent applications (optional until March, 2001): elimination of line numbering, replaced with paragraph numbering. No underlining or bolding of headings will be permitted in the specification.

2. No need to file small entity declaration; now patent attorney can assert small entity status on behalf of clients. Paying small entity filing fee also automatically establishes small entity status.

3. Application Data Sheet (ADS) with bibliographic information is requested (not required). If used, inventor declaration becomes simplified (statements, power of attorney, and signature).

4. Preliminary amendments: must be approved before entry. Also: manner of making amendments will change dramatically (replacement sheets, replacement paragraphs, and submit marked-up version of existing paragraphs with underlines and brackets).

5. Requirement for Information: examiner can now require information from applicants during prosecution (e.g., databases that can be searched; non-patent literature; information used to draft the application, etc.). Controversial due to attorney-client privilege.

6. Information Disclosure Statements: minor changes to timing, and now must submit copies of published patent applications.

#### **E. PATENT TERM ADJUSTMENTS**

1. Applies only to utility and plant patent applications filed after May 29, 2000.

2. Many new requirements imposed on PTO to examine and issue patents within certain time limits. Applicants get day-for-day extension of patent term if not met.

3. But: Applicant's failure to respond to any notice or action within 3 months (and certain other failures) will forfeit portions of term extension. Advice: if you delay your client's response, you could be responsible for reduced patent term (possible malpractice).

4. See separate handout for details of term adjustment provisions.

#### **F. CPA (CONT'D PROSEC. APPLIC.) vs. RCE (REQ. CONT'D EXAM.)**

1. CPA was applicable to applications filed before May 29, 2000 (and continues to be in effect for design applications). A CPA is considered to be a new patent application, with new filing date, and requiring payment of excess claim fees. Any credits for term extension in parent application don't carry over to later application (disadvantage). Filing a CPA after November 29, 2000 will subject the application to publication, whereas filing an RCE will not.

2. RCE (effective August 16, 2000): Can be used for all utility and plant patent applications (not design applications) filed on or after June 8, 1995. Credits for term extensions in parent application can be carried over to continued prosecution application; filing date remains the same, and no need to pay excess claim fees. Forms for filing an RCE are available at [www.uspto.gov/web/forms/sb0030.pdf](http://www.uspto.gov/web/forms/sb0030.pdf).

3. Effective dates:

Applications filed between June 8, 1995 and May 29, 2000: applicant has choice of filing either

CPA or RCE.

Applications filed after May 29, 2000: applicant may only file RCE to continue prosecution.

4. Additional information concerning RCEs can be found at:  
[www.uspto.gov/web/offices/com/sol/notices/chngapplexm.pdf](http://www.uspto.gov/web/offices/com/sol/notices/chngapplexm.pdf).

## **G. OTHER**

(1) Business Method Patents. The PTO is now taking a “second look” at so-called “business method” patent applications. All allowed patent applications in class 705 will be reviewed a second time by a different examiner before final allowance. PTO searches of applications in this class must include a search of non-patent literature.

(2) Means-Plus-Function Claims. The PTO has published supplemental examination guidelines for claims written in means-plus-function format, including determining whether the written description is adequate for the corresponding structure, material, or acts under 35 U.S.C. § 112, sixth paragraph. For full text of the guidelines, see [www.uspto.gov/web/offices/com/sol/og/2000/week30/patguid.htm](http://www.uspto.gov/web/offices/com/sol/og/2000/week30/patguid.htm). They became effective on June 21, 2000.

In general, a claim will be interpreted under 112(6) if (a) the claim uses the word “means for” or “step for”; (b) the “means for” or “step for” is modified by functional language; and (c) the “means for” or “step for” is not modified by sufficient structure, material, or acts to achieve the specified function. In order to be sufficiently definite, either (a) the specification must link or associate particular structure, material, or acts to the function recited in the means-plus-function limitation; or (b) one skilled in the art would know what structure, material, or acts perform the function recited in the claim.

(3) Time Extensions for Formal Drawings. Effective November 7, 2000, the PTO will no longer permit any extensions of time for filing formal drawings. Formal drawings must be submitted within 3 months of the date of mailing of a Notice of Allowability (i.e., no later than payment of the issue fee). See 65 Fed. Reg. 54629 (section 1.85(a) amendments and comments). The old deadline remains in effect for Notices of Allowability mailed before November 7, 2000.

(4) Faxed Assignment Recordations. The PTO is now accepting fax transmissions to record assignments or other documents affecting title. See the August 15, 2000 Official Gazette, which supplements an earlier January 25, 2000 initial OG notice. Note that there are certain restrictions, such as requiring that an “authorized user” of a deposit account sign deposit account authorizations. The number to which faxes should be transmitted is 703-306-5995. For further information or questions, call 703-308-9723.

(5) Change in re-examination procedures. Effective August 4, 2000, it will be the PTO's policy to assign ex parte requests for patent re-examination to a different examiner from the examiner that examined the original patent application. Moreover, a "patentability review conference" will be convened in all ex parte reexamination proceedings prior to issuing a final rejection, and prior to issuing a Notice of Intent to Issue                      Reexamination                      Certification.                      See [www.uspto.gov/web/offices/com/sol/og/2000/week35/patreex.htm](http://www.uspto.gov/web/offices/com/sol/og/2000/week35/patreex.htm).



## **II. CASE LAW**

### **A. PATENTABILITY & VALIDITY**

#### **1. STATUTORY SUBJECT MATTER**

Pioneer Hi-Bred Int'l, Inc. v. J.E.M. AG Supply, Inc., 200 F.3d 1374, 53 USPQ2d 1440 (Fed. Cir. 2000). Seed-reproduced plants are patentable subject matter under section 101 of the patent statute, despite the fact that the Plant Patent Act of 1930 and the Plant Variety Protection Act of 1970 cover such plants. Pioneer's utility patents on new varieties of hybrid and inbred corn and on their seeds were upheld as patentable subject matter.

#### **2. WRITTEN DESCRIPTION**

Reiffin v. Microsoft Corp., 214 F.3d 1342, 54 USPQ2d 1915 (Fed. Cir. 2000). It was improper to invalidate claims in a patent for failure to comply with the written description requirement in the earliest application in a chain of applications, where the inventor did not need to rely on the earliest priority date. Instead, the inventor should be permitted to rely on later filing dates (with additional subject matter) in order to support the later-filed claims. The defendant had argued that the claims were invalid under the so-called "omitted element" test. In a concurring opinion, Judge Newman argued that the "omitted element" test should be rejected, since applicants may claim subcombinations of an invention.

Union Oil of Cal. v. Atlantic Richfield Co., 208 F.3d 989, 54 USPQ2d 1227 (Fed. Cir. 2000). Union Oil's patent covers a gasoline formulation that reduces pollution from automobiles. The patent claims a very specific set of values for a set of parameters (e.g., Reid Vapor pressure no greater than 7.0 psi; a 50% D-86 distillation point no greater than 200° F; a paraffin content greater than 85 volume percent; etc.), but the written description did not expressly describe such a combination. Instead, the patent separately disclosed the possible ranges for each parameter, and the claim identified specific endpoints from each parametric range. A divided panel upheld the validity of the patent under a written description challenge. Judge Lourie dissented, concluding that the patentee was improperly permitted to "pick and choose" various parameters to arrive at the claimed combination, and that the patent should have disclosed the precise combination claimed. The decision was controversial because many refiners may be forced to pay hundreds of millions of dollars owing to the fact that California has mandated a specific formulation for gasoline sold in the state.

### 3. ANTICIPATION

Advanced Display Systems, Inc. v. Kent State Univ., 212 F.3d 1272, 54 USPQ2d 1673 (Fed. Cir. 2000). Invalidity by anticipation requires that the four corners of a single prior art document describe every element of the claimed invention, either expressly or inherently, including material that is properly incorporated by reference. Incorporation by reference is a legal, not a factual question, and thus the judge (not jury) must decide whether material is properly incorporated by reference. To incorporate material by reference, the document must identify with detailed particularity the specific material it incorporates and clearly indicate where that material is found in the various documents. Because the judge improperly allowed the jury to determine whether the material was incorporated by reference, the case was remanded for a new trial.

### 4. ON-SALE BAR

Zacharin v. United States, 213 F.3d 1366, 55 USPQ2d 1047 (Fed. Cir. 2000). A contract to manufacture and deliver an invention to the Army more than one year before the patent application was filed invalidated the patent. It did not matter that the contract was a research and development contract, or that the products sold to the Army were to be used for testing purposes. “A contract to supply goods is a sales contract, regardless of the means used to calculate payment and regardless of whether the goods are to be used for testing in a laboratory or for deployment in the field.”

Vanmoor v. Wal-Mart Stores, Inc., 201 F.3d 1363, 53 USPQ2d 1377 (Fed. Cir. 2000). A patent owner’s allegation of infringement was sufficient to establish that the patent was invalid under the on-sale bar, because the defendant showed that it had sold the accused devices more than one year before the filing date of the patent application. The infringement allegation, by its nature, established that the accused devices incorporated all of the claimed features.

### 5. OBVIOUSNESS

Ecolochem, Inc. v. Southern Cal. Edison Co., 227 F.3d 1361, 56 USPQ2d 1065 (Fed. Cir. 2000). It was improper to rely on “implicit findings” to find a motivation to combine prior art references to invalidate a patent for obviousness. The decision contains an extended discussion of so-called “secondary factors” of nonobviousness, including long-felt need; commercial success; failure of others to make the invention; simultaneous invention by others; prior art teaching away; and copying and acclamation.

### 6. INTERFERENCE/PRIORITY OF INVENTION

Singh v. Brake, 222 F.3d 1362, 55 USPQ2d 1673 (Fed. Cir. 2000). An inventor’s failure to have notebook entries witnessed until several years after they were made did not disqualify them as corroborating

evidence of conception, even if such evidence would not be sufficient to establish an actual reduction to practice. The Federal Circuit applied a “rule of reason” analysis, concluding that the PTO Board erred by finding no evidence of corroboration.

Genentech, Inc. v. Chiron Corp., 220 F.3d 1345, 55 USPQ2d 1636 (Fed. Cir. 2000). A consultant’s recognition of the utility of a particular invention, which was not communicated to the inventors, does not inure to the inventors’ benefit for the purposes of determining priority of invention. The court distinguished several earlier decisions that suggested that knowledge by an agent of the inventor could inure to the benefit of the inventor. The court noted that there was no evidence that the inventors submitted the inventive compound to the consultant to test for the intended purposes of the invention (i.e., promoting growth). Additionally, the court held that when an interference is raised in a district court action under 35 U.S.C. § 146, the district court need not give any deference to PTO findings of fact on a particular issue if the court hears any new evidence on that particular issue.

Environ Prods., Inc. v. Furon Co., 215 F.3d 1261, 55 USPQ2d 1038 (Fed. Cir. 2000). Two patent applications were copending at the U.S. Patent and Trademark Office and later issued as patents, and one of the patent owners raised an invalidity defense based on prior invention. The Federal Circuit held that the defendant need only meet a “preponderance of the evidence” burden of proving invalidity rather than the higher “clear and convincing evidence” burden, because such a burden would have been applied under 35 U.S.C. § 291 for interfering patents had such a lawsuit been brought.

## **7. INVENTORSHIP**

Solomon v. Kimberly-Clark Corp., 216 F.3d 1372, 55 USPQ2d 1279 (Fed. Cir. 2000). A patent was not invalid on the basis that the inventor’s patent attorney should have been named as an inventor. Kimberly-Clark argued that the inventor’s deposition testimony suggested that she was not the true inventor of the claimed subject matter, and that her patent attorney was the likely inventor. The court stated that “An attorney . . . should not be a competitor of the client, asserting inventorship as a result of representing his client.”

## **8. DEFINITENESS OF CLAIMS; INVENTOR TESTIMONY**

Solomon v. Kimberly-Clark Corp., 216 F.3d 1372, 55 USPQ2d 1279 (Fed. Cir. 2000). It is improper to use inventor testimony to invalidate a claim under 35 U.S.C. § 112, second paragraph. Based on testimony by the inventor that she intended to claim a uniform, rather than varying, thickness, Kimberly-Clark argued that the patent was invalid because that intention conflicted with the court’s determination that the claims required a thinner region surrounded by a thicker region, and thus that the inventor failed to claim “the subject matter which the applicant regards as his invention.” The Federal Circuit stated that although compliance with section 112, second paragraph during prosecution can be evaluated in light of the inventor’s testimony, the subjective intentions of the inventor after issuance of the patent are largely irrelevant. “It is particularly inappropriate to consider inventor testimony obtained in the context of litigation

in assessing validity under section 112, paragraph 2, in view of the absence of probative value of such testimony.”

## **9. BEST MODE**

Eli Lilly & Co. v. Barr Labs., Inc., 222 F.3d 973, 55 USPQ2d 1609 (Fed. Cir. 2000). A patent was not invalid for failure to disclose the best mode merely because the inventors failed to disclose the method that Lilly had developed for synthesizing a starting material needed to prepare the claimed compound. Although Lilly’s scientists admitted that the synthesis method was “superior” because it used cheaply available starting materials, the Federal Circuit concluded that the starting material was not claimed, nor was it “novel and essential” for carrying out the best mode. The starting material was disclosed and was commercially available from outside sources, and the non-claimed method of its synthesis went merely to “production details” that were not linked to the intrinsic qualities of the claimed compound.

## **10. DOUBLE PATENTING**

Eli Lilly & Co. v. Barr Labs., 222 F.3d 973, 55 USPQ2d 1609 (Fed. Cir. 2000). A patent covering Lilly’s Prozac drug was invalid for “obviousness-type” double patenting over a prior Lilly patent covering the same drug. The second patent was directed to a broader (genus) version of a narrower (species) claim in the earlier patent. The Federal Circuit applied a two-step analysis: (1) does the later claim encompass the subject matter covered by the earlier claim; and (2) is the later claim patentably distinct from the earlier claim. In finding that there was no patentable distinction between the two claims, the court rejected Lilly’s argument that a later genus claim (treatment of animals) can be patentable over an earlier species claim (treatment of humans, a species of animals). Note: this decision was controversial. Several companies filed amicus briefs urging rehearing in banc, arguing that the court’s reliance on claim “domination” of an earlier species claim to invalidate a later genus claim was incorrect as a matter of law.

## **11. DEFERENCE GIVEN TO PTO DECISIONS**

In re Gartside, 203 F.3d 1305, 53 USPQ2d 1769 (Fed. Cir. 2000). The Federal Circuit reviews fact-finding by the Board of Patent Appeals and Interferences under the “substantial evidence” standard of review. The Supreme Court’s decision in Zurko left open the question whether the “arbitrary, capricious” or the “substantial evidence” standards in the APA should be applied. Substantial evidence is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.

## **12. CERTIFICATES OF CORRECTION**

Southwest Software, Inc. v. Harlequin Inc., 226 F.3d 1280, 56 USPQ2d 1161 (Fed. Cir. 2000). A patent that was missing a 330-page appendix when issued by the PTO was held to be invalid until a certificate of correction was issued, despite the fact that the error was the fault of the PTO. The Federal Circuit ruled that the corrected patent was valid only for lawsuits brought after the correction. The court

noted that competitors might rely on the uncorrected patent, and that it was an easy task for a patent owner to check patents for errors at the time of issuance. According to the court, “it does not seem to us to be asking too much to expect a patentee to check a patent when it is issued in order to determine whether it contains any errors that require the issuance of a certificate of correction.” (N.B.: patent practitioners should carefully proofread patents upon issuance and, if a material error is discovered, immediately correct it.)

### **13. CORRECTION OF PCT APPLICATIONS**

Helfgott & Karas, P.C. v. Dickenson, 209 F.3d 1328, 54 USPQ2d 1425 (Fed. Cir. 2000). The Commissioner of Patents refused to reinstate international prosecution of an application under the Patent Cooperation Treaty (PCT) on the basis that the applicant failed to provide the correct identifying information for the patent application. Helfgott filed two PCT applications at about the same time. Later, the law firm filed a request for preliminary examination for one of the applications specifying the correct docket number, but providing the application number, filing date, and priority date for the other application. The PTO assumed the request was intended for the other application, and changed the law firm’s docket number to refer to that application. The Federal Circuit held that the PTO acted arbitrarily and capriciously in denying the law firm’s request to correct the error because it failed to notify the law firm of the error. The Federal Circuit held noted that PCT Rule 91.1 allows for rectification of “obvious errors,” and the Commissioner erred in refusing to allow the law firm to use this rule to correct the error. (Practice note: the Federal Circuit also stated that “applicants who mistakenly transposed digits in the application number” should be permitted to correct their errors under the Rule).

## **B. INTERPRETATION OF PATENTS**

### **1. CLAIM CONSTRUCTION**

Schering Corp. v. Amgen Inc., 222 F.3d 1347, 55 USPQ2d 1650 (Fed. Cir. 2000). A term appearing in the claims that acquired a broader meaning after the patent application was filed was nevertheless limited to the narrow meaning in existence at the time the patent application was filed. The patentee was not entitled to later-developed usage of the term in an infringement action.

Tate Access Floors, Inc. v. Maxcess Tech., Inc., 222 F.3d 958, 55 USPQ2d 1513 (Fed. Cir. 2000). A mere difference in wording between claims does not require a different interpretation under the doctrine of claim differentiation. In this case, the terms “inner layer” and “border” in one claim were held to be identical in scope to “inner body portion” and “integral contrasting border” in another claim.

Elektta Instruments S.A. v. O.U.R. Scientific Int’l, 214 F.3d 1302, 54 USPQ2d 1910 (Fed. Cir. 2000). Unambiguous claim language limited the patent to a specific range of beam angles, even if that interpretation excluded the only embodiment disclosed in the specification and made the invention

inoperative. The applicant had amended the claim during prosecution to state that the beam channels extended only within a particular zone.

## **2. DOCTRINE OF EQUIVALENTS INFRINGEMENT**

Moore U.S.A. Inc. v. Standard Register Co., 229 F.3d 1091, 56 USPQ2d 1225 (Fed. Cir. 2000). An alleged infringer's knowledge and copying of a patent does not allow any broader scope of equivalents under the doctrine of equivalents. Moreover, "subject matter disclosed in the specification, but not claimed, is dedicated to the public in determining infringement under the doctrine of equivalents. Having fully disclosed two distinct embodiments . . . Moore is not entitled to enforce the unclaimed embodiment as an equivalent of the one that was claimed." (Note: although the majority cited the contrary YBM Magnex case, the decision appears to be in conflict with that decision.).

Kraft Foods, Inc. v. International Trading Co., 203 F.3d 1362, 53 USPQ2d 1814 (Fed. Cir. 2000). The Federal Circuit's holding in Chiuminatta Concrete involving pre-existing technology was limited to means-plus-function clauses, and could not be used to avoid infringement of claims not written in that format. The Federal Circuit reversed a district court decision that found no infringement on the basis that the accused devices relied on so-called "pre-existing" technology.

Fiskars, Inc. v. Hunt Mfg. Co., 221 F.3d 1318, 55 USPQ2d 1569 (Fed. Cir. 2000). The defendant argued that the patent owner had the burden of proving that the accused device was not part of the prior art, based on a statement appearing in the Federal Circuit's Wilson Sporting Goods decision. The Federal Circuit rejected this attempt to shift the burden of proof, concluding that "it is an affirmative defense of the accused infringer to show that it is practicing the prior art."

## **3. PROSECUTION HISTORY ESTOPPEL**

Hockerson-Halberstadt, Inc. v. Avia Group Int'l., 222 F.3d 951, 55 USPQ2d 1487 (Fed. Cir. 2000). An applicant's argument during prosecution that the term "central longitudinal groove" in the claimed invention was narrower than that disclosed in the prior art could not be later disclaimed during litigation on the basis that it was an erroneous argument made in conjunction with drawings submitted during prosecution. The court also rejected the argument that the intended dimensions could be gleaned from drawings in the patent, which did not show any particular dimensions.

Bayer AG v. Elan Pharm. Research Corp., 212 F.3d 1241, 54 USPQ2d 1711 (Fed. Cir. 2000). An applicant's claim amendment to recite a specific range was a "clear and unmistakable surrender" precluding infringement under the doctrine of equivalents, despite the fact that the amendment was not required by the prior art. The inventor had made affirmative statements regarding the superiority of the claimed range, and stated that it produced unexpected results.

Fiskars, Inc. v. Hunt Mfg. Co., 221 F.3d 1318, 55 USPQ2d 1569 (Fed. Cir. 2000). The patent

owner successfully rebutted the Warner-Jenkinson presumption of prosecution history estoppel where it was not clear from the prosecution history why a particular claim amendment was made. The inventor was permitted to explain at a pre-trial hearing that the amendment was made not to overcome any cited art, but rather to remove an unintended limitation.

Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 2000 WL 1753646 (Fed. Cir. Nov. 29, 2000). In this en banc case, the Federal Circuit made sweeping changes to the law of prosecution history estoppel, concluding that narrower claims that were submitted to replace previously filed claims resulted in a complete "bar" to any equivalence under the doctrine of equivalents. In particular, the court answered the following questions raised in its order for rehearing en banc:

(1) Do amendments made for reasons other than avoiding the prior art give rise to prosecution history estoppel (i.e., are they "a substantial reason related to patentability?") Yes. "A narrowing amendment made for any reason related to the statutory requirements for a patent will give rise to prosecution history estoppel with respect to the amended claim element." This includes amendments made for reasons related to 35 U.S.C. § 112, first and second paragraphs, and related to utility (35 U.S.C. § 101).

(2) Should a voluntary claim amendment not required by an examiner or made in response to a rejection by the examiner create prosecution history estoppel? Yes. "Both voluntary amendments and amendments made required by the Patent Office signal to the public that subject matter has been surrendered."

(3) Assuming prosecution history estoppel exists, what range of equivalents, if any, is available under the doctrine of equivalents? Answer: None. "When a claim amendment creates prosecution history estoppel with regard to a claim element, there is no range of equivalents available for the amended claim element. Application of the doctrine of equivalents to the claim element is completely barred." The court also stated that "A complete bar also eliminates the public's need to speculate as to the subject matter surrendered by an amendment that narrows a claim for a reason related to patentability."

(4) When no explanation is made for a claim amendment, what range of equivalents, if any, is available under the doctrine of equivalents? Answer: None. "When no explanation for a claim amendment is established, no range of equivalents is available for the claim element so amended." Moreover, the court stated that "a patent holder seeking to establish the reason for an amendment must base his arguments solely upon the public record of the patent's prosecution, i.e., the patent's prosecution history."

#### **4. INTERPRETING MEANS-PLUS-FUNCTION LIMITATIONS**

Atmel Corp. v. Information Storage Devices, Inc., 198 F.3d 1374, 53 USPQ2d 1225 (Fed. Cir. 2000). A patent may not rely on a document that is incorporated by reference to support structure corresponding to a means-plus-function limitation in a claim. The structure corresponding to the recited function must be described within the four corners of the patent specification. Nevertheless, in this case, the title of the incorporated article itself was descriptive enough to permit a person of ordinary skill in the art to know what the corresponding structure was. Judge Mayer dissented, concluding that “requiring inventors to include very imaginable detail of a structure corresponding to a claimed means, including those widely understood by persons of ordinary skill in the art, would be the antithesis of conciseness and would result in exceedingly lengthy patents.”

Ishida Co. v. Taylor, 221 F.3d 1310, 55 USPQ2d 1449 (Fed. Cir. 2000). Claims written in means-plus-function format should be interpreted to cover two separate embodiments disclosed in the specification, not a single broad construction that would cover both embodiments.

IMS Tech., Inc. v. Haas Automation, Inc., 206 F.3d 1422, 54 USPQ2d 1129 (Fed. Cir. 2000).

(1) One way of determining whether two structures are "equivalent" for purposes of evaluating literal infringement under 35 U.S.C. § 112, sixth paragraph, is to apply a modified version of the function-way-result test, assuming that the functions are identical. In other words, if the accused device performs the recited function, determine whether the accused and disclosed structures perform the recited function in substantially the same way and produce substantially the same result. Evidence of known interchangeability between structure in the accused device and the disclosed structure is an important factor. 206 F.3d at 1435.

(2) Where a structure corresponding to a recited function under 35 U.S.C. § 112, sixth paragraph, is of "little or no importance" to the claimed invention, it may be entitled to a broader range of equivalent structures for purposes of determining literal infringement. Conversely, where a structure is "critical in performing the claimed function in the context of the claimed invention," the structure may be entitled to a lesser range of equivalents. In this case, in determining whether a floppy disk drive can be a § 112, sixth paragraph equivalent of the disclosed tape transport, the recited "interface means" merely provides a way of storing programs, and is not "important to the invention." Consequently, the patent owner should be entitled to a broader range of structural equivalents. 206 F.3d at 1436-37.

## **C. ENFORCEMENT OF PATENTS**

### **1. OWNERSHIP OF PATENTS**

Banks v. Unisys Corp., 228 F.3d 1357, 56 USPQ2d 1222 (Fed. Cir. 2000). An employee who did not sign an invention agreement was not necessarily obligated to assign patent rights to his employer



under the “hired to invent” doctrine. The employer argued that Banks was hired to work on a specific project, and thus the employer was entitled to the patent rights arising from the project. The Federal Circuit vacated a summary judgment in favor of the employer, concluding that because Banks did not sign the invention agreement, there was a material fact as to whether an implied-in-fact contract had been formed. The court reaffirmed the general principle that, in the absence of a written agreement, inventors own rights to any patents. (N.B.: employers should ensure that all potential inventors in a company have signed an invention agreement to avoid this problem).

Speedplay, Inc. v. Bebop, Inc., 211 F.3d 1245, 53 USPQ2d 1984 (Fed. Cir. 2000). An employee who signed an invention agreement stating that the employee “hereby conveys, transfers and assigns to [employer] all right, title and interest in and to inventions” acted as a present transfer of rights to later-developed inventions, and no further assignment was necessary to prove that the company owned rights to the patent. The court rejected Bebop’s argument that the employment agreement was merely a promise to assign a future invention.

## 2. "OFFER TO SELL" INFRINGEMENT

Hollyanne Corp. v. TFT, Inc., 199 F.3d 1304, 53 USPQ2d 1201 (Fed. Cir. 1999). An offer to donate an infringing system to local schools and to a cable TV system was not an infringing “offer for sale” under the patent statute.

Rotec Indus., Inc. v. Mitsubishi Corp., 215 F.3d 1246, 55 USPQ2d 1001 (Fed. Cir. 2000). Activities occurring outside the United States cannot be used to establish infringement under the patent statute’s “offer to sell” provision. Mitsubishi signed a contract in China for a project to be built in China. Although the purchaser visited several of the defendants in the United States and negotiations took place among defendants in the United States concerning individual components of the patented invention, there was no evidence that the defendants communicated any offer to the purchaser in the United States. Other evidence relating to meetings or communications occurring in the United States were excluded as hearsay. The court applied the ordinary meaning of “offer to sell” as revealed by dictionaries and the Uniform Commercial Code, concluding that there was no “manifestation of willingness to enter into a bargain” occurring within the United States.

## 3. INEQUITABLE CONDUCT

Li Second Family Ltd. Partnership v. Toshiba Corp., \_\_\_\_ F.3d \_\_\_\_, \_\_\_\_ USPQ2d \_\_\_\_, 2000 WL 1673377 (No. 99-1451 Fed. Cir. November 8, 2000). A patent was found unenforceable because of an inventor’s misleading and repeated assertions that certain subject matter was entitled to an earlier filing date. The inventor failed to inform the PTO that the Board of Patent Appeals had previously found that the subject matter in a related application was not entitled to the earlier date. The court inferred intent to deceive from the affirmative misrepresentations.

Perseptive Biosystems, Inc. v. Pharmacia Biotech, Inc., 225 F.3d 1315, 56 USPQ2d 1001, (Fed. Cir. 2000). Where the named inventors misrepresented to the PTO the nature of potentially inventive contributions made by employees of another company, the patents were unenforceable on grounds of inequitable conduct, even if the correct inventors were ultimately named on the patents. The named inventors had, among other things, falsely stated that one of them had “initiated” or “directed” work at another company that was collaborating on the project leading to the invention, and misleadingly suggested to the PTO that the other company was merely a source of raw materials for the project. The majority concluded that these statements were both deceptive and material to patentability, since they related to whether the named inventors were correctly named under 35 U.S.C. § 102(f). In a vigorous dissent, Judge Newman argued that mere collaboration on the project would not have been sufficient to change the inventorship determination, and that a the ruling would provide a new method of challenging patents where inventors failed to disclose any collaborative relationships to the PTO.

Life Tech., Inc. v. Clontech Labs., Inc., 224 F.3d 1320, 56 USPQ2d 1186 (Fed. Cir. 2000). It was not inequitable conduct to withhold incomplete information concerning a rival researcher’s work, where

the inventors had no specific details regarding when the rival reduced his invention to practice; what specific results were achieved; or how they were achieved.

Semiconductor Energy Lab. Co. v. Samsung Elec. Co., 204 F.3d 1368, 54 USPQ2d 1001 (Fed. Cir. 2000). A patent was held unenforceable because the inventor submitted a partial translation of a Japanese reference that left out the most relevant parts of the reference. However, the court ruled that an inequitable conduct claim may not serve as the basis for a RICO claim under federal and New Jersey RICO laws.

Fiskars, Inc. v. Hunt Mfg. Co., 221 F.3d 1318, 55 USPQ2d 1569 (Fed. Cir. 2000). An applicant need not re-submit a prior art reference that was rejected by the examiner (the examiner had drawn a line through the listing on the IDS, indicating that he did not consider it). The Federal Circuit stated that the applicant's submission of the reference to the examiner negated any intent element of inequitable conduct.

#### **4. COMPULSORY COUNTERCLAIMS/DISCOVERY FOR CLAIM CONSTRUCTION**

Vivid Tech., Inc. v. American Science & Eng. Inc., 200 F.3d 795, 53 USPQ2d 1289 (Fed. Cir. 1999). Infringement counterclaims are compulsory, and it was an abuse of discretion for a district court judge to refuse to permit the declaratory judgment defendant to plead amended counterclaims of patent infringement. However, the district court was within its authority to refuse to permit further discovery concerning the accused devices before issuing a claim construction ruling.

#### **5. JURISDICTION OVER NON-PATENT CLAIMS**

U.S. Valves, Inc. v. Dray, 212 F.3d 1368, 54 USPQ2d 1834 (Fed. Cir. 2000). The Federal Circuit accepted jurisdiction over an appeal transferred from the Seventh Circuit. The lawsuit involved a breach of a patent license agreement, and in particular a question whether certain articles were covered by the license. The Federal Circuit noted that the plaintiff's right to relief necessarily depended on resolution of a substantial question of federal patent law, i.e., whether valves sold by Dray were covered by the license or infringed the patent. (Note: this seems to be an expansion of the Federal Circuit's jurisdiction. Breach of patent license agreements have traditionally been considered issues of contract law, and have not invoked the Federal Circuit's exclusive appellate jurisdiction).

Nilssen v. Motorola, Inc., 203 F.3d 782, 53 USPQ2d 1765 (Fed. Cir. 2000). The Federal Circuit transferred an appeal to the Seventh Circuit. The original lawsuit raised both trade secret and patent infringement claims, but the patent infringement claims were dismissed without prejudice by the district court. The remaining trade secret claims were appealed to the Federal Circuit. The Federal Circuit transferred the appeal, stating that the dismissal without prejudice meant that the district court's jurisdiction was no longer based on 28 U.S.C. § 1338.

#### **6. ATTORNEY-CLIENT PRIVILEGE COVERS INVENTION RECORDS**

In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 53 USPQ2d 1747 (Fed. Cir. 2000). In a case of first impression, the Federal Circuit held that invention records submitted by an inventor to an in-house legal department are covered by the attorney-client privilege and are immune from discovery. The court rejected the “conduit theory” invoked by some earlier decisions, under which patent attorneys were considered “mere conduits” for information to be submitted to the PTO. The court also refused to dissect the invention records into technical and non-technical parts, concluding that the entire document was covered by the privilege. Moreover, the issue of privilege of such records is unique to patent law, and thus Federal Circuit (not regional circuit) law should apply.

## **7. USE OF COLLATERAL PROCEEDING TO RAISE DEFENSE**

Glitsch, Inc. v. Koch Eng'g Co., 216 F.3d 1382, 55 USPQ2d 1374 (Fed. Cir. 2000). A party may not use a separate declaratory judgment action to raise a defense that it could have timely raised in an earlier patent infringement action. After Glitsch was found liable for patent infringement, it moved to amend its answer to raise defenses of patent misuse and trade secret misuse. The district court denied the motion as untimely, and Glitsch thereafter filed a separate declaratory judgment action alleging the same patent misuse claim, and seeking an order declaring the patents unenforceable. The Federal Circuit held that Glitsch could not use this tactic to do an “end run” around the first court’s action; the appropriate remedy was to appeal the first court’s action.

## **8. ANTITRUST**

In re Independent Service Organizations Antitrust Litigation, 203 F.3d 1322, 53 USPQ2d 1852 (Fed. Cir. 2000). It is not an antitrust violation to refuse to sell patented replacement parts to companies that service photocopiers. A patent holder may enforce the statutory right to exclude free from liability under antitrust laws, even if the refusal may have an anticompetitive effect, so long as the anticompetitive effect is not illegally extended beyond the statutory patent grant. In this case, there was no allegation of illegally tying the sale of Xerox’s patented parts to unpatented products.

## **9. ACCEPTING ADVERSE JUDGMENT AS PRECONDITION TO APPEAL**

CAE Screenplates Inc. v. Heinrich Fiedler GmbH & Co., 224 F.3d 1308, 55 USPQ2d 1804, (Fed. Cir. 2000). Parties that receive an adverse claim interpretation in district court sometimes concede infringement or non-infringement under the adverse claim interpretation in order to immediately appeal the adverse construction. In this case, the plaintiff received an adverse claim interpretation and submitted a joint motion for entry of final judgment under Rule 54(b), but stated that the submission of the motion “is not an admission that there is no infringement.” The Federal Circuit pondered whether it had jurisdiction over the judgment, which appeared not to be “final.” The Federal Circuit criticized this tactic and, by forcing the plaintiff to take a position at oral argument, proceeded to decide the issue. [Practice tip: ensure that any concession judgments are clearly “final” in order to permit appellate review.]

## **10. BURDEN OF PROOF UNDER 35 U.S.C. § 295**

Nutrinova Nutrition Specialties & Food Ingredients GmbH v. International Trade Comm’n, 224 F.3d 1356, 55 USPQ2d 1951 (Fed. Cir. 2000). Nutrinova’s process patent was allegedly infringed by a defendant that imported from China products made by the patented process. After examining samples and concluding that they may have been produced by the patented process, Nutrinova was allowed to tour the plant in China, where new samples did not produce the same results. Nutrinova asked the ITC to shift the burden of proving infringement to the defendant under 35 U.S.C. § 295, but the ITC found that Nutrinova failed to show that it made a reasonable effort to determine the process actually (and thus did not satisfy the second prong of § 295). The Federal Circuit affirmed, concluding that – under the “substantial evidence” standard of review -- Nutrinova failed to show that it made a reasonable effort to determine the process actually used.

## **11. LACHES DURING PROSECUTION**

Symbol Techs. Inc. v. The Lemelson Medical, Ed. & Res. Found., Ltd., 2000 WL 1300430 (Misc. Docket No. 626 Fed. Cir. August 30, 2000)(nonprecedential). The Federal Circuit agreed to hear an interlocutory appeal to decide the viability of the so-called defense of “prosecution laches.” Manufacturers of bar code readers argued in the district court that Lemelson’s patents are unenforceable because Lemelson delayed issuance of patents for decades, thus causing an entire industry to reasonably rely on the availability of the technology. Various lawsuits brought by and against Lemelson are pending in Arizona and Nevada.

## **12. WILLFUL INFRINGEMENT**

Yamanouchi Pharm. Co. v. Danbury Pharmacal Inc., \_\_\_\_ F.3d \_\_\_\_, \_\_\_\_ USPQ2d \_\_\_\_, 2000 WL 1644602 (No. 99-1521 Fed. Cir. November 3, 2000). The filing of an Abbreviated New Drug Application (ANDA) with a baseless certification of patent invalidity constitutes willful patent infringement. The court concluded that parties have a duty of due care to exercise when certifying that a patent is invalid, and a breach of the duty may constitute willful patent infringement.

## **13. JOINDER OF PARTY AFTER ENTRY OF JUDGMENT**

Nelson v. Adams USA, Inc. 529 U.S. 460, 120 S. Ct. 1579, 54 USPQ2d 1513 (2000). In its only patent law decision of the year, the Supreme Court reversed a Federal Circuit decision that had allowed a patent infringement defendant to add a related defendant to the lawsuit after entry of judgment. The Supreme Court held that such a procedure violated the Due Process clause of the Constitution, even though the added defendant had actually participated in the trial.

## 14. OTHER

Anastasoff v. United States, 223 F.3d 898, 2000 WL 1182813 (8th Cir. 2000). In a somewhat surprising decision, the Eighth Circuit held that its own rule stating that unpublished opinions may not be cited as precedent was unconstitutional. The panel cited the separation of powers constitutional doctrine as support for its decision.

### **III. TRENDS IN PATENT LAW**

1. The Federal Circuit continues to expand its jurisdiction to cover lawsuits that include quasi-patent issues, including those that traditionally have not invoked its exclusive jurisdiction. For example, the court now accepts appeals involving patent license disputes, which are predominantly issues of contract law.

See, e.g., U.S. Valves, Inc. v. Dray, 212 F.3d 1368, 54 USPQ2d 1834 (Fed. Cir. 2000)(breach of patent license agreement). Similarly, the Federal Circuit continues to expand its definition of what constitutes a “patent issue,” thus allowing it to apply its own law rather than that of the regional circuits. See, e.g., In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 53 USPQ2d 1747 (Fed. Cir. 2000)(declaring that attorney-client privilege issue would be determined under Federal Circuit law, not regional circuit law).

2. The Federal Circuit continues to interpret limitations written in means-plus-function format narrowly. See, e.g., Atmel Corp. v. Information Storage Devices, Inc., 198 F.3d 1374, 53 USPQ2d 1225 (Fed. Cir. 2000)(stating that means-plus-function limitations may not rely on documents incorporated by reference into the patent specification).

3. The Federal Circuit continues to place a premium on the so-called “written description” of the claimed invention, and will invalidate patents that it believes fail to adequately describe the invention, sometimes with harsh results. See, e.g., Southwest Software, Inc. v. Harlequin Inc., 226 F.3d 1280, 56 USPQ2d 1161 (Fed. Cir. 2000)(chastising patent owner for failing to promptly file certificate of correction, and holding patent invalid until corrected).

4. There is a continuing trend toward finding prosecution history estoppel, and critically dissecting statements made by patent applications during the application process, in order to narrowly interpret the resulting patents. See, e.g., Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 2000 WL 1753646 (Fed. Cir. Nov. 29, 2000); Hockerson-Halberstadt, Inc. v. Avia Group Int'l., 222 F.3d 951, 55 USPQ2d 1487 (Fed. Cir. 2000)(finding that attorney's allegedly erroneous argument during prosecution acted as estoppel).

5. There is a continuing trend toward giving the doctrine of equivalents a narrow scope, often affirming summary judgment of non-infringement under the doctrine. The so-called “dedication to the public” doctrine has apparently been resurrected to bar infringement under the doctrine where the patent owner discloses but does not claim an embodiment of the invention. Moore U.S.A. Inc. v. Standard Register Co., 229 F.3d 1091, 56 USPQ2d 1225 (Fed. Cir. 2000).

6. The United States continues to generally harmonize its laws with those of Europe and other major countries. Publication of patent applications and provisional rights arising from publication is the most recent example of this trend.