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**Federal Circuit Holds That Principles Of Prosecution History Estoppel Apply To Design Patents**

In *Pacific Coast Marine v. Malibu Boats* (Appeal No. 2013-1199), the Federal Circuit held, in an issue of first impression, that the principles of prosecution history estoppel apply to design patents, reversing the district court's summary judgment of non-infringement because the accused infringing design was not within the scope of the subject matter surrendered during prosecution.

Pacific Coast is the assignee of all rights of a U.S. design patent for an ornamental boat windshield design. During prosecution, the applicant submitted drawings with various embodiments of the claimed design with different vent hole configurations. The examiner determined that the multiple embodiments represented five "patentably distinct groups of designs" and issued a restriction requirement, identifying the five distinct groups of designs as windshields with: (1) four circular holes and a hatch; (2) four circular or square holes and no hatch; (3) no holes and a hatch; (4) no holes and no hatch; and (5) two oval or rectangular holes and a hatch. The applicant was required to elect a single group for the pending application. In response, the applicant elected "Group I, Embodiment 1," depicting four vent holes and a hatch. The accused infringing design was in a boat windshield with three trapezoidal holes on the corner post.

Pacific Coast brought suit against Malibu Boats, alleging infringement of its design patent protecting a marine windshield with four holes in the corner post and colorable imitations thereof. The district court granted Malibu Boats' motion for summary judgment of non-infringement of the accused designs having a three-hole configuration, finding that prosecution history estoppel barred the infringement claim.

On appeal, the Federal Circuit concluded that the principles of prosecution history estoppel apply to design patents as well as utility patents, which may be infringed both literally and under the doctrine of equivalent. The Federal Circuit determined: (1) whether there was a surrender; (2) whether it was for reasons of patentability; and (3) whether the accused design is within the scope of the surrender.

(1) The Federal Circuit concluded that there was a surrender of claim scope during prosecution and held that prosecution history estoppel is not limited to narrowing amendments, but extends as well to claim

surrender. By removing broad claim language referring to alternate configurations and cancelling the individual figures showing the unelected embodiments, the applicant narrowed the scope of his original application to windshields with four-hole, and surrendered subject matter of two holes or no holes embodiment;

(2) The Federal Circuit concluded that claim scope was surrendered in order to secure the patent, as required by the Supreme Court's decision in *Festo*, in which the Court has held that "estoppel arises when an amendment is made to secure the patent and the amendment narrows the patent's scope", and though that, in the design patent context, the surrender resulting from a restriction requirement invokes prosecution history estoppel if the surrender was necessary, as in *Festo*, "to secure the patent."

(3) As to the final question, the Federal Circuit noted that prosecution history estoppel only bars an infringement claim if the accused design fell within the scope of the surrendered subject matter. In the present case, the surrendered designs included windshields with two holes or no holes to secure the patent in suit claiming four-hole, however, the applicant neither submitted nor surrendered any three-hole design, which corresponds to the accused design.

The Federal Circuit also found that it need not decide whether the scope of the surrender is measured by the colorable imitation standard, since the defendant here did not argue that the scope of the surrendered two-hole embodiment extended to the three-hole embodiment because the three-hole embodiment was not colorably different from the two-hole embodiment.

Since the patentee here did not argue that the accused design was within the scope of the surrendered two-hole embodiment, no presumption of prosecution history estoppel could arise. Therefore, the Federal Circuit held that prosecution history estoppel principles do not bar Pacific Coast's infringement claim, and remanded for further proceedings.

## **Federal Circuit Partially Affirms District Court Ruling On Timeliness For Requesting Reconsideration Of Patent Term Adjustment Determination**

In *Novartis AG v. Lee* (Appeal No. 2013-1160, -1179), the Federal Circuit affirmed the district court's ruling on timeliness as to the claims at issue, agreeing with the district court's interpretation of 35 U.S.C. § 154(b)(3) and (b)(4) and partly reversed the judgment as to patent term adjustment of the PTO.

Novartis filed suits that challenged the determinations by the PTO of how much time to add, under 35 U.S.C. § 154(b), to the otherwise-applicable term of various Novartis patents. Of the eighteen patents before the Court, the district court dismissed Novartis's claims regarding fifteen as untimely asserted. For the other three, the court rejected the PTO's construction of the statutory provision that governs patent term adjustment.

For the claims dismissed as untimely, the Court held that the applicable

limitations rule was the 180-day rule of § 154(b)(4) and that nineteen of Novartis's claims were filed too late under that rule.

It is undisputed that for the fifteen patents, Novartis did not file suit within 180 days of denial of reconsideration. However, for these patents, Novartis appealed the district court's dismissal of its claims as untimely under the pre-2013 version of 35 U.S.C. § 154(b)(3) & § 154(4)(A), by contending that the 180-day period is inapplicable to its challenges to the final patent term adjustment determinations, because the Director did not make those determinations under paragraph (b)(3), which addresses only the provisional adjustment announced upon allowance of claims.

The Federal Circuit found this interpretation ultimately unreasonable, because clause (b)(3)(B)(ii) and subparagraph (b)(3)(D), both of which plainly cover the final adjustment announced at issuance, not just a provisional adjustment announced at allowance. Although the statutory phrasing provides a starting point for Novartis's argument, by emphasizing the judicial obligation "to make sense rather than nonsense out of" the statute as a whole, the Federal Circuit affirmed that the only reasonable construction is that the § 154 (b)(3)(B)(i) command regarding transmittal with a notice of allowance is itself implicitly limited to determinations that can be transmitted at that time.

As to Novartis's timely asserted claims, the Federal Circuit concluded that the PTO was partly correct and partly incorrect in its interpretation of § 154(b)(1)(B). Notably, Novartis challenged two PTO interpretations of the provision of 35 U.S.C. § 154(b)(1)(B)(i). The Federal Circuit agreed with one of the PTO's interpretation, that no adjustment time is available for any time in continued examination, even if the continued examination was initiated more than three calendar years after the application's filing. The Federal Circuit rejected another view of the PTO and emphasized that the time from allowance to issuance undisputedly would count toward the PTO's three-year allotment in a case not involving a continued examination.

Therefore, the Federal Circuit affirmed the dismissal of Novartis's claims with respect to fifteen patents as untimely, partly reversed the judgment as to patent term adjustment for three patents, and remanded for redetermination of the proper adjustments in accordance with this opinion.

## **Federal Circuit Affirms Invalidity Of Patent As Anticipated Due To Failure To Properly Claim Priority**

In *Medtronic CoreValve LLC v. Edwards Lifesciences Corp.* (Appeal No. 2013-1117), the Federal Circuit affirmed the district court's judgment of invalidity of the asserted claims as anticipated, by agreeing with the district court's determination of the priority date of the patent at issue.

Medtronic sued Edwards for infringement of certain claims of its patent entitled "Prosthetic Valve for Translumenal Delivery". The patent at issue descends from a number of United States, international (PCT/FR), and French patent applications, notably a French Application filed on October 31, 2000 and an International Application filed on October 19, 2001. Edwards asserted that the patent's priority chain suffered from several defects for failure to comply with the requirements of 35 U.S.C. §§ 119 and 120 which limited the priority date of the Asserted Claims to no earlier than April 10, 2003, the date

on which a U.S. Patent Application Serial was filed, and thus moved to invalidate the Asserted Claims on summary judgment under 35 U.S.C. § 102 with earlier filed French and International Applications. Medtronic filed a cross-motion for summary judgment on the priority date issue, contending that the priority chain of the '281 patent suffered from no defects and that the Asserted Claims are entitled to a priority date of October 31, 2000, the filing date of French Application.

The district court granted Edwards's motion and denied Medtronic's cross-motion. With respect to priority, the district court found that the patent at issue was not entitled to a priority date earlier than April 10, 2003 because it was neither in compliance with 35 U.S.C. § 119 to claim the benefit of the October 31, 2000 filing date of French Application, nor in compliance with 35 U.S.C. § 120 to claim the benefit of the October 19, 2001 filing date of the International (PCT/FR) Application.

The Federal Circuit agreed with the district court that because several intermediate U.S. patent applications failed to specifically reference the earlier filed applications in the priority chain, the patent at issue was not entitled to claim the priority date of the International Application under § 120.

Consequently, the Federal Circuit found that the district court was correct to limit the priority date of the patent to no earlier than April 10, 2003 and thereafter find the Asserted Claims invalid as anticipated and thus affirmed the judgment of the district court.

## **Federal Circuit Affirms District Court's Summary Judgment of Non-Infringement**

In *Nazomi Communications, Inc. v. Nokia Corporation* (Appeal No. 2013-1165), the Federal Circuit affirmed the district court's grant of summary judgment of non-infringement.

Nazomi's patents relate to a central processing unit (CPU) capable of processing register-based and stack-based instructions. In February 2010, Nazomi filed a complaint against various technology companies, including Western Digital Corporation and Sling Media, Inc., alleging infringement of its patents. In July 2012, Western and Sling filed a motion for summary judgment contending that the claims should be construed to require that the device perform the claimed functions itself, and that the accused devices did not infringe the asserted claims because they include only the necessary hardware but not the necessary software.

In opposing summary judgment, Nazomi argued that the claims describe only the hardware component to perform the claimed functionalities and the accused products infringed based on the presence of the hardware alone, even without the activation of the necessary software.

The district court granted Western and Sling's motion for summary judgment of noninfringement and found that the claimed apparatus must itself be capable of performing the claimed functions, and construed that the asserted claims require a hardware and software combination capable of processing both register-based and stack-based instructions. Without the enabling software, the physical presence of the necessary hardware alone could not

process stack-based instructions.

The Federal Circuit agreed with the district court that the claims are properly construed as claiming an apparatus comprising a combination of hardware and software capable of practicing the claim limitations. The claims recite a CPU that can perform particular functions, namely, the processing of both register-based and stack-based instructions. Since hardware cannot meet these limitations in the absence of enabling software, the claims are properly construed as claiming an apparatus comprising a combination of hardware and software capable of practicing the claim limitations. Furthermore, the Court noted that the claims do not cover hardware that contemplates an environment where it could be combined with software, but rather require a hardware-software combination that must perform the described functions.

The Federal Circuit therefore affirmed the district court's findings of non-infringement.

## **Federal Circuit Vacates Contempt Order And Remands For Claim Construction**

In *Proveris Scientific Corp. v. Innovasystems, Inc.* (Appeal No. 2013-1166, 1190), the Federal Circuit vacated the district court contempt order and remanded for claim construction and renewed contempt proceedings.

Proveris's patent relates to a mechanism for evaluating aerosol spray plumes which involves triggering a spray plume and collecting data on the plume via an illumination device and an imaging device. In 2005, Proveris filed a patent infringement lawsuit against Innova. After a permanent injunction granted by the district court, Innova modified the initially accused product and contended that the significant modification renders the newly accused product non-infringing, because the preamble of the concerned claim of the asserted patent specifies that the image data may be captured "at a predetermined instant in time", while the newly accused product allowed a user to identify what range of images he or she wanted to analyze after activating the spray plume. Proveris disagreed with Innova's interpretation of that claim language and filed a contempt motion.

The district court would not construe the concerned claim or import a limitation from the preamble of said claim, because Innova could have raised claim construction issues in the underlying infringement action. On the merits, the district court entered a contempt order against Innova, thereby implicitly finding that the newly accused product was not more than colorably different from the infringing initially accused product and that it infringed the asserted patent.

The Federal Circuit, reasoning that there was insufficient information on the record to resolve the proper construction of disputed language within Claim 3, remanded the case to the district court to determine the proper construction of the disputed claim language and determination whether the newly accused product infringes Claim 3 and therefore constitutes a violation of the injunction.

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