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THE PATENT SYSTEM?**

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INTRODUCTION

Despite the inception of the AIA, a number of problem areas concerning the United States patent system continue to exist, while new issues have sprung up at, or caused by, the interface between the AIA's post grant PTAB proceedings and patent litigation in the United States District Courts.

Examples include:

- Handling/defining the “plain meaning” of a claim limitation to one of ordinary skill in the (relevant) art, including the parallel complexities of required claim construction in view of *02 Micro, Int'l Ltd v. Beyond Innovation Tech, Co.*;
- Unravelling prosecution history disclaimer with all its nuances and conflicts; and
- Constraints on PTAB substantive and procedural practices, mandated by Title 5, USCA, Administrative Procedure Act, the substantive standards applied to PTAB construction under the BRI (especially as contrasted to the *Phillips v. AWH* regime), and the degree of deference (or lack thereof), PTAB to United States District Court / United States District Court to PTAB, as to claim construction and other substantive holdings / judgments.

This paper presents exemplary decisions where these issues have been addressed (Federal Circuit, trial court and PTAB panels) in the period 2013-17.

I. PLAIN MEANING

I.A. Ordinary/Plain Meaning

In *Nobel Biz v. Global Connect*, Appeal No. _____, slip op. (Fed. Civ. ___ 2017), a jury sided with the patentee-finding that global connect infringed the called ID modifying patents. **On appeal, the Federal circuit reversed on claim construction in a non-precedential opinion.**

The claimed invention is associated with telemarketing, and the idea is to “provide a callback number... that may be closer to or local to the target.” (Quoting patent specification). The claims themselves require an “outbound call,” “**replacement telephone number,**” and “modif[ing] caller identification data.” **Pretrial, the trial court determined that these terms needed no further claim construction but instead should be given their “plain and ordinary meaning.”** However, during the jury trial technical experts from each side provided testimony as to the meaning of these claim terms.

On appeal, the Federal Circuit’s first holding is that “allowing the experts to make arguments to the jury about claim scope was erroneous.” Rather, claim construction is the responsibility and duty of the judge rather than the jury. **The judge must inform the jury of the scope of the claims, enabling the jury to then determine whether those claims are infringed.**

Further, the court also erred by failing to construe terms whose scope was disputed. **Following its precedent of *O2 Micro, Int’l Ltd. v. Beyond Innovation Tech Co.*, 521 F. 3d 1351, 1361 (Fed. Cir. 2008), it is not enough for the court to simply state that the definition use “well understood” when the parties dispute the scope covered by the claims because that would leave the jury with the responsibility of determining the claim scope.**

Judge Newman, dissenting, cited other Federal Circuit precedent, such as *Summit 6, LLC v. Samsung Elecs. Co.*, 802 F. 3d 1283, 1291 (Fed. Circ. 2015), where the Federal Circuit had approved of the trial court’s refusal to particularly construe common claim terms with clear meaning and no special definition in the art: “Because the plain and ordinary meaning of the disputed claim language is clear, the district court did not err by declining to construe the claim term.” **Judge Newman went on to state that the majority’s approach *substantially undermines the fact-finding role of the jury in patent cases.*** Rather, in this case “[t]he district court declined to decide the question of infringement by way of claim construction.”

Crouch, in “Please define what you Mean by Ordinary Meaning,” blog post July 19, 2017, commented that:

An oddity of the majority opinion is its sole focus on claim construction without considering the impact. Majority opinion has no discussion as to whether the minor tweaks that it provides for the meaning of a *replacement telephone number* would have any impact on the jury’s opinion, or if the jury

could have reached the same conclusion of infringement under the modified claim construction. **In her dissent Judge Newman provides a reason for the majority's lack of explanation: "We are not told how these corrected definitions could have changed the result at trial.** Note here - for instance - the majority found that the claim construction should have specified that the claimed "replacement telephone number" must "replace something... [such as] an original phone number." *Ordinarily, a minor tweak would not require vacatur of a jury verdict without first considering whether the change might have some impact on the outcome.*"

I would also add some comment here that relates to the majority's first holding: "Allowing the experts to make arguments to the jury about claim scope was erroneous." **Of course, whether certain testimony is permitted or not is ordinarily well within the discretion of the district court judge. Here, the court found it reversible error without (1) providing deference to the lower court or (2) considering whether the testimony somehow threw the jury off track in an impermissible way.**

In *TVIIM, LLC v. McAfee, Inc.* Appeal No. 16-1562, slip op. (Fed. Cir. March 21, 2017), addressing the issue of whether jury determinations of invalidity and non-infringement were inconsistent **where claim terms had more than one possible "plain and ordinary meaning,"** the Federal Circuit upheld the verdict and the trial court's subsequent denial of a new trial, **concluding that the patentee had waived any claim construction arguments, that the determinations of non-infringement and invalidity were consistent, and that any claim construction error was harmless in light of the patentee's concessions regarding invalidity.** *Dahlin*, "Beware of Relying on Plain and Ordinary Meaning," *Lexicology*, <http://www.lexology.com/library> (April 27, 2017).

TVIIM, a non-practicing entity, filed a patent infringement suit against McAfee alleging that McAfee's "Program Updates" product/feature infringed TVIIM's patent. The asserted patent covers a method of providing a security assessment for a computer by broadly undertaking the following steps: identifying the configuration of a computer, such as installed programs; identifying vulnerabilities associated with the configuration; and performing various utility functions (*i.e.*, corrective measures) in response to the identified vulnerabilities. McAfee's accused Program Updates feature had four basic functions: identifying non-Windows programs on a computer, checking a national database to determine whether there were any known vulnerabilities for the current version of the identified programs; determining whether an update was available for the identified programs; and downloading any available update, regardless of whether known vulnerabilities were found.

Prior to the trial, TVIIM asked the trial court to construe a single term: "vulnerability. The court found that the term should have its "plain and ordinary meaning." Both parties thereafter agreed that no further construction was necessary. At trial, McAfee argued that two prior art references anticipated, or rendered obvious, the asserted patent. The references disclosed identifying vulnerabilities in a computer system and providing detailed information to the user. For both references, the user (and not the system) had to take any desired corrective action. The proper scope of the asserted claims became a key issue at

trial, including whether the McAfee product or prior art references took action “in response” to identifying vulnerabilities. At the close of trial, the jury found that the asserted patent was not infringed and was invalid. **TVIIM filed motions for judgment as a matter of law (JMOL) and a new trial, arguing that the jury had rendered an inconsistent verdict because it could not have arrived at both a non-infringement and an invalidity determination using a single construction of three key claim terms. TVIIM conceded that it did not seek construction of any of these terms before or during trial.** After the trial court denied the motions, TVIIM appealed. The Federal Circuit affirmed.

First, the Court restated the axiom that “claim terms must be construed the same way for the purpose of determining invalidity and infringement.” **It held, however, that TVIIM had waived any claim construction arguments by failing to seek construction of the three terms it alleged were construed differently for infringement versus invalidity.** Next, the court went through each of the three claim terms found that substantial evidence supported the jury verdict of non-infringement **based on using the same construction the jury had likely used for its invalidity verdict.** Finally, the court noted that any potential error in claim construction was harmless because TVIIM conceded that the jury’s invalidity determination could be proper under “any single ordinary meaning construction.”

Dahlin, “Beware of Relying on “Plan and Ordinary Meaning,” Lexology, <http://www.lexology.com/library> (April 27, 2017).

In Oxford Hails Lumunotec Ltd v. Qcagen Inc., et al., Civil Action No. 15-cv-13124-NMG, the defendants tried to bar the plaintiff from submitting plain and ordinary claim construction proposals. However, the court instead prescribed a solution in favor of the plaintiff.

During the *Markman* phase of the litigation, **defendants alleged that Plaintiff Oxford should be prevented from opposing defendants’ proposed constructions for 19 disputed terms because Oxford did not propose its own specific constructions for these terms; Oxford instead took the position that the “plain and ordinary meaning” of these terms should control.** In response to defendants, Oxford asserted that it was not required to provide express definitions for the terms in question and that its proposal of plain and ordinary meaning is sufficient.

In deciding the issue, Judge Gorton first looked to the weight of precedent. He cited several cases where courts routinely adopt the plain meaning of disputed claim terms, particularly when doing so would resolve the parties’ dispute. **Although defendants pointed to decisions from other courts where alternative constructions were required, Judge Gorton distinguished those decisions because the courts there, “sought additional information at or after the *Markman* hearing.”** Here, the court explained that defendants still have **opportunities to counter Oxford’s position in the upcoming briefing and hearing phases of the claim construction process.**

Therefore, the court refused defendants’ request to bar Oxford from opposing defendants’ constructions for the terms at issue, and **further allowed Oxford to maintain its plain and ordinary meaning proposals for these terms as the *Markman* process continues.**

Niedermeyer, New England IP Blog, “Court Denies Attempt to prevent plain and ordinary Claim Construction Proposal,” Lexology <http://www.lexology.com/library> (April 25, 2017).

I.B. Plain Meaning

The “going-in” position often stated concerning construction of a claim limitation is that it has its “plain and ordinary” meaning to one skilled in the art. **The Federal Court had been surprisingly silent on going any deeper into the definition of that key catch-phrase. That has now changed.**

In *Eon Corp IP Holdings LLC v. Silver Spring Networks, Inc.*, 815 F.3d 1314, (Fed. Cir. 2016), a divided Federal Circuit panel reversed a jury verdict of infringement, **holding that the trial court’s “plain and ordinary meaning” construction failed to provide the jury with a clear understanding of the disputed claim scope** and that, under the correct construction, no reasonable juror could find infringement.

The patents at issue were directed to two-way communications devices, and **each incorporated the terms “mobile” and “portable,” which the parties agreed were synonymous. The defendant argued that the disputed terms do not cover “fixed or stationary products that are only theoretically capable of being moved.” The plaintiff, by contrast, argued that the terms should be given their plain and ordinary meaning, and that the terms should cover devices that are capable of being moved.** The defendant’s construction comported with dictionary definitions of the disputed terms, but the patents’ specifications described battery-operated, portable devices with milli-watt transmitter power, that could be moved throughout a geographical area with a “hand-off” process tracking movement from cell to cell. Unlike the devices described in the specification, the defendant’s accused devices were electric watt-hour utility meters affixed to the outside of buildings, often for years at a time.

The plaintiff’s expert argued that the asserted claims covered objects capable of being moved—for example, houses, but not mountains. By contrast, the defendant’s expert argued that the claims only covered devices that were easily moved. The trial court agreed with the plaintiff and instructed the jury that the terms should be afforded the plain and ordinary meaning. Both of the parties’ arguments comported with the trial court’s directive to refrain from arguments inconsistent with the dictionary definitions of the terms. After the jury found the patents to be infringed, the defendant appealed.

On appeal, the **defendant argued that the trial court erred by ruling that the synonymous terms should be given their “plain and ordinary meaning” without explaining what that meaning was, and that no reasonable juror could find infringement under the correct construction.**

The Federal Circuit panel majority, in view of *O2 Micro*, concluded that the trial court did not perform its claim construction duty to resolve the parties’ dispute about proper scope of a claim term. As the Court explained, by instructing the jury to assume the plain and ordinary meaning without resolving the parties’ dispute, the trial court left the legal task of claim construction to the jury. **The Court found that the trial court’s approach erred for two reasons: there was no single, accepted meaning of the disputed terms, and the plaintiff’s definition was not viewed in context of the patent and was completely untethered from the**

context of the invention. The Court reiterated that the ordinary meaning of a claim term is its ordinary meaning to the ordinary artisan after reading the entire patent.

Having found that the trial court erred with respect to the proper construction of the disputed terms, the majority considered whether to remand the case, but found that no remand was necessary because no reasonable jury could have found infringement with the claims properly construed. **The Court cited intrinsic evidence in the patents to support the defendant's narrower construction, and further evidence from trial supporting that the defendant's devices were fixed, not portable.**

In dissent, Judge Bryson characterized the issue as whether the patents' specifications demonstrate that the patentee intended to depart from the plain meaning of the terms, consistent with dictionary definitions. The dissent cited to trial evidence showing that the defendant's accused products were easily moved, even if not actually moved in ordinary practice. The dissent also criticized the majority for not providing its own affirmative construction.

Low, "Plain and Ordinary Meaning Must be Tethered to Invention Described in Specification," Lexology, <http://www.lexology.com/library> (3/30/16).

See also Leung, "Eon Award Vacated, Fed. Cir. Cites Trial Court Error," 91 PTCJ 1269 (2/29/16) ("The Federal Circuit found that the court erred. **Emphasizing that claim construction is a legal question, it said that the trial judge's ruling that a term needs no construction "may be inadequate when a term has more than one 'ordinary' meaning or when reliance on a term's 'ordinary' meaning does not resolve the parties' dispute."** Even though the trial court does not need to resolve "every shred of ambiguity," it must "instruct the jury on the meanings to be attributed to all disputed terms...so that the jury will be able to 'intelligently determine the questions presented.'" The Federal Circuit found that the trial court did not do so here. Though it found that no claim construction was necessary, the fact that substantial trial time was spent arguing over the terms showed that this was wrong.")

Grady, in "Plain and Ordinary Meaning Tempered by Application Examples", Lexology, <http://lexology.com/library> (6/20/16), also offered a number of helpful comments in view of *Eon Corp.*:

What This Means to You

- **Interpretation of plain and ordinary meaning of claim terms is conducted in view of the specification.**
- **Ambiguous examples may not support broader claim scope, especially where detailed examples provide support for a narrower interpretation of the claims.**

....

Decision Analysis

....

Referring to *O2Micro*, the court instructed that “a determination that a claim term ‘needs no construction’ or has ‘plain and ordinary meaning’ may be inadequate when reliance on a term’s ‘ordinary’ meaning does not resolve parties’ dispute.” Silver Spring argued that the claim terms do not cover “fixed or stationary products that are only theoretically capable of being moved.” The Federal Circuit instructed that, by determining only that the terms should be given plain and ordinary meaning, the trial court improperly left this question unanswered.

Having determined the trial court erred, the Federal Circuit turned to the meaning of portable and mobile in the context of the examples and description recited in the patent. Quoting *Phillips v. AWH Corp.*, **it stated that the proper construction is not “the meaning in the abstract ... but the meaning to the ordinary artisan after reading the entire patent.”** The majority found that the patents-in-suit consistently differentiated portable and mobile units from other fixed and stationary units. Further, the patents describe that during movement the units maintain “good synchronous digital communication.” This context precluded reading the claims on Silver Spring’s fixed position power meters. The meters in question are typically installed at a residence and left in place for 10 or more years. Of note, the parties agreed that portable and mobile would have the same meaning and could be construed the same, and foreclosed any argument for a different construction of either term.

....

Takeaways

Avoid reliance on plain and ordinary meaning wherever possible. Ensure that embodiments you wish to protect are explicitly recited and in your claims.

Preserve your arguments whenever possible. Conceding that portable and mobile could be construed with the same meaning may have cost the patentee.

When changing terms between related applications, think through the possible meanings of your new selection of terms and the impact those meanings may have on terms in your related cases. Plan your use of terms carefully.

See also Shrestha et al., “Interpreting a Patent Is Not So ‘Plain And Ordinary’ After All, Lexology, <http://law360.com/articles/77812> (4/19/16)

In *Sucampo, AG et al. v. Dr. Reddy’s Laboratories, Inc. et al.*, Civil Action No. 14-7114 (D.N.J. March 4, 2016), the defendants asked the trial court to compel the plaintiffs to provide constructions for disputed claim terms identified by the parties under the Local Patent Rules. Defendants identified 8 claim terms that they contended require construction. **For each term that the defendants identified, the plaintiffs offered “plain meaning” as their proposed construction and would not acknowledge whether defendants’ proposed construction of**

these terms is within the “plain meaning” asserted by plaintiffs. As a result, defendants contended that plaintiffs’ assertion of “plain meaning” as their proposed construction of all disputed terms prejudices defendants and “prevents the Court from engaging in meaningful claim construction.” The plaintiffs responded by arguing that “plain and ordinary meaning” is a valid construction.

The trial court found that the plaintiffs’ position was problematic: “without a statement of what Plaintiffs contend the “plain meaning” to be and without acknowledging whether Defendants’ proposed construction is within the scope of Plaintiffs’ “plain meaning”, is unhelpful to the process and has the potential to unnecessarily burden the court’s construction efforts.”

The trial court further explained that “[i]ndeed, as one commentator has noted, because ‘[d]isputes frequently arise as to what one of skill in the art would use as the ordinary or plain meaning’, when a ‘local rule requires a party to provide its contentions relating to claim constructions it is generally improper for a party to state generally that the ordinary meanings of the claim terms should govern and then refuse to set forth what it contends are those ordinary meanings.’ Robert A. Matthews, Jr., 1 Annotated Patent Digest § 4:5 (‘Advocating for ordinary meaning does not excuse a party from stating what it contends is that meaning.’)(collecting cases).”

Following this reasoning, the trial court determined that “requiring Plaintiffs to either agree that Defendants’ proposed construction is within its so called ‘plain meaning’ imposes virtually no burden on Plaintiffs. Accordingly, Plaintiffs must do so within ten (10) days of the date hereof. Additionally, to the extent that Plaintiffs indicate that Defendants’ proposed construction does not comport with the ‘plain meaning’, Plaintiffs shall provide with their response a statement as to what Plaintiffs contend the ‘plain meaning’ of each term to be.”

In *Trustees of Columbia University v. Symantec Corp.*, 811 F.3d 1359, (Fed. Cir. 2016), the Federal Circuit upheld a trial court finding that Columbia’s claims were indefinite. The claims were for methods for detecting malicious email attachments and included a “byte sequence feature.” The trial court construed this limitation to mean “machine code instructions” only. Columbia argued that the trial court erred in departing from the plain and ordinary meaning for the limitation because Columbia had not expressly defined or disclaimed “byte sequence feature.”

The Federal Circuit rejected Columbia’s argument that the presumption of plain and ordinary meaning for a claim limitation can only be overcome when there has been an explicit redefinition or disavowal. The trial court did not err in relying on the specification to limit the ordinary meaning for “byte sequence feature.” Under the proper construction, the claims described the step of extracting machine code instructions from something that does not have machine code instructions. This was “nonsensical in the way a claim to extracting orange juice from apples would be...and thus indefinite.”

Specifically, the Federal Circuit first rejected Columbia’s general position that claim terms must carry their “accustomed meaning in the relevant community” unless expressly

redefined or disavowed. The Court instead explained that claim terms are to be interpreted in the context of the specification and that any resort to dictionaries only comes later, if necessary.

With respect to the term “byte sequence feature” from the malicious email attachment patents, Symantec argued that such a feature could only be obtained from code instructions, whereas Columbia said it could also arise from non-instruction information related to the code. **The Court affirmed the narrow construction based on a discussion in the specification that such a feature represents code instructions “instead of” the related information. The Court rejected Columbia’s reliance on other parts of the specification to the effect that the feature “may comprise” code arising from the related information, and held that such inconsistent and confusing specification language cannot support a broad construction. The Court was also unpersuaded by a dependent claim that listed the related information as a source for a “byte sequence feature,” and instead simply invalidated the dependent claim as indefinite for contradicting the construction.**

The Federal Circuit next turned to the term “probabilistic mode of normal computer system usage” in the computer intrusion detection patents. These patents used probability models from “normal” computer usage to detect deviations from the norm that could indicate attacks. The dispute concerned whether the “normal” usage data was limited to “attack-free” data. **The Court found it dispositive that the specification never described using attack data and that during prosecution Columbia had distinguished prior art that had used attack data. The Court dismissed as mere fleeting references Columbia’s reliance on other specification discussion about storing attack data.**

The Federal Circuit finally addressed the term “anomalous” from the patents for detecting anomalous program executions, where the trial court had likewise imposed an “attack-free” limitation. **Here, however, the Federal Circuit disagreed with the trial court and relied on a dependent claim, which required the use of attack data, as support for a broader construction.** The Court also relied on a discussion in the specification describing the use of attack data, and contrasted that discussion with the lack of any such discussion in the computer intrusion detection patents.

The Federal Circuit reversed the construction and remanded the case back to the trial court.

Ott, “Inconsistent and Confusing Specification Language Does Not Support Broad Claim Construction;” Lexology, <http://www.lexology.com/library> (3/30/16)

In *Ruckus Wireless, Inc. v. Innovative Wireless Solutions, LLC*, 824 F.3d 999, (Fed. Cir. 2016), a split Federal Circuit panel upheld a trial court judgment of no infringement. Innovative claimed methods of providing local area network access that included a limitation to a “communications path.” Innovative sued a number of hotels and coffee shops alleging that each infringed by providing wireless Internet access to its customers. Ruckus argued that its wireless equipment did not infringe because Innovative’s “communications path” was limited to wired communications. Innovative argued that “communications path” had an ordinary meaning that encompassed both wired and wireless communications.

The intrinsic record “militate[d] powerfully” against “communications path” referring to wireless communications. The specification described the invention as “particularly concerned” with two wire lines and every embodiment used a telephone wire. Innovative failed to present any extrinsic evidence demonstrating that “communications path” would have been understood at the time of the invention to include wireless communications. Chief Judge Stark (D. Del), sitting by designation, argued in dissent that the case should be remanded for the parties to present extrinsic evidence.

IPO Daily News, June 1, 2016.

Specifically, the case involved Innovative Wireless Solution’s U.S. Patent Nos. 5,912,895; 6,327,264; and 6,587,473 (collectively, “the Terry patents”), claiming a collision avoidance scheme for data communicated in a local area network (LAN) where there is a relatively large distance between master and slave modems. In their simplest form, the Terry patents claim managing data traffic over a “communications path” connecting two modems. *Id.* at 1001-03.

The claimed “communications path” was held by the trial court to require wired communication, and thus found Ruckus’s use of wireless communications to be noninfringing. Consistent with the trial court’s findings, the Federal Circuit found that the Terry patents made no mention of wireless communication. In discussing the trial court’s decision, the Federal Circuit stated:

“The district court found particularly persuasive a passage from the written description regarding the scope of alternative embodiments. That passage states that, although as described here the line 12 is a telephone subscriber line, it can be appreciated that the same arrangement of master and slave modems operating in accordance with the new protocol can be used to communicate Ethernet frames via any twisted pair wiring which is too long to permit conventional 10BASE-T or similar LAN interconnections.”

The Federal Circuit found that the repeated discussions of wired communications exclusively, and the disclosure’s solution to a problem belonging to long-distance communications over wires, was an important consideration. *Id.* at 1003. It also explained that the patentee’s assumption that the term “communications path” had an ordinary meaning that encompassed both wired and wireless communications was not supported by the intrinsic or extrinsic record. *Id.*

The majority further found that **the intrinsic record “militate[d] powerfully” against patentee’s argument in several important ways, in addition to the absence of any discussion of wireless embodiments. *Id.* at 1003. First**, the shared title of the Terry patents is “Information Network Access Apparatus and Methods for Communicating Information Packets Via Telephone Lines.” **Second**, the specification describes “[t]his invention” as one “particularly concerned” with “two-wire lines such as telephone subscriber lines.” *See* ’895 patent, col. 1 ll. 6–10. **Third**, every embodiment described in the specification utilizes a

telephone wire, and every statement expressing the full breadth of the invention refers only to other wired connections. *Id.* at col. 9 ll. 45–51.

The majority also analyzed the claims as a whole, but found no support for the patentee’s argument that “communications path” includes wireless communications. The dependent claims, to the extent that they characterized the “communications path,” referred to a “two-wire telephone subscriber line” (’895 patent, claims 13, 21, 23, 25) or a “two-wire line” (’473 patent, claims 6, 21, 27, 28). **Each variation is a form of wired communication, and although the Court acknowledged that the doctrine of claim differentiation can broaden a claim element’s meaning, it cannot extend it outside the boundaries of what would be understood by one of ordinary skill in the art.** *Ruckus Wireless*, 824 F.3d at 1003–04. Slip op. at 8-9.

Raciti, “The Federal Circuit Affirms: It’s OK to be Wired at a Coffee Shop,” Full Disclosure (Finnegan), June 2016.

In *Howmedica Osteonics Corp. v. Zimmer, Inc.*, 822 F.3d 1312, (Fed. Cir. 2016), **the Federal Circuit reiterated the necessity of reading claims in the context of the written description in the specification when they are not clear on their face.**

Howmedica sued three companies for infringing a patent directed to a socket assembly for prosthetic hip implants with claims that required a bearing secured into a shell having a recess and a taper “placed at relative locations such that the effectiveness . . . is maintained.” During claim construction, the defendants argued that the “relative location” claim language required the recess to be “essentially midway” along the taper, and separately argued that the claims required an additional “sleeve” component. **The “essentially midway” position was premised on amendments made during a reexamination that added the “relative location” language to the claims along with a written description passage that described the recess as being essentially midway along the taper. The trial court agreed with the defendants on both constructions.**

Howmedica sought a stipulated judgment of non-infringement based solely on the “sleeve” construction. The defendants refused and moved for summary judgment based on both the “sleeve” and the “essentially midway” constructions. Howmedica argued that summary judgment with respect to the “essentially midway” construction was not proper because it still had a doctrine of equivalents position. Howmedica appealed to the Federal Circuit.

The Court agreed with the “essentially midway” construction. It stated, because the claims fail to explain how to “place” the elements to maintain effectiveness, that one of ordinary skill in the art would naturally look to the written description. After looking to the written description, the Court concluded that the “essentially midway” construction was correct because that was the only arrangement disclosed. Howmedica argued that this construction impermissibly limited the claims to the preferred embodiment, ignored written description language that characterized the embodiments as exemplary, and violated the rule of claim differentiation. The Federal Circuit rejected the preferred embodiment argument as misreading the written description. It also gave no effect to the written description’s characterization of its disclosure as merely exemplary. Finally, **the Court noted**

that claim differentiation is merely a rebuttable presumption and found it rebutted in this case.

In other words, the key was the claim limitation indicating the positioning of two elements as “juxtaposed” with or in “juxtaposition” to one another. **The Federal Circuit rejected Stryker’s request that it look to dictionary definitions. The court instead focused exclusively on the patent specification.** The court construed the term such that the first element was positioned “essentially midway” in contact with another. **The “essentially midway” language was in the sentence after the “in the preferred embodiment” sentence.**

The court’s precedents teach that claim construction should not “import” a limitation from the specification that is not explicit in the claims. Stryker argued that the court was importing the midway location limitation here. **But the claims’ benefit was “effectiveness,” the court said, and that benefit was attributed in the patent as being due to the midway positioning in at least one other place in the specification.**

Ott, “Look to Specification to Interpret Facially Unclear Claims”, Lexology, <http://www.lexology.com/library> (6/28/16); Dutra, “Stryker Hip Implant Patent Not Infringed by Competitors,” 92 PTCJ 165 (5/12/16).

In *Prime Mobility Products Corp. v. Permobil, Inc.*, 818 F.3d 1307, (Fed. Cir. 2016), the Federal Circuit reversed in part and affirmed in part a decision issued by the PTAB in an *inter partes* review. The Board had cancelled all of the claims in the two patents at issue as obvious. The Federal Court reversed the construction of claim language and the cancellation of the one claim including that language, but otherwise affirmed the decision that the claims were invalid as obvious.

The two patents at issue claim wheelchairs capable of raising their front wheels in response to torque from the chairs’ motors, a modification that increases the wheelchairs’ stability and allows them to travel stably over obstacles. In the claimed invention, the arms connecting the front wheel rotate clockwise about a pivot axis in order to lift the front wheels. The pivot axis is positioned below a line drawn between the drive wheel axis and the front wheel axis.

The PTAB construed the claim 7 language requiring a mounting plate that “is substantially planar and is oriented perpendicular to the drive wheel axis” as inclusive of an arrangement in which the drive wheel axis is parallel to the planar surface of a substantially planar mounting plate, but where that planar mounting plate has an axis that is perpendicular to the drive wheel axis.

The Federal Circuit reviewed this claim construction *de novo*, finding the PTAB construction was too broad and unreasonable. First, the Federal Circuit explained that the use of the word “oriented” allowed the plate and axis not to be touching - it required that their placement in space be such that, if translated in space without rotation, they would be perpendicular. **The Federal Circuit observed, “[i]t is unreasonable to read [oriented perpendicular] as meaning anything other than that the drive-wheel axis is perpendicular to the surface of the mounting plate that makes the plate substantially planar.”** Then, the

Court explained that with the drive wheel axis idealized as a line, the axis must be perpendicular to the mounting plate's substantially planar surface: claim 7 "tells us exactly what that feature of the three-dimensional plate is: the surface that makes the plate substantially planar;" "[t]he phrase 'oriented perpendicular to the drive wheel axis' must be read to mean that the drive-wheel axis is perpendicular to the mounting plate's substantially planar surface." "We do not see," said the court, "how the claim language can mean anything else without obvious strain." The Federal Circuit found support for this construction in the specification and figures. Under this construction, there was no evidence in the relied-on prior art under which this feature of the claimed invention was obvious. Consequently, the Federal Circuit reversed the cancellation of this claim.

Federal Circuit Bar Case Digest, April 2016; Mahn, "Federal Circuit Gives a Geometry Lesson When Correcting the PTAB's Claim Construction", Lexology, [http://www.lexology.com/library/\(7/13/16\)](http://www.lexology.com/library/(7/13/16)).

In, *Indacon, Inc. v. Facebook, Inc.*, 824 F.3d 1352, (Fed. Cir. 2016), the Federal Circuit affirmed judgment of non-infringement determining that the trial court's constructions of the claim terms "alias," "custom link," "custom linking relationship," and "link term" were appropriate.

The patent at issue was directed to a system and method for searching, indexing, perusing, and manipulating files in a database, particularly through the insertion of automatically generated hyperlinks. Indacon sued Facebook, alleging that its software architecture infringed certain claims of the patent. After claim construction, the parties stipulated to non-infringement. Indacon appealed.

Because the trial court relied solely on intrinsic evidence to construe the claims, the Federal Circuit reviewed the construction under a *de novo* standard of review. The Federal Circuit affirmed all the trial court's constructions, finding that Indacon's proposed constructions lacked support in the patent specification.

Indacon raised a single issue as to the construction of "custom link," "custom linking relationship," and "link term." The trial court had defined "custom link" as "a link the user can define using a chosen term that allows each instance of the term in the plurality of files to be identified" It similarly defined "custom linking relationship" to require each instance of a term. It defined "link term" in a similar fashion. Indacon objected to the constructions to the extent they excluded creation of a link for less than all instances of a defined term. **The Federal Circuit stated that because the terms had no plain or established meaning, they should be construed only as broadly as the specification disclosed. Then, because the specification repeatedly described the invention as allowing "every instance" or "all instances" of a defined term to be identified and displayed as a link, the Federal Circuit affirmed the trial court's construction of those terms.**

In doing so, it rejected a claim differentiation argument. Specifically, Indacon argued that, because certain claims recited linking instances while other claims recited linking all instances of the link terms, "link term" must include less than all instances of a defined term. However, the Federal Circuit noted that these differentiated claims were independent of

one another and that the Court generally declines to apply the doctrine of claim differentiation where the claims are not otherwise identical in scope. The court emphasized that claim differentiation cannot enlarge the meaning of a claim beyond that which is supported by the intrinsic evidence.

Federal Circuit Bar Case Digest, June 2016. *See also* Low, “Claim Terms With No Specialized Meaning in the Art Always Linked to Specification”; Lexology, <http://www.lexology.com/library/7/26/16>).

In *GPNE Corp. v. Apple Inc.*, 830 F.3d 1365 (Fed. Cir. 2016), the Federal Circuit affirmed a limiting construction of a claim limitation where the specification exclusively used the disputed term in the limited fashion.

GPNE brought suit against Apple for allegedly infringing two patents relating to a two-way paging system capable of receiving and sending messages. All of the patent claims refer to the devices on the network as “nodes” and are otherwise silent as to the type of device a “node” may be. The central dispute was the court’s construction of the claim term “node” as a “pager with two-way data communications capability that transmits wireless data communications on a paging system that operates independently from a telephone network.” GPNE argued that a “node” should be broadly construed as a “device in a network that can transmit and receive information.” Apple argued that the term should be limited to a “pager in a network operating independently of a telephone network.” The trial court agreed with Apple, and the jury ultimately issued a verdict that the patents were valid but not infringed. GPNE appealed.

GPNE argued that the trial court’s construction of the term “node” was erroneously limited to “pagers.” GPNE said that the specification contained a broader description of “nodes,” but except for the abstract, the patent specification did not use the term “node” and instead referred to the devices as “pagers” or “paging units.” Based on the principle that the words of a claim are generally given their ordinary and customary meaning in the context of the claims and the specification, the Federal Circuit found that the specification repeatedly and exclusively used the words “pager” and “pager units” to refer to the devices in the patented system.

GPNE also argued that principles of claim differentiation counsel against construing a “node” as a “pager,” because the parent of the patents at issue claimed both a “paging system” and a “paging unit.” The Federal Circuit again disagreed, finding that the claims GPNE cited for its claim differentiation argument differed in more ways than just their use of the terms “node” and “pager.” The Court found that the inference of claim differentiation between the parent and asserted patent claim was weak at best, and that it was proper for the trial court to characterize a “node” as a “pager.”

GPNE also argued that the construction of the “node” as operating independently of a telephone network was improper based on a single sentence of the specification. The Federal Circuit found the construction proper, as the single sentence relied upon was a summation sentence that describes “the invention” as a whole.

Finally, GPNE argued that the trial court's failure to provide a construction of the term "pager" improperly left an issue of claim construction for the jury in violation of the Federal Circuit rule laid down in *O2 Micro*. But, as the Federal Circuit explained, the duty to construe claims is not without limits. In this case, the trial court resolved the question of claim scope by construing the term "node" and was under no obligation to address other potential ambiguities (such as the meaning of the term "pager"). **As the Court observed, only claim terms that are in dispute must be construed and even then, only to the extent necessary to resolve the dispute.**

Mahoney, "Exclusive Recitation of Specific Device in Specification Limits Claim Term", Lexology, <http://www.lexology.com/library> (9/28/16); *See also* Federal Circuit Bar Case Digest, August 2016.

In *Advanced Steel Recovery, LLC v. X-Body Equipment, Inc.*, 808 F.3d 1313 (Fed. Cir. 2015), the Court affirmed the trial court's summary judgment ruling, finding that the disputed claim limitation had been properly construed based on its ordinary meaning.

Advanced Steel sued X-Body alleging infringement of a patent related to loading shipping containers with bulk material for storage or transport. **At issue was the proper construction of the term "proximate end."** Noting that the specification did not expressly define this term, the trial court construed "proximate end" to mean "the extreme or last part lengthwise." Based on this construction, the trial court found that the "connection point" of the accused device was not at the "proximate end" and granted summary judgment of non-infringement in X-Body's favor. Advanced Steel appealed.

Advanced Steel faulted the trial court for narrowly construing "proximate end" to mean the extreme or absolute edge of the container packer. According to Advanced Steel, the term should have been construed as the "back half" or "the portion or region that is opposite the distal end." **But, as the Federal Circuit explained, Advanced Steel's argument misrepresented the trial court's construction.** The trial court did not actually construe "proximate end" as the "extreme edge," "absolute edge," but instead used the disjunctive "or" to show that the proximate end of the container packer includes not just the "extreme" end, but also the "last part."

The Court found that the trial court's construction was consistent with the plain and ordinary meaning of the claim term, and consistent with the specification, which in every figure shows the disputed connection point being at the extreme edge. The Court rejected Advanced Steel's argument that the patent depicted the "proximate end" as being offset from the absolute edge, stating that the trial court's construction of "proximate end" allowed for such an offset to coexist. **The Court also rejected Advanced Steel's reliance on alternative dictionary definitions, explaining that these dictionaries' definitions were not inconsistent with the trial court's construction.**

Gonzalez, "Unless Defined Beyond Ordinary Meaning, Narrow Terms Are Bounded by Their Ordinary Meaning", Lexology, <http://www.lexology.com/library> (12/23/15). *See also* Mazumdar, "Non-Infringement in Container Loader Case Affirmed", 91 PTCJ 158 (11/12/16).

Ordinary meaning can limit features in claims to the features' purpose and principal use, *Asetek Danmark A/S v. CMI USA Inc.*, Appeal No. 16-1026 16-1123, slip op. (Fed. Cir. Dec. 6, 2016).

The patents-in-suit are directed to systems and methods for cooling the “central processing unit (CPU) or other processing unit of a computer system” using cooling liquid. The patents describe a system with an upper and lower chamber referred to as a “pump chamber” and “thermal exchange chamber,” respectively. At issue was the accused infringer’s theory that the prior art’s disclosure of a “sucking channel” was a “thermal exchanger” as required by the claims because the sucking channel “exchanges some heat.”

As colorfully illustrated and explained at page 12 of the Slip Opinion, that argument won’t do:

“No ordinary meaning or claim construction requires appellants’ conclusion that Koga’s “sucking channel” is a “thermal exchange chamber” simply because it exchanges some heat. No meaning of the claim phrase precludes its limitation only to devices with certain device-defining characteristics such as purpose and principal use, excluding other structures that occasionally or in minor ways produce the same result—any more than a bedside plugin radio must be considered a room radiator because it unavoidably gives off some heat.”

The Court’s opinion is necessarily limited to the facts at hand. **Nevertheless, this claim construction principle may help guard against the possibility of an Examiner or litigant offering a claim interpretation that would encompass structures that are not realistically comparable to the claimed invention.**

Flanagan, “Claim Construction Principles Revisited: Distinguishing Radios From Radiators,” Global Business IP and Technology Blog, Lexology, <http://www.lexology.com/library/detail.aspx?g=4d21c7bb-639a-455d-80a8-79b060a01068> (12/15/2016).

See Chivvis, “Patents: When the ‘Plain and Ordinary’ Meaning is Neither Plain Nor Ordinary,” *The Intellectual Property Strategist*, Vol. 22, No. 12, September 2016; see also Vandenberg, “We Need Another *Phillips* To Explain ‘Plain Meaning,’ Patent Claim Construction,” Lexology, <http://www.lexology.com/library> (8/31/16):

Below are four basic questions about “plain meaning” construction on which the Federal Circuit is divided or the Federal Circuit appears to have diverged from the Supreme Court. These are not trivial, academic disagreements. How a particular panel answers these four questions often will dictate how it will decide a patent-claim construction dispute on appeal.

1. Does “plain meaning” claim construction always require an effort to determine the contextual meaning of the claim language in view of the specification?

NO:

- “The terms at issue have so clear an ordinary meaning that a skilled artisan would not be looking for clarification in the specification.”

- “In construing a claim term, we look to the words of the claim itself. If the claim term has a plain and ordinary meaning, our inquiry ends. If, however, the claim term does not have an ordinary meaning, and its meaning is not clear from a plain reading of the claim, ‘we turn to the remaining intrinsic evidence, including the written description, to aid in our construction of that term.’”

- “The district court could have ended its analysis with the plain language [of the claims].”

YES:

- “The only meaning that matters in claim construction is the meaning in the context of the patent.”

2. Does “plain meaning” claim construction presume that the contextual ordinary meaning of claim language is the correct construction, overcome only by a clear redefinition or clear disclaimer in the intrinsic evidence?

YES:

- “[A] claim term is only given a special definition different from the term’s plain and ordinary meaning if the ‘patentee ... clearly set[s] forth a definition of the disputed claim term other than its plain and ordinary meaning.’ A patentee can also disavow claim scope, but the standard ‘is similarly exacting.’”

- “We depart from the plain and ordinary meaning of claim terms based on the specification in only two instances: lexicography and disavowal. The standards for finding lexicography and disavowal are exacting.”?

NO:

- A court must apply to patent claims “the standard construction rule that a term can be defined only in a way that comports with the instrument as a whole.”! And, courts must seek that construction which “fully comports with the specification and claims and so will preserve the patent’s internal coherence.”

3. Under “plain meaning” claim construction, is the scope of a patent claim presumptively limited by the scope of the disclosed invention?

NO:

- “It is not for the court to tailor the claim language to the invention disclosed.”

YES:

- “[With the trial court’s broader construction] the patent would claim more than the patentee actually invented.”

- “Therefore, in construing a claim there are two limiting factors—what was invented, and what exactly was claimed. To determine the former—what was invented—we look at the entire patent, with particular attention to the specification (the written description of the invention and the several claims made). To determine the latter—what exactly was claimed—the focus is on the precise words of the particular claim or claims at issue; the written description and preferred embodiments are aids in understanding those words.”

- “In reviewing the intrinsic record to construe the claims, we strive to capture the scope of the actual invention, rather than strictly limit the scope of claims to disclosed embodiments or allow the claim language to become divorced from what the specification conveys is the invention.”

4. Under “plain meaning” claim construction, are claim amendments strictly construed against the patent owner?

NO:

- “When the prosecution history is used solely to support a conclusion of patentee disclaimer, the standard for justifying the conclusion is a high one. ‘[F]or prosecution disclaimer to attach, our precedent requires that the alleged disavowing actions or statements made during prosecution be both clear and unmistakable.’ Where the alleged disavowal is ambiguous, or even ‘amenable to multiple reasonable interpretations, ‘we have declined to find prosecution disclaimer.’”

YES:

- A claim amendment during prosecution of a patent “operates as a disclaimer” and “must be strictly construed against [the applicant]” and in favor of the public.’? By substituting one phrase for another to overcome a rejection of a proposed patent claim, the patent applicant “recognize[s] and emphasize[s] the difference between the two phrases and proclaim[s] his abandonment of all that is embraced in that difference.”

- “Limitations imposed by the inventor, especially such as were introduced into an application after it had been persistently rejected, must be strictly construed against the inventor and in favor of the public, and looked upon as in the nature of disclaimers.”

I.C. Failure to Construe Is An *O2 Micro* Violation

As discussed in Crouch’s Patently-O Blog post of August 15, 2017, in *Homeland Houseware v. Whirlpool Corp.*, Appeal No. 2016-1511, slip op (Fed. Cir. Aug. 4, 2017), the federal lawsuit reversed the PTAB’s IPR invalidity judgment favoring Whirlpool, holding that the challenged claims were invalid as anticipated.

The underlying claimed invention was an *automatically* pulsed blender cycle. The basic idea was to occasionally go through a “deceleration phase” that slows the cutter blade down to a reduced “predetermined settling speed” before accelerating the blade back to the normal operating speed. The claims required that the settling speed be “indicative of the items in the container having settled around the cutter assembly.”

The basic issue on appeal was whether the prior art (U.S. Patent No. 6,609,821 to Wulf) anticipated Whirlpool’s patent:

“The Board determined that Wulf did not anticipate the ‘688 patent because its disclosures did not meet the “settling speed” limitation. However, **the Board did “not adopt any explicit construction of the term for [its] Final Written Decision,”**

The Federal Circuit first found that the PTAB should have construed the disputed language:

Just as district courts must, “[w]hen the parties raise an actual dispute regarding the proper scope of . . . claims, . . . resolve that dispute,” *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351, 1360 (Fed. Cir. 2008), the Board also must resolve such disputes in the context of IPRs.

Judge Dyk, writing for the panel, then took on the claim construction and anticipation analysis on its own:

Given that the Board did not rely on extrinsic evidence here as to claim construction, we can determine the correct construction of “settling speed” and then determine whether the Board correctly held that Wulf does not meet the limitations of claim 1.

Crouch was not taken with the end result:

In my view, the court’s statement reprinted above is wrong in so many ways. **Of course the the Board did not “rely on extrinsic evidence” in claim construction — since the board “declined to provide a construction.” Further, even when the claim construction considered is a question of law and reviewed de novo, the appellate court is still a reviewing court – not a court of first instance.** Here, the court reviews substantial intrinsic evidence in making its claim construction determination, and **it is merely a legal fiction that the resulting conclusions are not ‘factual interpretations’ that should be based upon more than a review of the appellate docket submissions. . . .**

The actual claim construction issue here is somewhat odd – the claim language states that “the speed of the cutter assembly is reduced from the operating speed to a predetermined settling speed . . . indicative of the items in the container having settled around the cutter assembly.” The construction offered by the federal circuit here is that the settling speed is “slower than the operating speed and permits settling of the blender contents.” **WOW – good thing that the court provided a construction here since that wasn’t apparent from the claims.**

Judge Newman dissented, disagreeing with the majority’s claim construction and its treatment of the expert testimony.

See also, NobelBiz Inc. v. Global Connect, LLC, Appeal No. _____, slip op. (_____, 2017) (reversed jury verdict that two NobelBiz Inc. rivals infringed the customer service telecommunications provider’s patents, **ruling that the trial court erred by not determining the scope of the asserted patent claims. The parties had asked the court to construe several patent claim terms including “modified caller identification data,” “replacement telephone number” and “outbound call.”** The trial court declined, though, **saying those terms should be given their plain and ordinary meaning, and he let experts on both sides testify to the meaning of the terms during the subsequent trial.** The panel held that a determination that claim terms need no construction is inadequate when a term has more than one ordinary meaning or when reliance on a term’s ordinary meaning does not resolve the parties’ dispute: **“Allowing the experts to make arguments to the jury about claim scope was erroneous,”** the panel wrote. **“The district court had the responsibility to determine the scope of the asserted claims.”** The panel then determined the scope of the patent claims in question, ruling that “replacement telephone number” meant a telephone number that substitutes for an original telephone number, and “modify caller identification data” meant a change to caller identification data — **two interpretations Global Connect and TCN had pushed for in the lower court.** The court then remanded for a new trial; **Judge Newman dissented saying the terms weren’t scientific or technologically tricky, but rather words that are readily understood by judge and jury and used in the claims according to their plain and ordinary meaning:** “The trivial changes made by the panel majority do not warrant the new trial that is ordered; nor does the action of the district court in giving the overall question of infringement to the jury.” (Trader, “Fed. Circ. Throws Out \$2M Patent Trial Win For NobelBiz,” Law 360, <https://www.law360.com/articles/945775> (July 19, 2017))

In *Asetek Danmark v. CMI USA Inc.*, Appeal No. 2016-1026, -1183, slip op.. (Fed. Cir. April 3, 2017), the Federal Circuit affirmed the Northern District of California’s rulings on infringement, invalidity, and damages. However, the court remanded the case for the trial court to make further findings on what the extent of the reach of the injunction should be on a related non-party Taiwanese entity.

Asetek Danmark A/S (Asetek) sued CMI USA Inc. (CMI), a U.S. company, and Cooler Master Co., LTD. (Cooler Maser), a Taiwanese company, for infringement of its patents related to systems and methods for cooling the “central processing unit (CPU) or other processing unit of a computer system” using cooling liquid. According to Asetek’s patents, liquid-cooling systems in the prior art consisted of many components that were coupled together, increasing total installation time and causing leakage. By contrast, Asetek’s patents describe systems that

combine multiple components — a “heat-exchanging interface,” a “reservoir,” and a “pump” — into a single integrated element. Claims of one of the patents require the “heat-exchanging interface” to be removably attached” or “removably coupled” to the “reservoir.”

Cooler Master is a Taiwanese supplier of computer components, including cooling devices for heat generating components of computers. CMI is a U.S. company that collaborates with Cooler Master in designing and selling “Cooler master” branded products in the United States. By oral agreement, CMI is Cooler Master’s exclusive U.S. distributor of Cooler Master products. Before trial Asetek dismissed its claims against the Taiwanese Cooler Master with prejudice. The case was tried partly before a jury and partly before the trial court. Asetek prevailed and received a judgment of infringement, no invalidity, and damages. The trial court also entered an injunction covering the specific “Cooler master” products found to infringe. The injunction runs not only against CMI but also against Cooler Master — which was not then a party and which was not adjudicated liable for infringement.

On appeal, CMI argued that the jury was required to find Asetek’s patent was not infringed because the alleged “heat exchanging interfaces” in the accused products are not “removably attached” or “removably coupled” to “reservoirs,” as the asserted claims require. CMI insisted that removing the “heat exchanging interfaces” in the accused products would “damage the products or otherwise render them nonfunctional.”

The Federal Circuit rejected CMI’s argument because it did not request construction of the claim terms “removably attached” or “removably coupled” and did not object to the trial court’s jury instructions on these claim terms. The court stated that “where the parties and the district court elect to provide the jury only with the claim language itself, and do not provide an interpretation of the language in the light of the specification and the prosecution history,” the jury’s findings “must be tested by the charge actually given and by giving the ordinary meaning of the language of the jury instruction,” and the only question is one of substantial evidence. The court thus reasoned that the jury was entitled to find that the “heat exchanging interfaces” in the accused products were “removably attached” or “removably coupled.” Also, the court found that the jury could reasonably find the requirements met even though removing the “heat exchanging interfaces” from the accused products would cause coolant to leak because there is nothing unreasonable about finding a component “removably attached” if it can be detached in such a way that the device would function against if the component were reattached.

Federal Court Bar Association Digest, April 2017, P.8.

I.D. Failures to Construe as An *02 Micro* Violation

Leaving legal issues unresolved before letting a case go to a jury, due to the trial court's failure to fully construe all the necessary claim limitations, provide basis for a reversal. *02 Micro Int'l Ltd. v. Beyond Innovation Tech. Co.* 521 F.3d 135 (Fed. Cir. 2008). But not always.

For example, in *LifeNet Health v. Lifecell Corp.*, — F.3d —, 2016 WL 4933224 (Fed. Cir. 2016), the Court affirmed the judgment that LifeNet Health had shown infringement by LifeCell's AlloDerm and Strattice tissue grafts. **The trial court did not go to the jury leaving a legal dispute about patent claims unresolved, the Court held, because LifeCell's argument at the time was on a different point than it was making on appeal.**

LifeNet's U.S. Patent No. 6,569,200 claims a "plasticized" tissue graft. Tissue grafts were typically freeze-dried, which had drawbacks. The invention replaced water in the tissue with plasticizers, such as glycerol, that provide the hydrating functions of water. LifeNet charged infringement by LifeCell, which develops and markets tissue repair products for use in reconstructive and orthopedic surgical procedures. A jury in the Eastern District of Virginia found the patents not invalid and infringed.

The case revolved around the limitation in the patent claims that "one or more plasticizers are not removed from an internal matrix of said plasticized soft tissue graft prior to transplantation into a human." LifeCell's grafts required a two-minute saline bath that unquestionably removed some plasticizers. **But the trial court clearly distinguished the internal matrix — "the intercellular substance of such soft tissue including for example ligaments and tendons, including collagen and elastin fibers and base matrix substances" — from the tissue graft in its entirety. On appeal, LifeCell tried to argue that the two were synonymous. But the question was whether the trial court failed to take note of that argument below.** The Federal Circuit had vacated a trial court's decision regarding a jury instruction in *02 Micro Int'l Ltd.*, **but this is not an *02 Micro* case, the Court said.**

LifeCell's problem was that each of its arguments in the trial court was about the degree of removal of plasticizers. **It never argued about the question of "where" the removal happened, the Court said, and the jury had enough evidence to conclude that the plasticizers that were removed came from the gaps and voids of the tissue graft -- not the internal matrix. The Court refused to allow LifeCell to claim an *02 Micro* violation because the argument it was making on appeal was not unresolved at the trial court level.**

Dutra, "LifeCell Tissue Graft Patent Infringement Upheld on Appeal," 92 PTCJ 1507 (9/16/16).

Chao, "Federal Circuit Provides Additional Guidance for Claim Construction and Analysis of Mixed Method Apparatus Claims" Lexology <http://www.lexology.com/library> (1/4/17), addressed the full panoply of issues handled by the Federal Circuit *Life Net Health v. Life Cell Corp.*:

Case Background

“LifeNet sued LifeCell, alleging that LifeCell’s sales of plasticized soft tissue grafts for medical, orthopedic, dental, and cosmetic surgery transplants infringed its U.S. Patent No. 6,569,200 (claims 1-4, 7, 8, and 10). Claims 1-4 are apparatus claims directed to plasticized soft tissue grafts, and claims 7, 8, and 10 are claims directed to methods of producing plasticized soft tissue grafts.

Following claim construction and trial, a jury found LifeNet’s patent infringed by LifeCell and not invalid. The trial court entered final judgment consistent with the jury’s findings; the Federal Circuit affirmed. **On appeal, the Federal Circuit addressed, *inter alia*, three key issues: 1) the claim construction of the term “plasticizers not removed”; 2) whether an apparatus claim that includes method steps is indefinite under 35 U.S.C. § 112, paragraph 2; and 3) the claim construction of the term “plasticized soft tissue graft.”**

Decision Analysis On the first issue, LifeCell argued that the trial court erred by allowing the jury to decide a claim construction dispute—namely, the proper scope of the term “said one or more plasticizers are not removed from [an] internal matrix of [the] plasticized soft tissue graft” (the “non-removal limitation”). According to LifeCell, under *02 Micro*, the court, not the jury, must resolve an actual dispute regarding the proper scope of a claim term. During claim construction, the parties’ dispute over the nonremoval limitation centered on the *degree* of plasticizer removal—*i.e.*, how much, if any, plasticizer is to be removed from the claimed tissue grafts. The trial court determined that construction of the entire term was unnecessary, observing that a person of ordinary skill in the art would understand the phrase “not removed” to mean that no plasticizers are removed prior to transplantation.

On appeal, however, LifeCell focused its non-infringement arguments not only on the degree of non-removal required, but also *from where* those plasticizers are not to be removed. Particularly as to the latter argument, the court observed that LifeCell did not request modification of the trial court’s claim construction in a timely manner, and presented the issue as a factual one before, during, and after trial. As the court noted, there is not necessarily an *02 Micro* issue whenever further claim construction could resolve the parties’ dispute. Based on the record before the court, LifeCell’s discontent with the claim constructions of certain terms was not sufficient to give rise to an *02 Micro* violation.

On the second issue, the Federal Circuit upheld the trial court’s finding that the asserted claims were not invalid under 35 U.S.C. § 112, paragraph 2 as indefinite for including method steps of using an apparatus in an apparatus claim. LifeCell argued that because the non-removal limitation describes a method for use in the asserted apparatus claims, those claims are indefinite for covering both an apparatus and a method of using that apparatus. The court disagreed, however, reasoning that the non-removal limitation defines a property of the recited plasticizer, rather than a method step. According to the court, functional limitations recited in the negative may describe a capability or structural element, and, thus, do not render an apparatus claim invalid as indefinite.

Finally, on the last issue, LifeCell argued that the district court erred in its construction of the term “plasticized soft tissue graft” by failing to also require that the tissue graft be “dehydrated”

in a particular manner. The Federal Circuit agreed with LifeNet, however, and ultimately favored a broader interpretation for construction of “plasticized soft tissue graft.” The court found that while the word “dehydrated” is used often in the specification, it is used broadly, and is not confined to the single embodiment in the specification without a specific indication that the patentee intended for the claims to be limited to specific embodiments in the specification.

Takeaways

The Federal Circuit reiterated the importance of properly preserving claim construction issues for appeal and providing specific support for claim terms and specification terms in a patent application’s written description to achieve more reasoned claim construction.

- **Litigants should be mindful to raise specific claim construction disputes before and during trial in order to preserve the dispute for appeal.**
- Functional limitations defined in the negative should define a property of the recited apparatus to avoid indefiniteness for mixing method steps in an apparatus claim.
- Claim terms should be broadly defined in the specification, include multiple embodiments and ranges for the invention, and avoid limiting language like “present invention” and “preferably” to avoid restrictive claim construction under *Phillips v. AWH Corp.*

There can be value in seeking clarification or modification of a trial court’s claim construction of a disputed claim term if there appear to be unresolved interpretation issues material to the outcome. Failure to do so may prevent a litigant from advancing or maintaining a new (or more nuanced) claim construction argument on appeal, and from raising certain evidentiary challenges or noninfringement arguments based on that new construction.

Further, while functional limitations in apparatus claims may avoid indefiniteness by defining a property of the recited apparatus, patent applicants generally should avoid including method steps or ambiguous contextual language in an apparatus claim absent countervailing reasons why doing so would add value. Patent applicants should, however, draft express specification support for preferred claim construction and broadly define claim terms in the specification.”

See also Clouse, “Claim Construction Disputes Should Be Affirmatively And Formally Raised”, McDermott Will & Emery IP Update, October 2016, p. 8.

See also *Nuance Commc’ns, Inc. v. ABBYY USA Software House, Inc.*, 813 F.3d 1368 (Fed Cir. 2016) (trial court, in action for infringement of claims directed to optical character recognition technology that recite that unknown character is “identified” or “recognized” with or using character-recognition process, did not fail to resolve claim construction dispute before trial, in violation of *02 Micro International Ltd. v. Beyond Innovation Technology Co.*, 521 F.3d 1351 (Fed. Cir. 2008), and did not adopt dictionary definition contrary to intrinsic evidence.)

In *Arthrex, Inc. v. Smith & Nephew, Inc.*, Civil Action No. 2-15-cv-01047-RSP (E.D. Tex. 2015), slip op. Dec. 22, 2016, during the trial, the **plaintiff**, Arthrex, **requested that the trial court construe the term “proximal end” in certain of the patents-in-suit**, U.S. Patent

No. 8,821,541 (“the ‘541 patent”). **The trial court determined that the request for a claim construction was way too late.**

The court began by noting that “Arthrex did not request construction of this term during claim construction, which occurred more than six months ago. Rather, Arthrex requested that the court construe the term during the Jury Charge Conference—the night before the last day of a five-day trial.” As explained by the trial court, Arthrex based its request on trial testimony from Dr. Alexander Slocum, Defendants’ infringement expert, concerning the plain and ordinary meaning of what he understood “proximal end” to mean. **Arthrex then insisted that the trial court was required to construe the term because Dr. Slocum’s testimony raised a dispute regarding its meaning.** *See O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351, 1360 (Fed. Cir. 2008) (“When the parties raise an actual dispute regarding the proper scope of these claims, the court, not the jury, must resolve that dispute.”).

The defendants argued in response that Arthrex waived arguments regarding the meaning of the term “proximal end” by not raising the arguments earlier. *See, e.g., Cent. Admixture Pharmacy Servs., Inc. v. Advanced Cardiac Sols., P.C.*, 482 F.3d 1347, 1356 (Fed. Cir. 2007) (“The district court found that [defendants] waived any argument with respect to this term by failing to raise it during the claim construction phase. We agree.”); *Fenner Inv., Ltd. v. Microsoft Corp.*, 632 F. Supp. 2d 627, 638 (E.D. Tex. 2009) (“Because this argument is contrary to the claim construction order and was not raised prior to or even following the claim construction hearing it is waived.”), *affd sub nom. Fenner Investments, Ltd. v. Microsoft Corp.*, 369 F. App’x 132 (Fed. Cir. 2010).

The trial court also concluded that “[e]ven if Arthrex could not have predicted the dispute during claim construction, Dr. Slocum’s testimony is consistent with his expert report, which Arthrex has had for three months.” The court then stated that although it was reluctant to find waiver, it “will not rush to construe a term hours before the jury charge only to have that construction subject to de novo review on appeal. The risk of wasting judicial resources is simply too great, particularly when Arthrex had ample opportunity to avoid the last-minute request.”

As a result, **the trial court found that Arthrex waived the arguments** regarding the meaning of the term “proximal end.”

Gibson, “District Court Rules That Claim Construction Requested For First Time During Trial Is Waived”, Lexology, <http://www.lexology.com/library/detail.aspx?g=87ec49e1-6dlb-4444-99b3-e394aa5ee749> (12/22/16).

See “02 vey. - Raising Claim Construction Disputes at the Pretrial Stage, Michael Smith’s E.D. Texas Federal Court Practice, Dec. 7, 2016 (“**One of the effects of 02 Micro is that the raising new claim construction issues on the eve of a trial is unfortunately not terribly rare. But few cases present a situation like this one where a party’s rebuttal expert reports served on the eve of trial triggered a complaint that they raised eleven (11) new claim construction issues, as well as three other broader ones.**”

In reading the latest opinion by Judge Love in the *Chrimar* case, I had this mental image of a pitcher throwing a dozen balls at the same, forcing the umpire to make a dozen calls simultaneously.

In general, the motions were denied where they raised arguments that were inconsistent with the Court's prior constructions, with the Court at some points noting that that "time and time again" it had resolved the dispute and yet the expert was continuing to include arguments that had been previously rejected. It did note several times that the fact that an expert was opining using a claim term that term hadn't been identified for construction wasn't a basis for exclusion *per se*, and that some issues were simply disputes as to whether certain claim elements were met, not claim construction disputes. According this "cross-examination" business was the way the issue should be handled. There were some instances where an additional claim construction might be necessary, and the court (I'm between the words "reluctantly" and "exasperated" here - will update when I decide which fits better) provided a framework for any such challenges.")

See also Nox Medical v. Natus Neurology Inc., Civil Action No. 1-15-cv-00709 (D. Del. 2015), Motion re Claim Construction (1/24/2017) court denied plaintiffs motion for a second round of claim construction while its motion to reconsider was pending: **"I recognize that I will need to resolve any genuine claim construction disputes before trial. I do not think doing a second round of claim construction now is necessary. It would just invite a request for a third round of claim construction Each side can have some extra pages in their invalidity summary judgment briefing to brief any additional claim construction issues.... . Meanwhile, the experts can write their expert reports in the alternative."** (Order Denying Request for More Claim Construction (Dkt. 94), pp. 1-2)

To the same effect, see *Function Media LLC v. Google, Inc.*, 2013 U.S. App. LEXIS 3033. (Fed. Cir. Feb. 13, 2013), where the Federal Circuit upheld a trial court's summary judgment that Function Media's patent claims were invalid. The claims were for a computer-implemented method for creating and publishing electronic advertisements and included the limitation, "means for transmitting." The trial court found the claims indefinite because the specification failed to disclose sufficient structure to accomplish the transmission. The Federal Circuit agreed: "When dealing with a 'special purpose computer-implemented means-plus-function limitation,'" the specification must disclose the algorithm for performing the function. Function Media's specification contained "no specific algorithm disclosed in prose, as a mathematical formula, in flow charts simply illustrated the transmission function with lines, but did not explain how software actually performed the transmission. A patentee is not absolved of providing an explanation about the structure of a function just because someone of ordinary skill in the art can devise a means with which to perform the claimed function (slip op. at 8-12.)

In addition to arguing that the trial court's claim constructions were incorrect, FM argued that the court improperly sent the construction to the jury, running afoul of *02 Micro International v. Beyond Innovation Technology Co.*, 521 F.3d 1351, 1362 (Fed. Cir. 2008). In *02 Micro*, the Federal Circuit held that "[w]hen the parties present a fundamental dispute regarding the scope of a claim term, it is the court's duty to resolve it." Slip op. at 21 (alteration in original) (quoting *02 Micro*, 521 F.3d at 1362). Here, FM attempted to establish such an unresolved dispute by relying on the trial court's denial of SJ of noninfringement, a disagreement by the parties over expert testimony misstating the court's claim construction, and by certain statements made by Google during closing argument. But, the Federal Circuit did find that *02 Micro* did not apply. In *02 Micro*, the trial court did not settle a claim construction dispute, so the parties presented their arguments to the jury, and the Federal Circuit found this was error and remanded for the district court to construe the claims in the first instance. But, the Court concluded that this case was more like *Verizon Services Corp. v. Cox Fibernet Virginia, Inc.*, 602 F.3d 1325 (Fed. Cir. 2010), where the issue was whether there were improper attorney arguments, not whether questions of claim scope were submitted to the jury. The Court decided that in this case, as in *Verizon*, "the jury was explicitly told by the court to use only the court's claim construction." Slip op. at 24.

Bennett, "02 Micro Does Not Apply When Jury Explicitly Told by Court to Use Only the Court's Claim Construction", Finnegan - *Last Month At The Federal Circuit*, March, 2013.

II. DISCLAIMER

II.A. Prosecution History Disclaimer

Prosecution history disclaimer continues to gain strength in recent claim interpretation cases, where the statements in hand are clearly unequivocal, and such that a competitor reading them, would believe that the patent is limited in the scope of its claims.

In *TMC Fuel Injection System LLC v. Ford Motor Co.*, Appeal No. 2016-2122, slip op. (Fed. Co. March 27, 2017), the Federal Circuit affirmed Ford Motor Co.'s win over allegations it infringed a patent for a fuel injector system, **finding there is no way for Ford to infringe based on the patent holder's prior prosecution history disclaimer denying the existence of a pressure regulator in its systems.**

TMC Fuel Injection System LLC had appealed a Pennsylvania trial court's ruling that granted summary judgment of noninfringement in Ford's favor. **The lower court found Ford's accused fuel injector system uses pressure regulators, which were previously disclaimed by TMC from its invention in other proceedings.**

The court affirmed the trial court ruling, **finding TMC had clearly and unequivocally disavowed pressure regulators from its patented system based on a prosecution history disclaimer:** "Therefore, even if there is claim language that might have otherwise left open the option of using pressure regulators in the claimed fuel systems, **TMC's statements during prosecution definitively closed that door,**" the panel said. **"This is precisely the point of prosecution disclaimer."**

TMC filed its suit against Ford back in 2012, alleging Ford's popular F-150 pickup truck and other vehicles incorporated technology infringing a patent held by inventor Hou. The company claimed Hou approached Ford about a licensing deal that Ford rejected, but then later began manufacturing vehicles using Hou's system. The patent describes a fuel injection system that operates under a substantially constant pump speed and creates multipressure levels by diverting the fuel flow so that fuel pressure can be switched from one steady pressure level to another level instantly on demand.

The case was put on hold while Ford petitioned the asserted claims to the Patent Trial and Appeal Board, **but the board didn't invalidate the claims, finding Ford didn't show how the claims were anticipated or obvious based on preexisting patents.** The PTAB found the prior art references used pressure regulators, **whereas previous prosecution history of the patent showed TMC's invention had an express disclaimer of pressure regulators from its system, according to court documents.**

Then in April 2016, the trial court granted Ford's summary judgment motion. **Because of the express disclaimer in the patent's prosecution history over pressure regulators from the patented system,** and the use of pressure regulators in Ford's vehicles, Ford didn't infringe the TMC patent, Judge Shapiro found.

In affirming, **the panel explained a prosecution history disclaimer as a circumstance where a patent holder makes statements during a case that would cause a competitor to**

believe the patent is limited in the scope of its claims. In this case, TMC had distinguished its claims from the prior art by saying the claimed invention “eliminate[s] pressure regulators and incremental regulation means of any type of from the system” during an appeal to the Board of Patent Appeals and Interferences, predecessor to the PTAB, among other disavowals, the panel said. “TMC’s prosecution statements, particularly the ones made during the BPAI appeal, unequivocally disavow the use of pressure regulators from the entire fuel system.”

Though TMC argued that any disclaimer only applies to a specific type of pressure regulator — those with a three-port valve — the panel declined to put limits on the type of pressure regulator that has been disclaimed. “This disavowal was unambiguous and was not directed to any particular type of valve,” the panel said.

Daniels, “Ford Dodges Fuel Injector Infringement Suit At Fed. Cir.,” Law 360, <https://www.law.com/articles/906329>

In *Certain Access Control Systems and Components Thereof*, Investigation No. 337-TA-1016 (USTC May 5, 2017), the International Trade Commission (“Commission”) issued its opinion **vacating the Initial Determination (“ID”) granting a motion of summary determination of non-infringement and remanding the case.** The investigation was based on a July 5, 2016 complaint filed by The Chamberlain Group, Inc. of Elmhurst, Illinois alleging violation of Section 337 by way of unlawful importation into the U.S., selling for importation, and/or selling within the U.S. after importation certain access control systems and components thereof that infringe one or more claims of U.S. Patent Nos. 7,161,319; 7,196,611; and 7,339,336. See our July 5, 2016 and August 12, 2016 posts for more details on the complaint and Notice of Investigation, respectively. **All of the asserted claims of U.S. Patent No. 7,161,319 require a “wall console,” which ALJ Pender construed as “a wall-mounted control unit including a passive infrared detector.”** Respondents filed a motion for summary determination of non-infringement of this patent based on the ALJ’s construction, and the ALJ issued an ID granting the motion. The Commission determined to review the ID.

In the ALJ’s claim construction order, the parties agreed that the plain and ordinary meaning of “wall console” is a “wall-mounted control unit,” but **Respondents argued that the patentee clearly disclaimed wall consoles without passive infrared detectors. Although the ALJ “acknowledged the lack of traditional disavowal language,” he agreed with Respondents and found disavowal, focusing on the ‘319 patent’s explanation that the passive infrared detector is a principal part of the invention, is found in the wall control unit, and is positioned in the wall control unit in all embodiments.** Based on this claim construction, the ALJ granted Respondents’ motion for summary determination of non-infringement, as the wall consoles in Respondents’ products do not contain a passive infrared detector.

Contrary to the ALJ’s finding, the Commission determined that the specification and the prosecution history “taken in their entirety” demonstrate that the patentee did not disclaim wall consoles without passive infrared detectors. The Commission noted portions of the specification describing techniques for communication that do not necessarily require a passive infrared detector in the wall console, and determined that the dependent claims illustrate

that the patentee intended to claim wall consoles both with and without passive infrared detectors. **The Commission also determined that there is no clear prosecution history disclaimer in the intrinsic history, in contrast to the Federal Circuit case law relied upon by the ALJ. In fact, according to the Commission “the prosecution history gives no indication that ‘wall console’ has any meaning other than the plain and ordinary meaning.”**

As such, the Commission construed “wall console” to have its plain and ordinary meaning and remanded the Investigation back to the ALJ for further proceedings.

Schweibenz et al., ITC 337 Law Blog, “ITC Issues Opinion Vacating Summary Determination In Certain Access Control Systems (337-TA-1016)”.

In *Huawei Technologies Co. Ltd v. T-Mobile US, Inc. et al.*, Civil Action No. 2-16-CV-00052 (ED Tex Sept 9, 2017), MSJ - Claims Barred by SOL, Laches, Estoppel, **the magistrate judge recommended granting defendant’s motion for summary judgment that plaintiff’s infringement claims were estopped due to plaintiff’s prosecution disclaimer in its response to interveners’ petition for *inter partes* review:** “Regardless of whether an examiner or panel agreed with the patentee’s statement, **the statement itself may result in disclaimer because it constitutes a representation to the public about the scope of the patent. [Plaintiff’s] statements to the Patent Office in its preliminary response were clear and unmistakable.** [Plaintiff] repeatedly emphasized that the TR 23.809 standards document does not describe a GGSN that preserves the PDP context after receiving an error indication because the GGSN marks the PDP context as invalid. . . . [Plaintiff’s expert’s] central thesis is that by complying with the TS 23.060 standard, [defendant’s] network infringes. The problem is that the standard, and by extension [defendant’s] network, includes a GGSN that marks the PDP context invalid.” (page 5)

In *Apple, Inc. v. Personalized Media Communications, LLC*, IPR 2016-00755 (PTAB Sept 19, 2017) Final Written Decision - Patentability of Challenged Claims, the Board found claims of a patent directed to a method of decrypting programming at a receiver station unpatentable under 35 U.S.C. §§ 102(a), (e), and 103(a), finding no distinction in the ‘091 patent between encryption and scrambling, with the former limited to digital data and the latter limited to analog data.’ **“Patent Owner’s citations to general statement allegedly disavowing the scope of encryption and decryption (as not including scrambling and descrambling) during prosecution of other patents similarly do not account for the specific claim terms being construed in the proceeding Because the prosecution history does not reveal a clear disavowal of claim scope in context of the disputed phrases in the challenged claims as a whole, under a broadest reasonable construction, the public should not be bound via a doctrine of equity to a construction that would render the claims superfluous and contradict the meaning of decrypting and programming as described in the patents by stripping their breadth to all-digital applications. Accordingly, contrary to Patent Owner’s arguments, no disclaimer attaches to support Patent Owner’s claim construction.”** (page 39)

In *Technology Properties Ltd. v. Huawei Technologies Co., Ltd.*, Appeal No. 16-1306, -1307, -1309, -1310, -1311, slip op. (Fed Cir March 3, 2017), **the Federal Circuit reaffirmed, in a precedential opinion, that prosecution disclaimers may only limit the scope of a claim where the disclaimer is “both clear and unmistakable to one of ordinary skill in the art.”**

The court made clear that statements made during patent prosecution will not constitute a disclaimer of claim scope where the statements are “ambiguous or amenable to multiple reasonable interpretations,” but that a disclaimer based on unambiguous statements during prosecution may serve to surrender more claim scope than was necessary to overcome a rejection.

The appellant, Technology Properties Limited, asserted U.S. Patent No. 5,809,336 (the “336 patent”) in five related actions in the Northern District of California. Representative claim 6 of the ‘336 patent, construction of which was the subject of appeal, claimed a microprocessor system with two independent clocks: an oscillating (i.e., variable) frequency system clock disposed upon the CPU’s integrated circuit substrate, and an external fixed speed clock connected to an input/output interface. In particular, claim 6 required “an entire oscillator disposed upon said integrated circuit substrate.” **The trial court construed this term to mean, “an oscillator . . . that does not require a control signal and whose frequency is not fixed by any external crystal,” in view of a prosecution disclaimer made to overcome the Examiner’s rejections over two prior art patents.**

On appeal, the panel reviewed the trial court’s application of separate prosecution disclaimers based on arguments made to the U.S. Patent and Trademark Office during prosecution to overcome separate obviousness rejections based on two prior art patents. **The Federal Circuit affirmed one rejection while reversing the other.**

The Federal Circuit agreed that the patentee disclaimed any reliance on external crystals for oscillation by consistently arguing that the ‘336 patent’s entire oscillator was novel because “it oscillates without external components” as required by the prior art. The Federal Circuit affirmed the trial court’s application of this disclaimer despite Technology Properties’ presentation on appeal of alternative arguments which “likely” would have overcome the patent examiner’s rejections while sacrificing less patent scope. The panel dismissed these after-arising alternative arguments, noting that “we hold patentees to the actual arguments made, not the arguments that could have been made.”

As to the trial court’s finding of a second prosecution disclaimer, the Federal Circuit reversed, holding that the trial court applied a narrower construction than the one advanced by the patentees during prosecution. Specifically, the panel held that the district court erred by excessively limiting an “entire oscillator” to one “that does not require a control signal.” In reaching this conclusion, the Federal Circuit reasoned that the patentee distinguished the reference requiring “a command input . . . to change the clock speed.” Thus holding that an entire oscillator “does not require a command input *to change the clock frequency*,” the court reversed and remanded. (Emphasis added.) **While the court’s decision indicated that this modification might not change the outcome of the dispute at hand (the parties stipulated to non-infringement based on the prior construction), the court found it necessary to conduct the analysis under the law of claim construction.**

The case illustrates that the Federal Circuit will not allow a disclaimer to restrict the scope of patent claims beyond what the patentee actually — and unambiguously — disclaimed. In doing so, the panel opinion reaffirmed that a surrender of claim scope in

prosecution must be “clear and unmistakable to one of ordinary skill in the art” before such statements would effect a claim limitation in subsequent litigation.

Samansky et al., Global IP Matters, Federal Circuit Reiterates That Patent Prosecution Disclaimers Must Be “Clear and Unmistakable”, Lexology, <http://www.lexology.com/library> (March 16, 2017)

See also Cohn, “Anything You Say may be Used Against You in a Court of Law”, Lexology, <http://www.lexology.com/library> (June 13, 2017), where Cohn commented that:

However, unlike the flexible approach provided by *Phillips* to claim construction, **prosecution disclaimer may limit the meaning of claim terms based on evidence extrinsic to the patent claims, such as that found in the prosecution history when statements made in the prosecution history are “clear and unmistakable.”** *Tech. Properties Ltd.* at 12 citing *Elbex Video, Ltd. v. Sensormatic Electronics. Corp.*, 508 F.3d 1366, 1371 (Fed. Cir. 2007) (see also *Omega Engineering, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1325–26 (Fed. Cir. 2003) and *Standard Oil Co. v. American Cyanamid Co.*, 774 F. 2d 448, 452-453 (Fed. Cir. 1985)). **The Federal Circuit has stated that “[i]f the challenged statements are ambiguous or amendable to multiple reasonable interpretations, prosecution disclaimer is not established.”** *Tech. Properties Ltd.* at 12.

The patentee in *Tech. Prop. Ltd.* attempted to argue that Magar required an “off-chip crystal oscillator, while claim 6 of the ‘336 patent generates the CPU clock signal on-chip.” *Tech. Prop. Ltd.* at 13. They then went on to argue that proper interpretation of the references, and corresponding prosecution disclaimer, was that the Magar reference required a clock signal generated off-chip, while the “entire oscillator” at issue instead generates the clock signal on-chip and is not limited to having a frequency that is “not fixed by any external crystal.” **The Federal Circuit responded that, while that argument “may have been sufficient to traverse the Magar rejection and avoid a narrower construction,” the arguments made by patentee on appeal were not the same as those made during prosecution.** *Id.*

The Federal Circuit found the repeated arguments that the “entire oscillator” was not fixed-frequency, including the argument that “[t]he Magar microprocessor in no way contemplates a variable speed clock as claimed,” and that the Magar crystal clock rate “is at a fixed, not a variable, frequency,” were sufficient to properly exclude a “fixed-frequency crystal oscillator.” *Tech. Prop. Ltd.* at 14. Similarly, further arguments that the “entire oscillator” did not require an external crystal, such as the argument that “Magar’s clock generator relies on an external crystal... to oscillate,” and that the claimed invention was novel because “it oscillates without external components (unlike the Magar reference),” were sufficient to exclude an external crystal from fixing the frequency of the “entire oscillator.” *Id.* Thus, the Federal Circuit found that, although the arguments presented by the patentee on appeal may have

had merit in overcoming the Magar reference during prosecution, **“the patentee likely disclaimed more than was necessary to overcome the examiner’s rejection”** during that prosecution. The Federal Circuit framed the controlling question as **“what a person of ordinary skill would understand the patentee to have disclaimed during prosecution, not what a person of ordinary skill would think the patentee needed to disclaim during prosecution.”** *Id.* at 15.

The second portion of the Federal Circuit’s decision is also noteworthy for the rigid test that was applied when determining the scope of prosecution disclaimer. The Federal Circuit went out of its way to note that the District Court erred in its claim construction by not considering the totality of the arguments made by the patentee during prosecution. *Tech. Prop. Ltd.* at 15. For example, the Federal Circuit cited the patentee’s arguments that no “command signal” was used “to change the clock speed,” and “[n]o command input is necessary to change the clock frequency.” *Id.* at 15-16. The Federal Circuit felt that, because every mention of a control signal or command input was “only in the context of using a command input to modify the frequency of the CPU clock,” **the patentee had only disclaimed a particular use of the control signal, and a proper interpretation required that the “entire oscillator” “does not require a command input to change the clock frequency.”** *Id.* at 16.

At the outset, it is noteworthy (but not surprising) that the prosecution history was used to read additional limitations into the claims in this case. **Where arguments of this nature are made during prosecution, the patentee runs a gamble of how the claims will be construed during litigation.** During prosecution, if these types of arguments are necessary to convince the Examiner of the novelty of the invention, patent applicants should be conscious of how these types of arguments may affect and limit the claims. **If a potential risk such as this presents itself, reconsideration of the applicant’s strategy, amendments, and arguments may be appropriate.**

An alternative approach may include avoiding such strong, characterizing arguments of this nature, and instead letting the claim language speak for itself. Additionally, other strategic considerations may be given to alternative prosecution strategies, including Examiner interviews and other Examiner-applicant discourse. **Of course, for patent practitioners, persuasive prose and shorter file histories are goals that are often at odds with each other.**

In *Aylus Networks, Inc. v. Apple Inc.*, Appeal No. 16-1599, slip op (Fed. Cir., May 11, 2017), **addressing for the first time the issue of whether statements made during America Invents Act post-grant proceedings can trigger a prosecution disclaimer, the Federal Circuit upheld the trial court’s ruling that arguments made by a patent owner during an *inter partes* review (IPR) proceeding can be relied on to support a finding of prosecution disclaimer during claim construction.**

Aylus Networks filed a patent infringement suit against Apple, alleging that Apple's AirPlay product/feature infringed its patent. The asserted patent covers systems and methods for streaming and displaying media content using combinations of networked components, including a media server (MS); a media renderer (MR); control point (CP) logic to negotiate media content delivery with the MS and/or MR; and control point proxy (CPP) logic to control presentation of the content and to negotiate with the MS, MR and/or CP logic. In some embodiments, the CP logic and CPP logic cooperatively negotiate media delivery, **while in other embodiments only CP or CPP logic is invoked to negotiate media delivery.** Apple filed two separate IPR petitions challenging the asserted patent. Ultimately, the PTAB instituted proceedings on all challenged claims of the patent except claims 2, 4, 21 and 23. **In view of the institution, Aylus filed a notice of voluntary dismissal in the trial court, dismissing with prejudice its infringement contentions as to all of the asserted claims except claims 2 and 21. Apple subsequently filed a motion for summary judgment of non-infringement as to those claims, relying on Aylus's statement during the IPR that the claims required invoking *only* the CPP logic to negotiate media content delivery between the MS and MR. Aylus argued that the proper construction of the claims was not so limited.**

When construing the disputed limitation, the trial court relied on the statements made by Aylus in its preliminary response to Apple's IPR petitions, finding the statements "akin to prosecution disclaimer." Based on these statements, the trial court construed the relevant limitation to "require that *only* the CPP logic is invoked to negotiate media content delivery," and granted Apple summary judgment of non-infringement. **Aylus appealed, arguing that statements made during an IPR cannot be relied on to support a finding of prosecution disclaimer.**

The Federal Circuit affirmed the trial court's claim construction and grant of summary judgment. **The court restated the axiom that the prosecution history "includes all express representations made by or on behalf of the applicant to the examiner to induce a patent grant." It went on to explain that prosecution disclaimer "protects the public's reliance on definitive statements made during prosecution." The court also observed that the doctrine has been applied in the past to statements made during a re-examination proceeding. Based on this historical purpose and usage, the court concluded that "[e]xtending the prosecution disclaimer doctrine to IPR proceedings will ensure that claims are not argued one way in order to maintain their patentability and in a different way against accused infringers."**

Patent owners should beware that statements made to the PTAB during post-grant proceedings could potentially limit the scope of the challenged claims. A patent owner must ensure that arguments differentiating the challenged claims from the prior art are not at odds with its infringement positions.

Dahlin, "Patent Owner Statements in IPR May Result in Prosecution Disclaimer", Lexology, <http://www.lexology.com/library> (June 26, 2017)

In "In Case of First Impression, Federal Circuit Rules that a Patent Owner's Statements in an IPR Proceeding Can Create Prosecution Disclaimer", Lexology, <http://www.lexology.com/library> (May 15, 2017), Sokal, addressing *Aylus Networks*, commented that:

Relying on the reasons that a patent owner’s statements in other contexts can create prosecution disclaimer, the court concluded that they can do so also in an IPR proceeding.

The court explained that prosecution disclaimer “promotes the public notice function of the intrinsic evidence and protects the public’s reliance on definitive statements made during prosecution.” Slip op. at 9 (citing *Omega Eng’g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1323-24 (Fed. Cir. 2003)). **The court further reasoned that “prosecution disclaimer ensures that claims are not ‘construed one way in order to obtain their allowance and in a different way against accused infringers.’”** *Id.* (quoting *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed. Cir. 1995)).

The court observed that it had applied prosecution disclaimer not only in the context of pre-issuance prosecution but also in post-issuance PTO proceedings such as reissue and reexamination. Slip op. at 10. It reasoned that extending the doctrine to IPR proceedings would serve the same purposes as in all of the other contexts in which the court had applied the doctrine. *Id.* at 10-11. **And it rejected the patent owner’s argument that an IPR proceeding is adjudicative rather than administrative.** The court noted that the Supreme Court in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), characterized an IPR proceeding as being in significant respects “more like a specialized agency proceeding.” Slip op. at 11 (quoting *Cuozzo* at 2143). Indeed, the Federal Circuit relied on the Supreme Court’s explanation that an IPR “involves what used to be called a reexamination” and that, like *reexamination*, an IPR proceeding “offers a second look at an earlier administrative grant of a patent.” Slip op. at 11-12 (quoting *Cuozzo* at 2144).

The court also rejected the patent owner’s argument that it did not make its statements in an IPR proceeding because it made them in a preliminary response before the board instituted the IPR. The court acknowledged that it had “said that an ‘IPR does not begin until it is instituted.’” *Id.* at 13 (quoting *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016)). **The court reasoned nevertheless that a preliminary response filed before institution, like a response filed after institution, is an official paper available to the public. Whether before or after institution, “the public is ‘entitled to rely’” on the patent owner’s representations about claim scope to avoid prior art.** *Id.* at 13-14 (quoting *Biogen Idec, Inc. v. GlaxoSmithKline LLC*, 713 F.3d 1090, 1095 (Fed. Cir. 2013)).

The court’s extension of prosecution disclaimer to IPR proceedings appears to be sound. As in other proceedings, patent owners will not be able to argue a narrow claim construction in an IPR proceeding to sustain validity and then argue a broad construction in a district court to encompass an accused product.

II.B. Prosecution Disclaimer

1. “The Present Invention” Usually, But Does Not Always, Disclaims Scope

In *Poly-American, LP, V. API Industries, Inc.*, Appeal No. 2016-1200, --- F.3d ---- 2016 WL 5956745 (Fed. Cir. 2016), the Federal Circuit agreed with the trial court that Poly-American disavowed claim scope in the patent’s specification, and in response to a USPTO examiner during prosecution of the application, by “clear and unequivocal statements that the inventor intended to limit the claimed invention to a trash bag with ‘short seals’ at its upper corners that extend inwardly to narrow the bag’s upper opening.” “Clear and unequivocal” does not mean “explicit,” though: “an inventor may disavow claims lacking a particular feature when the specification describes ‘the present invention’ as having that feature.” Similarly, the Court explained that “an inventor may disavow claims lacking a particular feature when the specification distinguishes or disparages prior art based on the absence of that feature.”

Poly-America asserted U.S. Patent No. 8,702,308 for an elastic drawstring trash bag against API Industries’ “conventional” drawstring trash bags (*i.e.*, trash bags where the width of the bottom of the bag and the width of the opening at the top of the bag are the same size). Although the width of the opening at the top of the patented trash bag was restricted in two of the independent claims to be less than the width of the bottom, independent Claim 10 only required that the two panels and drawstrings of the trash bag be “inseparably joined together at a first short seal and at a second short seal” (emphasis added). Poly-America asserted that the short seals of Claim 10 only required “a seal that inseparably welds or joins” the drawstrings and the panels of the bag. The Federal Circuit disagreed.

The Court noted how the specification stated that “it is important to note that one of the characteristics of the present invention is a reduction in upper width...resulting from the extended short seals” (emphasis in original). The Court also noted how the Abstract stated that “[w]hen the bag of the present invention is in a relaxed state, the reduced upper opening width of the elastic drawstring bag is therefore less than bag proper width,” and that “[e]mbodiments of the elastic drawstring bag contemplated by the present invention have an upper opening with a width that is less than 97% of the width of the rest of the bag (by virtue of the extended short seals).” The Court discussed how the specification explained that prior art bags are difficult to secure over trash can lips, and that the use of extended short seals reduces the width of the opening of the bag, thereby making it easy to fit around a trash can. **Additionally, the Court explained that Poly-America distinguished all of the claims from the prior art during prosecution by stating that “[t]he ‘relaxed upper opening with’ of Schneider is the exact same as the ‘bag proper width,’ not less than the ‘bag proper width’ as required by Applicant’s independent claims” (emphasis in original).** Poly-America argued that the terms “relaxed upper opening” and a “bag proper width” were not recited in Claim 10. However, the Court opined that this fact was irrelevant because it was clear that all of the claimed trash bags had a “relaxed upper opening” and a “bag proper width,” when considered in light of the specification.

The Court concluded that the specification and prosecution history “provide clear and unequivocal evidence that the inventor intended to disavow any claim scope encompassing short seals that are not inwardly extended.”

Vanloy et al., “Another Friendly Reminder from the CAFC - Use of “The Present Invention Is Clear and Unequivocal Evidence of Disavowal”, Lexology, <http://www.lexology.com/library> (10/10/16).

Lee, et al., “Protecting Claim Scope Lessons from *Poly-America LP v. API Industries Inc.*, Carter, DeLuca, Farrell and Schmidt LLP (11/28/16):

“Poly-America was not accorded the scope it sought for claim 10 of its ‘308 Patent in large part because of the patent specification, as explained above. Consideration of claim scope begins with patent application drafting, and several lessons or reminders from this case are worth noting regarding protection of claim scope in patent application drafting.

If it is necessary to characterize the prior art in the specification, it should be done generally and briefly. And if there is discussion about perceived problems with the prior art, care should be taken to not tie that discussion to any part of the claimed solution. As shown by this case, the ‘308 Patent’s focused discussion of the prior art gave API ammunition to frame the claim construction debate in its favor.

In the drawings, if a figure applies to the prior art but also applies to certain embodiments in the patent application, the figure should not be labeled as prior art. Consider not having any drawings that illustrate only the prior art.

In the specification, rather than using the phrase “the present invention” or the like, consider instead using phrases such as “the present disclosure” or “the disclosed technology.” As shown by this case, statements about “the present invention” carry a great deal of weight in claim construction.

In the drawings and the specification, consider illustrating and describing different embodiments of the most significant features. In this case, the court rejected Poly-America’s argument that limitations were imported into the claim because all embodiments showed the same type of short seal.

In the claims, consider expressly reciting aspects of the most significant features that may not be evident, such as relationships between different claim elements. Relying on claim differentiation principle is not a sure bet, as shown by this case.”

In *Unwired Planet, LLC v. Apple Inc.*, 829 F.3d 1353 (Fed. Cir. 2016), however, **the Federal Circuit reversed a trial court’s claim construction, finding that the trial court erred in finding that the patent specification contained a clear and unmistakable disclaimer.** The trial court based its claim construction of the “voice input” term on an alleged

disclaimer in the Summary section of the specification. **The Summary section began with the phrase “the present invention” and the next sentence recited a “voice channel,” which the trial court read into its claim construction for “voice input.”** Unwired Planet appealed. The Federal Circuit declined to find a disclaimer, **explaining that the phrase “the present invention” was not clearly and unmistakably linked to a particular feature and claim differentiation supported a conclusion that the feature was not always part of the invention.** The Federal Circuit therefore vacated a grant of summary judgment of non-infringement premised on the erroneous claim construction.

Lateef et al., “The Phrase, ‘The Present Invention’ Does Not Necessarily Lead to a Disclaimer of Claim Scope,” Lexology, <http://www.lexology.com/library> (8/31/16)

2. Effect of Disparaging Remarks

In *UltimatePointer, LLC v. Nintendo Co., Ltd.*, 816 F.3d 816 (Fed. Cir. 2016), the Federal Circuit affirmed the trial court’s claim construction and noninfringement findings, but reversed its determination that the asserted claims are indefinite. *UltimatePointer* sued Nintendo, alleging infringement of U.S. Patent No. 8,049,729 by Nintendo’s Wii video game system. The trial court construed the claim term “handheld device” to require a “direct pointing device” where the cursor shown corresponds to the image on the screen being pointed at. **On appeal, the Court affirmed, explaining that “repeated derogatory statements” of indirect pointing devices in the specification indicate that “the criticized technologies were not intended to be within the scope of the claims.”** The Court then analyzed the Wii system’s operation and found that, because the pointing correlates to the remote’s position relative to a sensor bar, not the television screen image, the Wii system did not infringe the asserted claims. The Court, however, reversed the trial court’s finding that the claims were indefinite for reciting an “image sensor generating data,” because it was not an improper attempt to claim a method step in an apparatus claim. The Court explained that functional language that reflects the structure’s capabilities does not render an apparatus claim indefinite. The Court found that the language does “not require that any data be actually generated by the user” and, therefore, recites the system’s capability, not a method step.

Choy, “Specification’s Disparaging Remarks Can Limit Claim Scope, While Functional Language Is Not Indefinite If It Describes System’s Capabilities”, Lexology, <http://www.lexology.com/library> (3/30/16)

In *Openwave Systems, Inc. NKA Unwired Planet, Inc. v. Apple Inc. et al.*, 808 F.3d 509 (Fed. Cir. 2015), **the Federal Circuit affirmed a trial court construction patent based upon a disclaimer in the specification involved.** All three patents asserted by the plaintiff, Unwired Planet, against the defendants, Apple and Research in Motion, had previously been litigated at the International Trade Commission (ITC). Both at the ITC and before the trial court, the issue was whether the claimed “mobile devices” encompassed “computer modules.” **Unwired Planet argued that “mobile device” should be given its plain and ordinary meaning, thereby leaving open the possibility that a “mobile device” was one that contained a computer module. However, both the ITC and the trial court disagreed, concluding that the specification of the asserted patents disclaimed devices that also functioned as a “computer**

module.” Based on this construction, Unwired Planet conceded non-infringement and appealed the construction to the Federal Circuit.

Addressing the disavowal issue, the Federal Circuit, like the trial court, found that plain and ordinary meaning should not attach, because the patentee distanced the claimed invention from a device containing a computer module. In particular, the asserted patent specifications addressed in great detail the perceived problems with prior art mobile devices, repeatedly making derogatory statements about early “intelligent communication devices”—devices that combined a mobile device with a computing module. According to the patentee’s characterizations, these devices were too large, too expensive to produce and ran on processors that could not be effectively commercialized. As the patentee explained the claimed invention was distinguishable from the prior art in that the asserted patents, the patentee devised a way to divert computing power to a remote server, thus eliminating the need for mobile devices having computing capacity on their own. Indeed, according to the specifications of the asserted patents, the cellular telephone pictured in the patents was not a combination of a computer module and a wireless communication module.

Because the common specification taught mobile devices that deliberately lacked the type of computing power that would be inherent to a computer module, **the Federal Circuit concluded as a matter of law that the derogatory characterizations of the prior art implementations was a disavowal of the scope of the patent claims.**

In *Openwave Systems, Inc., nka Unwired Planet, Inc. v. Apple et al.*, 808 F.3d 509 (Fed. Cir. 2015), **the Federal Circuit ruled that a trial court correctly held that since the patents at issue disparage phones with computer modules, they cannot cover smartphones.** The patents were issued in 2002 and 2003, but are continuations of a patent filed in 1995. **Their specifications include scores of criticisms of early phone-computer hybrid devices available in the 1990s, the Court noted, meaning that the patents disclaim coverage of modern-devices like the iPhone.** “There is no doubt a high bar to finding disavowal of claim scope through disparagement of the prior art in the specification,” the court said. “In this case, however, it is difficult to envisage how, in light of the repeated disparagement of mobile devices with ‘computer modules’ discussed above, one could read the claims of the patents-in-suit to cover such devices.”

Unwired Planet sued Apple and BlackBerry in 2011 in Delaware and the U.S. International Trade Commission. The trial court case was stayed pending the ITC case, but after Unwired Planet received an unfavorable claim construction from the Commission, it dismissed the case. Judge Andrews then adopted a claim construction similar to the ITC, and Unwired Planet conceded in 2014 that the smartphone makers could not infringe under that interpretation.

The Federal Circuit noted that much of the patents describe problems with “intelligent devices” available two decades ago, like the forgotten IBM Simon and Sony Magic Link. Among other things, such devices were awkward, pricey and could not be updated without physically taking them apart. **The patent described a data communications network for devices that do not have full computing capacity on their own, which the Court found makes clear that the claimed invention only encompasses phones without computer capabilities.** The Court pointed to “repeated derogatory statements” in the patent

specification about phones with computers, saying that the patents clearly disavow such devices. It noted that “such remarks permeate the specification,” including a statement that “the combination of a wireless communication module with a computing module leads to a device that is too bulky, too expensive, and too inflexible to address the market requirements.” “The specification repeatedly and clearly distinguishes the invention of the patents-in-suit from more powerful — and therefore more costly — mobile devices in combination with ‘computer modules,’” the court said. “Such mobile devices being more powerful and more costly, the patents-in-suit repeatedly disparage them for their failure to meet the demands of the market.” As a result, the trial court correctly concluded that phones with computer modules do not fall under the patent and Apple and BlackBerry cannot infringe, the Court concluded.

In *Apple, Inc. v. VirnetX Inc.*, IPR2014-00403 (PTAB 7/29/15) (Final Written Decision), the Board found claims of an Internet security patent unpatentable as anticipated: “Patent Owner’s arguments turn on an overly narrow claim construction, which this Final Written Decision does not adopt. Patent Owner’s response does not dispute that [U.S. patent ’037’s] secure nameserver 32 operates differently from nameserver 17 in a more critical fashion...**Despite Patent Owner’s arguments**, as discussed in the Claim Construction section, **Patent Owner has not disparaged or disavowed unequivocally, a ‘secure domain service,’ as set forth in the claims, which resolves a secure domain name.** As [petitioner’s declarant] testifies, [patent ’037’s] secure nameserver 32 provides an Internet address for secure server 32(s) that nameserver 17 cannot provide. As Petitioner contends, there is no reasonable dispute, if any, on this record about that key difference, which the claim construction of ‘secure domain service’ captures.” (page 26)

In *International Business Machines Corp. v. Intellectual Ventures I LLC*, IPR2014-01516 (PTAB 8/24/15) (Motion to Reconsider Institution of *Inter Partes* Review), the Board denied the petitioner’s request for rehearing of the decision denying institution of *inter partes* review: “We does not agree that the broadest, reasonable interpretation in view of the Specification of the ’298 patent of ‘selecting the file based on whether content of the file matches a file type indicated by a name of the file’ includes selecting based on ‘a sequence of linked examinations of the indicated file type and file content that demonstrates a mismatch,’ as argued by Petitioner. **First, Petitioner cites to no express definition or disclaimer in the Specification.** Petitioner instead cites the claims and argues that ‘the precise process for selecting a file based on a file type mismatch is neither specified in the claim language nor integral to the step’ and that the ‘claims do not require an express ‘determination,’ merely that the file be selected for further review based on whether or not content of the file matches the indicated file type. **‘We are mindful that the claims themselves provide substantial guidance as to the particular meaning of the claims, but we also must determine if the Specification of the ’298 patent is consistent with Petitioner’s proposed interpretation.’**” (page 4)

3. Effect of Distinguishing Remarks

Addressing disclaimer of claim scope, the Federal Circuit affirmed the trial court’s summary judgment of non-infringement, **finding that the patentee clearly and unmistakably disclaimed particular techniques for performing the claimed process.** *David Netzer Consulting Eng’r LLC v. Shell Oil Co.*, 824 F.3d 989 (Fed. Cir. 2016).

Netzer sued Shell for infringement of a patent directed to a process for the coproduction of ethylene and benzene from refinery mixtures. The claimed process requires a step of “fractionating the pyrolysis gasoline to form a purified benzene product comprising at least about 80 wt [percent] of benzene.” **Shell moved for summary judgment of non-infringement, arguing that the term “fractionating” refers to conventional distillation, and that Shell’s accused process uses extraction (not distillation) to form a benzene product with 99.9 percent purity. The trial court granted Shell’s motion without formally construing the claims, finding that fractionating does not include extraction. Netzer appealed.**

Netzer argued that fractionating means separating a mixture into fractions, no matter what processes are used to do so, and that no disclaimer was explicitly made in the specification. Shell argued that fractionating means distilling, and that the patentee disclaimed extraction by distinguishing it from fractionation.

The Federal Circuit agreed with Shell that fractionating means distilling and excludes extraction. As the Court explained, the specification repeatedly and consistently used “fractionation” to refer to distillation. The patentee described problems that would be impossible for conventional distillation as being impossible for conventional fractionation. Elsewhere, the patentee repeatedly referred to fractionation within the context of distillation. The Court also found that the patentee made clear and unmistakable statements that distinguished fractionation from extraction, such as by characterizing extraction as expensive and unnecessary in light of market demand, both in the specification and during prosecution.

Speyer, “When Distinguishing Statements May Be Considered Disclaimers of Claim Scope,” Lexology, <http://www.lexology.com/library> (6/28/16)

In view of the standard to establish a “clear and unmistakable” disclaimer of claim scope during prosecution, the Federal Circuit reversed the trial court’s narrow claim construction and remanded the case for a new trial. *Avid Technology Inc. v. Harmonic, Inc.*, 812 F.3d 1040 (Fed. Cir. 2016).

Avid Technology asserted two patents against Harmonic, both of which relate to data storage systems that allow users to store and retrieve large files, such as movies. The systems included three categories of components: multiple storage units that store data; a client application, which reads data from and writes data to the storage units; and a central controller that can perform various facilitative functions. At trial, the dispute centered on two elements of the asserted claims: how the central controller communicated with the storage units, and how the storage units stored the data. **The trial court narrowly construed the first disputed element, based on what the court determined to be a disclaimer of claim scope during prosecution, and did not construe the second disputed element.** The jury found the patents to be valid but not infringed, and Avid appealed the non-infringement finding based upon alleged error in the trial court’s claim construction. Harmonic did not cross-appeal the finding of validity.

The Federal Circuit reviewed the trial court’s claim construction *de novo*, as it was based entirely on an intrinsic evidence determination about the meaning of the prosecution history. **The Court concluded that the trial court’s narrow construction was improper because the**

statements Avid made during prosecution did not amount to a “clear and unmistakable” disavowal of subject matter, but instead were “amenable to multiple reasonable interpretations.” Further, because Harmonic did not dispute that its system satisfied the first claim element under Avid’s proposed (and Court confirmed) construction, the Federal Circuit found that “satisfaction of the element [was] now settled.” Instead of entering a judgment of infringement, however, the Court remanded the case for a new trial because, as the Court explained, the evidence did not compel a finding of infringement of the second disputed claim element. Specifically, because the trial court had not construed the second disputed term, both Avid and Harmonic were unable to show that the jury was *required* to find infringement or non-infringement on this element.

Dahlen, “*Reversal of Narrow Claim Construction Results in Satisfaction of Claim Element*,” Lexology, <http://www.lexology.com/library> (2/25/16)

Specifically, the claim construction of the term “independent storage unit” supplied to the jury was based on statements the patent owner Avid Technology made during prosecution. In particular, the term was defined as “storage units which are not centrally controlled and whose memory addresses are not globally allocated” and that “systems with independent storage units cannot use a central controller to access data, and, *in particular, cannot use a central controller that identifies the storage unit on which data is stored in response to client requests.*” (Emphasis added by Federal Circuit opinion).

There were two passages during prosecution that led to the claim construction of “independent storage unit”:

“[T]he claimed system, by virtue of the “independent” storage units, avoids using a central controller to access data. In particular, storage units “receiv[e]...request[s] from one of the client systems for a segment of a file.” *Clients do not issue requests to a central controller that in turn identifies storage units that store the data and issues requests to storage units.*”

(Emphasis added by Federal Circuit opinion).

“In Boll [the prior art reference], a client asks a centralized interface 24 to provide access to a server and receives from this interface an identity or connection data for a server to which the client is assigned. The client then performs its transactions with the assigned server. In contrast, the present invention relates to a distributed storage system in which data for a tile is distributed among multiple independent storage units. Boll’s assignment of a client to a server through a centralized interface for its transaction in [sic] contrary to the claim limitations noted above.”

With respect to the first passage, the court found that the language on its face does not exclude a central controller that performs only one or the other of the two stated functions, i.e., “identifies storage units that store the data” and “issues requests to storage units.” Even under an interpretation favorable to Harmonic, the Court indicated that any alleged disclaimer was not done clearly, and thus could not amount to a disclaimer.

With respect to the second passage, the Court found that the trial court read more into the passage than was clearly there when arriving at the claim interpretation, again noting the “high standard for finding a disclaimer.” Elsewhere in the opinion, the Federal Circuit refers to there being a “demanding standard for finding a disclaimer,” and states that “[w]hen the prosecution history is used solely to support a conclusion of patentee disclaimer, the standard for justifying the conclusion is a high one.” Citations to support these inclusions include references to a disavowing action needing to be “clear and unmistakable,” as indicated in *Omega Eng’g, Inc. v. Raytek Corp.*, and that no disavowal can be found when it is ambiguous or even “amenable to multiple reasonable interpretations,” as indicated in *Cordis Corp. v. Medtronic AYE, Inc.*

In *Trivascular, Inc. v. Samuels*, 812 F.3d 1056 (Fed. Cir. 2016), the patentee claimed infringement of its intraluminal stent technology patent, and the alleged infringer filed a petition for *inter partes* review on the grounds that the patent was invalid as obvious.

The key issue was the PTAB’s construction of term “circumferential ridges.” Even though the term was not limited by its terms to “continuously formed” ridges, the PTAB found that the term did not include a series of the stent. The accused infringer appealed the decision on the basis that the broadest reasonable interpretation of the term included “an elevated part of the outer surface” that could be either “continuous or discontinuous.”

The alleged infringer also argued that the PTAB should have applied the doctrine of prosecution history disclaimer to prohibit a construction of “ridges” that is limited to continuous ridges, as opposed to including both continuous and discontinuous ridges. **Specifically, the infringer argued that because the patentee responded to the initial rejection by stating that the patent did not disclose “continuous” ridges, and then introduced an amendment adding the word “continuously” to the claim phrase, and because the patentee did not expressly include the term “continuous” in the final issued claims, prosecution history disclaimer should bar the patentee from arguing for a construction that is limited to “continuous” ridges, which was not claimed in the final issued claims.**

The Federal Circuit ruled that the alleged patent infringer failed to meet its burden of demonstrating the existence of a “clear and unmistakable” disclaimer that would have been evident to one skilled in the art. Although the patentee did offer the “continuous” ridges limitation as one of several possible bases for distinguishing the prior art, **the examiner never adopted this particular amendment as the reason for allowing the claims over the prior art.** Only after a series of subsequent exchanges and interviews showing that the position of the examiner and the patentee changed, did the examiner ultimately allow the claims over the prior art without the proposed amendment. **Thus, the examiner was convinced of the patentability of the claimed invention over the prior art by the other amendments made to the relevant claim, without regard to the proposed addition of the word “continuously” to the claims.**

The alleged infringer also appealed the PTAB’s decision to not use a topological or cartographical definition of the word “ridge” in evaluating the “broadest reasonable interpretation” of the term, which would have resulted in a broader definition and more importantly, in a finding of obviousness. **The Federal Circuit reiterated that a general dictionary definition that is consistent with both the specification’s teachings and the**

remaining claim limitation takes precedence over a topological or cartographical definition. The Court stated that the “broadest reasonable interpretation standard does not give the Board an unfettered license to interpret the words in a claim without regard for the full claim language and the written description.”

See also Biogen Idea, Inc., v. Glaxo SmithKline LLC, 713 F3d 1090 (Fed. Cir. 2013), where the Federal Circuit agreed with the trial court’s finding of prosecution history disclaimer. In discussing this doctrine, the Federal Circuit noted that “a ‘clear and unmistakable’ disavowal during prosecution overcomes the ‘heavy presumption’ that claim terms carry their full ordinary and customary meaning,” quoting from its 2003 decision in *Omega Engineering, Inc. v. Raytek Corp.*: “[W]hen the patentee unequivocally and unambiguously disavows a certain meaning to obtain a patent, the doctrine of prosecution history disclaimer narrows the meaning of the claim consistent with the scope of the claim surrendered.” The Federal Circuit stated the issue as:

“This case requires us to analyze how the PTO and the inventors understood the disputed term, “anti-CD20 antibody,” in the ’612 patent to determine if the inventors disclaimed claim scope during prosecution of that patent. Biogen maintains that all the evidence — including the claims, the specification, and statements made by all parties recorded in the prosecution history — indicates that the term was used according to its plain and ordinary meaning, “an antibody that binds to a cell surface CD20 antigen.” The question becomes whether statements in the prosecution history are sufficient to overcome the “heavy presumption” that the term carries its full ordinary and customary meaning advanced by Biogen.”

The Federal Circuit inferred the USPTO Examiner’s understanding of the claim term from the enablement rejection:

“During prosecution of the ’612 patent, the examiner rejected all pending claims because the specification did not enable a person skilled in the art to practice the full scope of the claims, which could have encompassed “any and all anti-CD20 antibodies, no matter the specificity or affinity for the specific epitope on the circulating tumor cells.” Instead, according to the examiner, the specification only enabled Rituxan®, rituximab, and 2B8-MX-DTPA.⁴ It was not enabling for other antiCD20 antibodies, which had different structural and functional properties.”

The Federal Circuit found that disclaimer arose from the applicants’ response, that, “rather than challenging the examiner’s understanding of the crucial terms, the applicants argued that the specification was enabling for anti-CD20 antibodies with similar affinity and specificity as Rituxan®.” The Court interpreted the applicants’ arguments as “conced[ing] that other ‘antibodies direct to the same antigen [i.e., CD20] might have different affinities and functional characteristics,’ and “limit[ing] their claims to antibodies similar to Rituxan® nonetheless.”

Biogen argued that the fact that dependent claims are specifically directed to rituximab supports a broader construction of the independent claim, but the Court rejected this argument, stating that prosecution history disclaimer can overcome any presumption arising from claim differentiation.

Judge Plager dissented, because he found no “clear and unmistakable evidence of disclaimer.” Judge Plager criticized the majority for “teas[ing] out” disclaimer from the prosecution history, and for keying disclaimer to statements made by the USPTO Examiner, not the applicants:

“Applicants’ statements — when considered in light of either the range of antibodies included in the claim, or the specific epitope to which the antibodies might attach — **fail to meet the “clear and unmistakable” standard set forth in our case law.** This is especially true given our case law that it is the applicant, not the examiner, who disclaims claim scope. It was the examiner, not the applicants, who invoked the concept of epitopes. ... But it is the applicant, not the examiner, who must give up or disclaim subject matter that would otherwise fall within the scope of the claims, and an applicant’s silence regarding statements made by the examiner during prosecution cannot amount to a clear and unmistakable disavowal of claim scope.”

Judge Plager emphasized that the applicants’ response did not refer to a particular epitope, but simply stated that one of skill in the art could readily identify an antibody that binds to CD20 with similar specificity and affinity.” **Judge Plager noted that when an argument is subject to more than one reasonable interpretation, it cannot rise to the level of a clear and unmistakable disclaimer.**

In *E.I. DuPont de Nemours & Co. vs. MacDermid Printing Solutions, LLC*, Appeal No. 2015-1777, --- Fed.Appx. ----, 2016 WL 4409359 (Fed. Cir. 2016), the Court also affirmed a claim construction judgment that led to the conclusion that MacDermid’s digital platemaking processes did not infringe DuPont’s U.S. Patent No. 6,171,758.

The disputed term was “dimensionally stable,” as it applied to a substrate in the plate itself. **The District of New Jersey ruled that the substrate had to be made by a “special annealing” process, and MacDermid uses a bonding process. DuPont contested importing a process element — i.e., the means of doing something — into the interpretation of a claim on a product.** But MacDermid successfully argued that, during the prosecution of the application, the patent applicants contrasted their invention to the prior art by repeatedly telling the examiner that the annealing process was important and critical to the invention.

Dutra, “DuPont Loses Cyrel Fast Patent Infringement Appeal”, 92 PTCJ 1251 (8/19/16).

In *Mass. Inst. of Tech. v. Shire Pharm Inc.*, Appeal No. 2015-1881, slip op. (Fed. Cir. Oct. 13, 2016), **the court upheld the trial court’s claims construction, finding that selected statements during prosecution did not constitute a “clear and unambiguous” surrender of claim scope when considered in the context of the prosecution history as a whole.**

The claims at issue were drawn to synthetic, biodegradable scaffolds upon which cells can grow in vitro to generate artificial tissues that can be administered to a patient. Scaffolds for cell growth had been used in the prior art to grow thin layers of artificial skin but were limited because blood vessels could not penetrate the artificial tissue, and as a result cells in the middle of a thicker tissue would die from lack of oxygen. The improved scaffolds developed by MIT scientists addressed this problem by supporting blood vessel growth, thereby allowing for the growth of thicker tissue implants, such as intestine, kidney, liver, blood vessel, nerve and muscle tissues, as well as thicker skin tissues. **The claims specified that the “cells derived from a vascularized tissue” attach to the claimed “three-dimensional scaffold” to generate “vascularized organ tissue.” The trial court construed these claim terms according to their plain and ordinary meaning, and Shire challenged these constructions.**

With respect to the “vascularized tissue” terms, Shire pointed to several statements made during prosecution in Examiner interviews, inventor declarations and office action responses as allegedly limiting the claim scope to non-skin tissues (a construction that would allow Shire’s artificial skin grafts to avoid infringement).

The Federal Circuit upheld the trial court’s rejection of Shire’s arguments, noting that a “clear and unambiguous disclaimer” of subject matter that would be “evident to one skilled in the art” is required to meet the “high standard” for prosecution history disclaimer. To assess whether such a disclaimer rises to the level of clear and unambiguous, “it is important to consider the statements made by the applicant both in the context of the entire prosecution history and the then-pending claims.” Although Shire had “plucked” several allegedly limiting statements from the prosecution history, which spanned more than 10 years, the court noted that those statements were not made with respect to the claim terms at issue, but instead were made with respect to different claim language that did not even end up in the claims that finally issued. According to the court, a skilled person reading the prosecution history as a whole would not understand those statements, taken out of context, to disclaim the ordinary meaning of the terms at issue.

With respect to the “three-dimensional scaffold” claim term, Shire argued that it was indefinite. **The court upheld the trial court’s construction that was based on the accepted, ordinary meaning of the term as found in dictionaries. Shire objected to this evidence because the dictionaries were from the present day and not from the time of filing, but Shire failed to explain how contemporaneous dictionaries would have defined the term any differently. The court also found it persuasive that Shire’s expert gave an opinion that was consistent with the plain meaning.** For all of these reasons, the claim language was found to be definite under *Nautilus*.

Judge O’Malley concurred with the opinion and its reasoning, but wrote separately about a procedural issue. In particular, she reiterated her well-known position that patent cases are not final until the trial court has determined damages and/or willfulness, and that the Federal Circuit should not have taken the present case. The court’s *Bosch* decision continues to be good law, but at least one member of the bench is holding steady that *Bosch* was wrongly decided.

Clouse, “Prosecution History Disclaimer of Claim Scope Must be “Clear and Unambiguous” in view of the Prosecution History as a Whole,” Lexology, <http://www.lexology.com/library> (11/29/16).

Vines, “Prosecution Disclaimer Has No Teeth,” Patent123, Lexology, <http://www.lexology.com/library> (12/8/16), offered a similar appraisal of *MIT v. Shire*, to wit:

“The patents at issue in *MIT v. Shire* cover methods for growing organs in vivo as an alternative to organ transplantation. Prior art methods for making thin organs such as skin were not useful for making thicker organs because cells at the center of the developing organ tended to die due to decreased diffusion of oxygen and nutrients to those cells. MIT scientists developed a “biodegradable, synthetic matrix that provides[s] support for cell growth applicable to tissue engineering for vascularized organs,” the subject of U.S. Patents 5,770,193 and 5,759,830.

MIT sued Shire for patent infringement, alleging that Shire’s Dermagraft® scaffold infringed the ‘193 and ‘830 patents. **Shire asserted the doctrine of prosecution disclaimer as to three terms, but the opinion focused primarily on “vascularized organ tissue.” If vascularized organ tissue was construed to include skin, then Shire could be liable for infringement. It was undisputed that the ordinary meaning of vascularized organ tissue included skin and the ‘193 and ‘830 disclosures support that. However, Shire asserted that under the doctrine of prosecution disclaimer, vascularized organ tissue should be construed to exclude skin.**

During the prosecution of the parent application 06/933,018, **MIT attempted to overcome a prior art rejection by arguing that the prior art was limited to use for skin and could not be used for other organ equivalents.** The examiner maintained the rejection over several office actions, eventually forcing MIT to limit the claims in the parent application to “scaffolds for growing ‘non-skin organ cells,” that the examiner rejected as constituting new matter. **MIT abandoned the ‘018 application and continued to prosecute the related ‘193 and ‘830 applications. Both included the same non-skin limitation. MIT eventually replaced the non-skin limitation with a limitation directed to the thickness of the claimed cell mass, which earned MIT another new matter rejection under § 112. In the end, MIT removed the thickness limitation and added the limitation “to produce functionalized organ tissue in vivo.”**

Shire offered several statements made by MIT as evidence of prosecution disclaimer...the most unambiguous statements were related to the “non-skin” claim limitation and the inventor’s declaration. Shire points to the non-skin claim amendment as evidence of disclaimer, but the court found that this amendment did not overcome the presumption that vascularized organ tissue had an ordinary and customary meaning. Although the claim amendment clearly disavowed claim scope that would include skin, the court found that because the amendment was made in connection with different

claims—the claims at the time did not recite vascularized organ tissue— then disclaimer did not attach.

Shire also pointed to a declaration, where the inventor stated that prior art methods were “limited to a very thin layer of cells” and that “the claimed method is not a method for making very thin structures.” The court was not persuaded that these statements constituted disclaimer because the statements were offered in support of the thickness limitation. The thickness limitation does not recite vascularized organ tissue, so disclaimer did not attach.

It is a rarity to prevail on a prosecution disclaimer argument in the courts. Practically speaking, the “clear and unmistakable” disavowal means that the statements by the patentee were made to overcome an examiner’s rejection and the PTO was persuaded to allow the claims. If it’s a losing argument—the examiner maintains the rejection or issues a new rejection in response—then there is no harm, no foul. Most importantly, the statements must be made in connection with the exact disputed claim terms for disclaimer to attach.”

In *Aylus Networks, Inc. v. Apple, Inc.*, Civil Action No. 3-13-CV-04700 (N.D. Cal. 1/21/16) (MSJ-Non-Infringement), the court granted defendant’s motion for summary judgment that it did not infringe plaintiff’s media streaming patent in light of plaintiff’s statements during *inter partes* review: “During the claim construction process, the Court was not asked to construe the term ‘the [Control Point Proxy] is invoked.’ However, the court agrees with [defendant] that based on the language of the patent and [plaintiff’s] statements during the *inter partes* review process, dependent claims 2 and 21 require that only the CPP logic is invoked to negotiate media content delivery. . . . [T]his distinction is confirmed by [plaintiff’s] preliminary responses to [defendant’s] *inter partes* review petitions of the [patent-in-suit] and the PTAB’s adjudication of the petition. In this regard, [plaintiff’s] statements are akin to a prosecution disclaimer. . . . Based on this distinction, the PTAB denied [defendant’s] petition for *inter partes* review of claims 2 and 21. . . . [T]he PTAB’s conclusion was not based on the application of the [broadest reasonable interpretation] standard of review, but rested on the distinction that [plaintiff] itself articulated in its response to [defendant’s] petition.” (page 6)

In *In re: Translation Inc. v. SmartMeters Patent Litigation*, Civil Action No. 5-12-ML-02304 (N.D. Okla. 2015) (Motion to Reconsider Claim Construction/*Markman*), the court denied defendant’s motion to reconsider its claim construction, but found that a disclaimer/disavowal occurred during reexamination: “When the Court originally construed the phrase ‘electric meter circuitry,’ it determined that term should be given its ordinary meaning. Plaintiff then filed a Motion to Reconsider, arguing that during reexamination proceedings before the [PTO], it disavowed or disclaimed the existence of electromechanical meters and argued that electric meter circuitry required digital electric meter circuitry. . . . [C]ontrary to the arguments now presented by [plaintiff], the Court’s decision to reconsider and give a new construction to the phrase . . . was based on its disavowal of electromechanical meters at reexamination. However, this determination does not warrant granting [defendant’s] Motion for Reconsideration. Rather than reinstate its earlier construction, the Court finds the proper

course is to find that [plaintiff] is estopped from now arguing that a disclaimer disavowal did not occur during the reexamination proceedings.” (page 1)

In *Johnson Controls, Inc. v. Wildcat Licensing WI, LLC*, IPR2014-00304 (PTAB Nov. 12, 2015) (Motion to Reconsider Final Written Decision), the Board denied the patent owner’s request for rehearing of the final written decision where claims 24 and 25 of the ’573 patent were found unpatentable: **“Patent Owner further argues that the alleged clear disavowal of ‘a user-selected sequence of fastening’ from claim 24 during prosecution necessarily alters the construction of additional terms in the claims. With respect to these claim interpretation arguments, however, Patent Owner again fails to identify where each of these arguments was raised previously. Moreover, with respect to the effect of any such disavowal on the interpretation of other claim terms, we could not have misapprehended or overlooked arguments that Patent Owner did not raise previously.”** (page 5); the Board also denied the patent owner’s request for rehearing of the final written decision where claims 24 and 25 of the ’573 patent were found unpatentable: **“Even if we were to accept Patent Owner’s arguments that a clear disavowal of claim scope exists in the prosecution history of the ’573 patent, as the Federal Circuit observed, in such a situation, ‘the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.’** Therefore, we are not persuaded that our consideration of the prosecution history was contrary to governing precedent, as argued by Patent Owner, such that it amounted to an abuse of discretion.” (page 6)

In *Johnson Controls, Inc. v. Wildcat Licensing WI, LLC*, IPR2014-00305 (PTAB 11/12/15) (Motion to Reconsider Final Written Decision), the Board denied the patent owner’s request for rehearing of the final written decision where claims 22-28 of the ’831 patent were found unpatentable: **“Patent Owner further argues that the alleged clear disavowal of ‘a user-selected sequence of fastening’ from claim 22 during prosecution necessarily alters the construction of additional terms in the claims. With respect to these claim interpretation arguments, however, Patent Owner again fails to identify where each of these arguments was raised previously. Moreover, with respect to the effect of any such disavowal on the interpretation of other claim terms, we could not have misapprehended or overlooked arguments that Patent Owner did not raise previously.”** (page 5); the Board denied the patent owner’s request for rehearing of the final written decision in which claims 22-28 of the ’831 patent were found unpatentable. **“Even if we were to accept Patent Owner’s arguments that a clear disavowal of claim scope exists in the prosecution history of the ’573 patent that is applicable to claim 22 of the ’831 patent, as the Federal Circuit observed, in such a situation, ‘the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.’** Therefore, we are not persuaded that our consideration of the prosecution history was contrary to governing precedent, as argued by Patent Owner, such that it amounted to an abuse of discretion.” (page 6)

In *Acme Packet Inc. v. Focal IP, LLC*, IPR2016-01263 (PTAB 1/24/2017) (Motion to Reconsider Institution of *Inter Partes* Review), the Board denied the patent owner’s request for rehearing of the decision granting institution of *inter partes* review: **“Patent Owner also contends that we misapprehended or overlooked Patent Owner’s arguments regarding the teachings of the invention and disclaimers disclosed in the specification as to the claim construction of the terms ‘switching facility,’ ‘controller,’ and ‘web-enabled processing**

system.’... In its Request for Rehearing, Patent Owner mainly repeats the same arguments as those in the Preliminary Response. A request for rehearing is not an opportunity to express disagreement with a decision. **During trial, Patent Owner has an opportunity to resubmit those arguments, along with any new arguments, explanations, and supporting evidence, in its Response.** Patent Owner has not demonstrated that we abused our discretion in construing the terms of claim 1 for purposes of the Decision on Institution and, consequently, Patent Owner’s Request for Rehearing is denied.” (Decision (Paper 30) pages 2-5)

II.C. Prosecution History as A Claim Construction Tool

1. Disclaimer Found

Transvideo Elect., Ltd. v. Netflix, Inc., Case Nos. 12-1743; *Transvideo Elect., Ltd. v. Amazon.com, Inc.*, Case No. 13-61; *Transvideo Elect. Ltd., v. Hulu, LLC*, Case No. 13-1399 (D. Del. July 7, 2015), the Federal Circuit construed the claim limitation at the conclusion of a *Markman* hearing, adopting defendants' proposed construction with some edits. The court found a clear and unambiguous disclaimer occurred during a reexamination, the nature of the disclaimer being that the patents requires users to both upload and download videos. One skilled in the art would understand he disclaimer to relate to all claims of the two patents-in-suit.

In *Syline Steel, LLC v. Pilepro, LLC*, Civil Action No. 1-13-cv-08171 (SD NY 2013), motion for summary judgment of non-infringement (SD NY 4/24/15), following claim construction the court granted plaintiff's motion for summary judgment that three components of its accused system did not infringe defendant's wall system patent. **"[Defendant's] interpretation however, is flatly contradicted by the text and images contained in the patent itself, the patent prosecution history, and the arguments that [defendant] previously made before this court . . . [I]n an effort to distinguish its invention from [a prior art] patent, [defendant] expressly disclaimed the interpretation of the [patent-in-suit] that it advances now It is clear that, at the claims construction hearing, [defendant] understood the phrase 'section that is to be provided with the at least one interlock' to mean the portion of the preliminary product that was to become the interlock, not an arbitrary segment of the sheet pile component that happens to contain all of the material accumulation and the longitudinal edge. It cannot now, having lost at the claims construction phase, turn around and argue otherwise."** (page 8).

In *Stryker Corp. v. Zimmer, Inc.*, Appeal No. 2013-1668, 782 F.3d 649 (Fed. Cir. 2014), defendant-accused infringer appealed the jury's findings that the patents were valid and infringed. The Federal Circuit affirmed on validity and infringement, but reversed on willfulness.

As to prosecution disclaimer, the trial court erred when it held that the prosecution disclaimer was insufficiently clear and unmistakable because the previous version of the claim had additional limitations that were absent in the current claim. The court held that "there is no reason why a disclaimer on a limitation within a narrower claim would not apply to the identical limitation within the broader claim, as the same concerns about the prior art would relate to both."

However, because this argument was not raised at or before the *Markman* hearing, the trial court was correct in rejecting the argument for claim construction purposes, but still considering the argument for infringement purposes.

See Prey, *Federal Circuit Rules on Issues of Prosecution disclaimer, infringement, anticipation, obviousness, willful infringement and attorney's fees*, Lexology, [http://www.lexology.com/library \(12/19/14\)](http://www.lexology.com/library (12/19/14)).

In *Ford Motor Company v. TMC Fuel Injection System, LLC*, IPR2014-00272 -273, Final Written Decision (6/22/15), the Board found that Petitioner had not shown by a preponderance of

the evidence that claims 38 and 40 of the '414 patent are unpatentable. The '414 patent relates to a system for supplying fuel to an assembly of fuel injections, which in turn supply fuel to an engine. Two Petitions were consolidated for decision and a related trial court case was identified (*TMC Fuel Injection Sys., LLC v. Ford Motor Co.*, No. 2:120-cv-004971-NS (E.D. Pa.)). Petitioner challenged claims 38 and 40 of the '414 patent on four grounds: (1) anticipation by Tuckey; (2) obviousness over Tuckey and Ford '479; (3) obviousness over Tuckey and Chih; and (4) obviousness over Tuckey and Coleman.

The Board first addressed claim construction using the broadest reasonable construction in light of the specification. **In construing the term “fuel return path with flow constraint,” the Board revisited its prior construction and, based on prosecution history disclaimer, excluded the use of a pressure regulator or incremental resistance valve. During prosecution, applicant amended the claims and stated that its system “eliminates most of the expensive, elaborate, and often slow acting and non-linear pressure control elements and their related elaborate systems shown in the references cited, and relied upon [by] the Examiner.” Applicant argued that “the use of a pressure regulator or a pressure relief valve was disadvantageous because “[t]he response time of a regulator in the regulating region is delayed, because time is needed to physically move the pressure-regulating element.” Applicant then stated definitively: “The Application does not use pressure regulator or pressure relief valve.” This distinction was argued repeatedly, including in an appeal brief. The Board thus found disclaimer in view of “Applicant’s unequivocal statements during prosecution.” This disclaimer was found to be “essential to allowance” and consistent with the specification, which discourages the use of variable valves. In construing the term “fuel recirculation,” the Board sided with Petitioner and did not adopt a construction because Patent Owner’s proposed construction would exclude the preferred embodiments of the '414 patent specification.**

Drinker Biddle, *Finding of disclaimer in Final Written Decision results in patent owner success*, Lexology, <http://www.lexology.com/library> (7/1/15).

In *Pacing Techs, LLC v. Garmin Int’l, Inc.*, Appeal No. 2014-1396, 778 F.3d 1021 (Fed. Cir. 2015), Pacing Techs appealed from the trial court’s grant of summary judgment that defendants Garmin International, Inc. and Garmin USA, Inc. did not infringe the asserted claims of U.S. Patent No. 8,101,843. The Federal Circuit affirmed.

The Federal Circuit construed the preamble of the asserted claim as limiting where the preamble terms “user” and “repetitive motion pacing system” provided antecedent basis for and were necessary to understand the positive limitations in the body of the claim and those depending from it. The court found a clear and unmistakable statement of disavowal or disclaimer concerning the phrase “repetitive motion pacing system for pacing a user” where, in addition to a list of objects of the present invention, the specification further stated that “[t]hose [listed 19 objects] and other objects and features of the present invention are accomplished, as embodied and fully described herein, by a repetitive motion pacing system that includes . . . a data storage and playback device adapted to producing the sensible tempo.” In the context of the patent as a whole, the court perceived such a statement as not merely describing yet another object of the invention, but instead alerting the reader that the invention accomplishes all of its objects and features with a repetitive

motion pacing system that includes a data storage and playback device adapted to produce a sensible tempo.

Kim, in *Pacing Technologies, LLC v. Garmin International, Inc.*, Lexology, [http://www.lexology.com/library \(2/13/15\)](http://www.lexology.com/library (2/13/15)), stated that:

The Federal Circuit first held that the preamble of the claim is limiting because “[w]hen limitations in the body of the claim rely upon and derive antecedent basis from the preamble, then the preamble may act as a necessary component of the claimed invention.” *Eaton Corp. v. Rockwell Int’l Corp.*, 323 F.3d 1332, 1339 (Fed. Cir. 2003). The panel stated that the preamble was limiting here because the term “user in the preamble provides antecedent basis for the term “user” in the body and was also necessary to understand the positive limitations in the body of the claim.

In construing the meaning of the phrase “a repetitive motion pacing system for pacing a user” as recited in the preamble, the Federal Circuit acknowledged that the plain and ordinary meaning did not require the system to pace the user by playing back pace information using a temp. However, the Federal Circuit went on to find that the specification included a clear and unmistakable disavowal that required departure from the plain and ordinary meaning.

The panel noted that the specification described nineteen “objects of the present invention,” but these statement alone were not found to constitute a disclaimer or disavowal. However, the panel pointed out that the patentee went further by adding the following paragraph subsequent to the enumerated 19 objects:

“[t]hose [listed 19 objects] and other objects and features of the invention are accomplished, as embodied and fully described herein, by a repetitive motion pacing system that includes...a data storage and playback device adapted to producing the sensible tempo.”

The Federal Circuit stated that these words acted as a disclaimer by clearly and unmistakably limiting “the present invention” to a repetitive motion pacing system comprising a playback device adapted to producing a sensible tempo. According to the Federal Circuit, this language was not merely describing another object of the invention, but was instead a statement that the invention accomplishes all of its objects and features with a repetitive motion pacing system in which the playback device produces a sensible tempo. Thus, the Federal Circuit held that Garmin’s accused devices were not within the scope of the claim at issue because the accused devices did not produce a sensible tempo.

In a more analytical piece, Sperry, *Application drafting highlighted by Pacing Techs. v. Garmin Int’l*, Lexology, [http://www.lexology.com/library \(3/6/15\)](http://www.lexology.com/library (3/6/15)), wrote that:

The general rule is that a patent claim’s preamble does not limit the claim unless the preamble breathes life and meaning into the claim. The Federal

Circuit’s recent decision in *Pacing Techs. v. Garmin Int’l*, Appeal No. 2014-1396, 778 F.3d 1021 (Fed. Cir. 2015) highlights some application drafting choices that, under post-issuance scrutiny, resulted in limitations being read into an independent claim. Considering lessons of this case when drafting U.S. patent applications and when interpreting issued claims with respect to possible infringement can help practitioners write better applications and make better arguments during litigation or other post-issuance activity.

Federal Circuit Decision: Claim 25 of U.S. Patent No. 8,101,843, the only independent claim asserted by Pacing Technologies, recites in its preamble a “repetitive motion pacing system for pacing a user.” **The term “repetitive motion pacing system” is not present in the body of claim 25, but the Federal Circuit nevertheless held that this preamble term is limiting because otherwise the body of dependent claim 28 would lack antecedent basis.** The Federal Circuit also noted that “objects of the present invention” listed in specification are characterized in the specification as all being “accomplished, as embodied and fully described herein, by a repetitive motion pacing system that includes ... a data storage and playback device adapted to producing the sensible tempo.” The Federal Circuit deemed the specification describing an embodiment of a repetitive motion pacing system that does not need to produce a sensible tempo, as argued by Pacing Technologies, to not refute the interpretation that the repetitive motion pacing system in the claim at issue must produce a “sensible tempo” despite that term not being present in the claim.

Lesson: A term in a claim’s preamble that provides antecedent basis to a term in that claim’s body or in any claim that depends therefrom can result in at least that portion of the preamble being a requirement of the claim. What may seem like an innocuous preamble term during prosecution may not end up being so innocuous post-issuance. Careful claim phrasing can usually prevent preamble terms from being used in a claim’s body and thus help prevent importation of the preamble term into the claim’s requirements.

Lesson: The specification identifying objects or features of “the present invention” can be a dangerous drafting strategy, as demonstrated by this case. Even a simple qualifier like “at least some embodiments of the present invention accomplish one or more of the following objects or features” could help mitigate this risk, as could merely listing “an object of the present invention is...” without a further blanket statement that all listed objects are accomplished by “the present invention.”

Lesson: Remember that a claim need not cover all embodiments described in the specification, just that the claim will typically be interpreted to include embodiment(s) identified in the specification as being preferred. Also remember that the specification being silent about whether a feature is present in a described embodiment does not necessarily mean that the embodiment does not include that feature. Being careful with language used in

the specification and claims can help prevent unintentional claim interpretations based on descriptions provided in the specification.

See also Dutra, *Federal Circuit Offers More Claim Construction Lessons in Garmin Ruling*, 89 PTCJ 1030 (2/8/15); Cook, *Keeping Pace With Claim Construction Law: Preamble and Disclaimer Under Pacing Technologies*, Patent Prosecution Update (March 2015); Keeley, *Don't let your preamble doom your claim construction*, Lexology, <http://www.lexology.com/library> (3/9/15).

2. No Disclaimer Found

In *Info-Hold, Inc. v. Applied Media Tech. Corp.*, 783 F.3d. 1262 (Fed. Cir. 2015), the Federal Circuit reversed a claim construction and underlying noninfringement judgment. The patent claimed a programmable message delivery system that includes a plurality of message playback devices, a remote computer, and a communications link over which the computer “transmits” control signals to the playback devices.

As an initial matter, *de novo* review applied to all the evidence. **It was unnecessary to decide whether a Notice of Allowability for another, later issued patent was intrinsic or extrinsic to the patent-in-suit because there was no dispute over its content, the trial court made no findings about it, and its significance to the correct construction was a legal issue.**

The trial court erred in construing the term “transmit” to require the computer to initiate contact with the playback devices. “Nothing in the word ‘transmit’ suggests a limitation on initiation: there is no linguistic ambiguity to resolve.” Slip op. at 9. The fact the specification said it was “preferred” for the playback device to operate in “receive only” mode suggested that it was also possible for it to transmit, which would allow for communications initiated by the playback device. **Regardless, the specification did not disclaim or redefine the term “transmit,” either expressly or implicitly.** The term was thus properly understood to be neutral about whether the computer or playback device initiates the transmission.

Countryman, *Claims should be broadly construed to include their full plain meaning where there is no disclaimer or lexicography*, Lexology, <http://www.lexology.com/library> (7/21/15).

In *TMI Prods. Inc. v. Rosen Enter. Sys., L.P.*, Appeal No. 2014-1553, 610 Fed. Appx. 968 (Fed. Cir. 2015), Plaintiff-Appellant-TMI appealed the trial court’s construction of claim terms and corresponding grant of summary judgment of noninfringement.

The trial court correctly construed the term “the housing is structured to permit selective access to the input opening” to require that “the housing is structured to be capable of moving between an accessible and inaccessible orientation.” The trial court’s construction gives meaning to all terms of the claim and does not create redundancies in the claim language. **TMI also argued that the trial court construed the claims of its patent so narrowly it excluded several figures in the patent application. However, contrary to TMI’s argument, the drafter’s intent with respect to the original claims, without further evidence, does not inform the construction of the claim at-issue. Also none of the statements in the prosecution**

history rise to the level of a clear disavowal of claim scope or otherwise support a departure from the claim language and the written description.

Remily, *Federal Circuit upholds trial court construction of “the housing is structured to permit selective access to the input opening,”* Lexology, <http://www.lexology.com/library> (4/2/15).

In *Edmund Optics, Inc. v. Semrock, Inc.*, IPR2014-00599, Motion to Reconsider Institution of *Inter Parties* Review (PTAB 10/15/14), the Board denied the patent owner’s request for reconsideration of an earlier decision granting institution of *inter partes* review. “[The patent owner] relies on *Scimed Life sys., Inc. v. Advanced Cardio. Sys., Inc.*, 242 F.3d 1337, 1341 (Fed. Cir. 2001), for the proposition that a particular feature is deemed to be outside of the reach of the claims of the patent where the specification makes clear that the invention does not include such feature. **We agree with the general proposition express in *Scimed* that claim scope may be disclaimed where the specification makes clear that the invention does not include a particular feature. However, [the patent owner’s] argument that the data recited in Table 2 limits the claims to hard coating materials is not persuasive.** We have reviewed Table 2 and the recited passages in the Specification and are not persuaded that they ‘make clear’ that the invention is limited to hard coating materials. As discussed in the Decision, the Specification acknowledges that thin-film laser-line filters can be based on hard or soft coatings [The patent owner’s] Request is denied.” (page 2)

In *Apple v. VirnetX Inc.*, IPR2014-00403, Final Written Decision (PTAB 7/13/15), the Board found that that claims 1-5, 7, 8, 10, 12, 13, 15, 17, and 18 of the ‘274 patent are unpatentable. The grounds for unpatentability included both anticipation and obviousness. Microsoft Corporation (“Microsoft”) had requested *inter partes* review of claims 1-5, 7, 8, 10, 12, 13, 15, 17, and 18 of the ‘274 patent in related IPR2014-00483. Petitioner did the same in the instant IPR2014-00403. The Board subsequently joined these proceedings, and after Microsoft and Patent Owner settled, the instant IPR2014-00403 was terminated with respect Microsoft, but continued with respect to Petitioner. The ‘274 patent relates to secure systems for communicating over the Internet. The instituted grounds of unpatentability were anticipation of claims 1, 7, 8, 10, 12, 13, 15, and 17 under 35 U.S.C. § 102 in view of Provino; obviousness of claims 2-5 under 35 U.S.C. § 103 in view of Provino and Kosior; and obviousness of claim 18 under 35 U.S.C. § 103 in view of Provino and Xu.

The Board addressed the construction of a number of terms, including “Virtual Private Network (VPN) Communication Link” and “Secure Domain Service (SDNS).” For the latter term, the parties disputed what the related claim terminology “recognizes . . . requesting a secure domain name” requires. **In essence, Patent Owner had argued that “Petitioner’s proposed construction improperly embraces the allegedly disclaimed type of conventional DNS that ‘happens’ to resolve a domain name quest ‘associated with secure domain name.’”** The Board ultimately concluded that “claim 1 does not require ‘recognizing’ as argued by Patent Owner.” As noted by the Board, where, as here, Patent Owner had the opportunity to propose claim amendments reflecting the narrower construction proposed as a result of alleged disclaimer, but did not do so, the factors weigh against finding any prosecution history disclaimer, “especially where any disclaimer is equivocal at best.”

Drinker Biddle, *Final Written Decision finding claims unpatentable*, Lexology, <http://www.lexology.com/library> (7/31/15).

3. Rescinding Estoppel

A cogent explanation of how to avoid disclaimer running from a parent application to children and other descendants was presented by Scher in *Rescinding estoppel: the most overlooked means to a broader claim construction*, Lexology, <http://www.lexology.com/library> (7/21/15):

The starting point for achieving a broad claim construction is a well written application, the use of non-limiting traversal of adverse patent office assertions, and avoiding unnecessary amendments during prosecution. **Despite these efforts, if disclaimers were nonetheless made during the prosecution of a patent application, scope-limiting estoppel is created.** See e.g., *Omega Eng'g Inc. v. Raytek Corp.*, 334 F.3d 1314, 1323 (Fed. Cir. 2003). When one or more continuation or divisional applications are subsequently filed, as is often the case, **the scope-limiting estoppel may similarly effect those related children applications.** See e.g., *Microsoft Corp. v. Multi-Tech Systems, Inc.*, 357 F.3d 1340, 1349 (Fed. Cir. 2004). This may be true even if the claims of children applications are broader than those of parent applications. **To avoid the cascade of disclaimer and estoppel from parent to child applications, affirmative rescission of the disclaimer can be utilized to recapture the disclaimed subject matter.**

Guidance for affirmative rescission was provided by the Federal Circuit in *Hakim v. Cannon Avent Group, PLC*, when it noted that, “a disclaimer made during prosecution can be rescinded, permitting recapture of the disclaimed scope.” 479 F.3d 1313, 1318 (Fed. Cir. 2007). But in finding that Hakim had failed in its attempt to rescind, the Federal Circuit cautioned that **“the prosecution history must be sufficiently clear** to inform the examiner that the previous disclaimer, and the prior art that it was to avoid, may need to be revisited.” *Id.*

What constitutes **“sufficiently clear”** has not been specifically delineated. In *Hakim* the Federal Circuit found that Hakim’s failure to “specifically point out that he no longer intended to be limited to the specific mechanism that he had previously argued was the distinguishing feature of his invention,” was insufficient to effectuate a rescission. *Id.* at 1317.

Nonetheless, **applicants should consider systematically submitting statements rescinding prior disclaimers and stating that the patent office should revisit the art previously considered.** An example recapture statement might read as follows:

To the extent any amendments, characterizations, or other assertions previously made (in this or in any related patent

applications or patents, including any parent, sibling, or child) with respect to any art, prior or otherwise, could be construed as a disclaimer of any subject matter supported by the present disclosure of this application, Applicant hereby rescinds and retracts such disclaimer. Applicant also respectfully submits that any prior art previously considered in any related patent applications or patents, including any parent, sibling, or child, may need to be re-visited.

Based on *Hakim*, such a recapture statement appears to satisfy the shortcomings highlighted by the Federal Circuit in finding no effective rescission. *See Hakim*, 479 F.3d at 1317-1318 (holding that “re-filing the application with broader claims ... [and] inform[ing] the examiner that the new claims were broader than those previously allowed” was inadequate for proper disavowal).

This recapture statement could be made in any communication to the patent office, but should be made as early as possible, preferably at the outset of prosecution. Importantly, in filing such a statement one should also be mindful of timing because of potential patent term adjustment pitfalls related to 37 C.F.R. § 1.704. Specifically, patent term may be cut short if these recapture statements are filed with a preliminary paper less than one month before the mailing of an Office Action (see 37 C.F.R. § 1.704 (c)(6)) or if filed as a supplemental reply (see 37 C.F.R. § 1.704 (c)(8)).

Such rescission might also be effective against statements made during litigation that are cited to the patent office. For example, in *Golden Bridge Tech., Inc. v. Apple Inc.*, 758 F.3d 1362 (Fed. Cir. 2014), the patentee cited a stipulated claim construction (previously framed during related litigation) as part of an information disclosure statement. **Citing *Hakim*, the Federal Circuit held that that without making a disavowal sufficiently clear to the Office, submitting a stipulated construction in an information disclosure statement constitutes clear and unmistakable disclaimer of broader claim scope. See *id.* at 1366 (where patentees’ failure to affirmatively rescind the disclaimer in the stipulated construction effectively precluded them from obtaining broader claim scope).** Accordingly, the filing of a clear and unmistakable recapture statement, as set forth above, might have altered the court’s ruling.

In short, while carefully choosing what to say and what not say is paramount to a broad claim construction, failing to implement a strategy that considers the effects of submitting (or not submitting) an affirmative rescission of disclaimer can have a profound impact on claim construction, and thus effective enforcement of an issued patent.

II.D. Disavowal of Claim Scope

In *X2Y Attenuators, LLC v. US ITC*, 757 F.3d 1358 (Fed. Cir. July 7, 2014), the Federal Circuit affirmed a Commission decision limiting language in an old patent application, incorporated by reference into asserted patents, that narrowed the scope of integrated circuit claims such that Intel Corp. and others were not infringing, such that the claims in later continuations-in-part could not get around the disavowal of scope.

X2Y Attenuators LLC owns a number of related patents (the ‘350, ‘249, ‘500, ‘444 and ‘241 patents) on structures for reducing electromagnetic interference in electrical circuits. X2Y asserted the latest three patents in seeking an ITC ban on imports. ALJ Shaw ruled in favor of the respondents, and the Commission affirmed. **Key to the decision was limiting construction to the configuration of three electrodes.** Representative claim 26 of the ‘444 patent states only that the second and fourth electrodes are physically shielded from one another by a third electrode. **However, it incorporates by reference the ‘350 and ‘249 patents. The former describes a “sandwich” configuration among “several features universal to all the embodiments,” and the latter contains a passage referring to that configuration as “an essential element among all embodiments or connotations of the invention.”** X2Y appealed.

The Federal Circuit had suggested earlier in 2014 that use of the word “essential” could “rise to the level of disavowal,” in *GE Lighting Solutions, LLC v. AgiLight, Inc.*, 750 F.3d 1304 (Fed. Cir. 2014). It confirmed that that here, buttressed by the additional use of “universal.” Each phrase “demonstrates a clear intention to limit the claim scope ‘using words or expressions of manifest exclusion or restriction,’” the court said, quoting from *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 229 F.3d 1313, 1324 (Fed. Cir. 2002).

As to whether the written descriptions incorporated by references should apply, the court said, “it is certainly possible that a clear and unmistakable disavowal in an incorporated patent is no longer so when placed in the context of the disclose of the host patent.” However, here, the court said, there was nothing in the ‘444 patent that could be considered inconsistent with the earlier patents’ disavowal.

Dutra, “*Intel, Apple, HP Do Not Infringe X2Y Integrated Circuit Patents*,” BNA 88 PTCJ 651 (July 7, 2014):

Dennis Crouch, in his Patently-O blog, commented further *Federal Circuit: How Not to Describe the Invention* (July 7, 2014):

In this case, the Federal Circuit affirms a narrow construction of X2Y’s claim terms based upon a disavowal of scope. In the face of USPTO pleas for patentees to more particularly define claim terms, this case offers reasons for applicants to push-back against that approach.

The decision here fully and problematically supports the current patent drafting norms where the true nature and advances offered by inventions are hidden in order to avoid unduly limiting claim scope. **Under standard patent drafting technique, no elements are described as necessary, critical, preferred, or even discouraged. And, “the invention” is never particularly defined or called-out.**

That strategy has the result of substantially decreasing the disclosure value of a patent.

* * * *

The founder of X2Y Tech was Mr. Anthony who passed away in 2012 while continuing to fight for royalty agreements from major manufacturers. During his life, Anthony obtained more than 100 patents covering a variety of electronic components and circuitry configurations.

X2Y's claims require a set of electrodes but do not expressly indicate their relative configuration. The specification discusses a particular "sandwich" configuration of electrodes and the USITC found that the claims should be construed as also requiring the sandwich formation. On appeal, the Federal Circuit affirmed – finding that the language of the specification requires that the claims be so limited.

Under *Phillips v. AWH*, the specification and prosecution history of a patent can provide insight into proper the claim interpretation. In addition to the scope-shading offered by Phillips, scope disclaimers or term definitions coming from the applicant can dramatically shift claim scope. However, the law requires that any disclaimer must be found in a clear and unambiguous statement made by the applicant.

In this case, the specification refers to the sandwich configuration as "universal to all the embodiments" and as "an essential element among all embodiments or connotations of the inventions." The court finds these statements to represent a "clear and unmistakable disavowal of claim scope." The standard for finding disavowal, while exacting, was met in this case.

To be clear, an important element of the decision here is that the disavowal is not tied to any particular claim language, but applies to all claims of the patent without regard to their express claim terms. In fact, the court goes even further and found that statements made in some family-member applications also apply to establish the disclaimer here.

The court notes that one mechanism for overcoming the disclaimer in a child application would be to expressly amend the claim scope so as to reject the disclaimer – of course that result may well have written description problems. Emphasis added.

In *Frans Nooren Afdichtingssystem BV v. Stopaq Amcorr, Inc.*, 744 F.3d 715 (Fed. Cir. Feb 21, 2014), the Federal Circuit vacated and remanded a trial court's non-infringement decision on the basis of faulty claim construction

Nooren owns a patent directed to a composition used for insulating and protecting substrates, such as manhole covers, from corrosion, water ingress and mechanical stresses. The sole independent claim requires a shaped article including a substrate having applied thereon a

coating composition and “a filler comprising a plurality of fractions each comprising different size particles, and wherein said different fractions have different particle size distributions.” A Dutch company manufactures products that prevent corrosion and water leaks. The products, which are distributed within the United States by Amcorr, contain mixtures of polybutene, polypropylene and aluminum trihydrate or calcium carbonate. Nooren sued Amcorr alleging infringement of its patent. As agreed to by the parties, the suit focused on the “filler” and “fractions” limitations of the independent claim. The court found non-infringement of the patent based on its claim construction of “filler,” which the court determined could contain only one material. The court further found that the accused products did not infringement because there was no discussion that polypropylene contains more than one “fraction,” as the filler/fractions limitation requires. Nooren appealed.

In reversing, Judge Taranto, writing for the panel, stated that:

We disagree with the district court’s construction. We see no basis in the language or specification for limiting “a filler” to “one material.” We have been pointed to nothing about a customary usage of the term itself, and nothing in the specification’s use of it, that excludes from being “a filler” a mixture of two different “materials” (whether that word means a mixture of different molecules or something else). The district court did not rely on the claim term or the specification to draw its conclusion. Instead, the court based its one-material construction entirely on its conclusion that, during prosecution of the ‘044 patent, “the examiner rejected the claims and requested amendments, citing the Nakano patent and other prior art indicating that polymer-based coatings with two fillers have already been patented.” District Court Opinion at 2. **But we think that the prosecution history does not support the court’s adoption of its otherwise-unwarranted narrowing of the term’s meaning.**

During prosecution, the examiner rejected claims 55–57 of the application as obvious in light of five pieces of prior art, including U.S. Patent No. 5,221,575 (Nakano), which the examiner found “divulge[s] metal foil coated with a silica and graphite filled organopolysiloxane.” J.A. 467. Based on a review of this prior art, the examiner concluded that “[i]t would have been obvious to one having ordinary skill in the art to apply known insulating and waterproofing coatings to electrical equipment where the kind of coatings are customarily used.” J.A. 468. **The examiner explained that claim 58, dependent on claim 56, would actually be allowable if it were “rewritten in independent form to include all of the limitations of the base claim and any intervening claims.” J.A. 469. Applicants did so, and that claim became claim 1 in the issued ‘044 patent.**

This history does not establish exclusion of dual-material fillers. Applicants never said anything that states or implies such an exclusion. And even the examiner’s language regarding Nakano does not clearly focus on the number of materials in what constitutes a filler. **Indeed, what distinguishes the claims rejected based on Nakano and other prior art (claims 55–57) from the claim approved if rewritten in independent form (claim 58) is not, on its face, whether the filler contains one or more “materials,” which is not a term in the claims.**

Moreover, Nakano itself appears to disclose a product containing graphite powder alone as a (single-material) filler. '575 patent, col. 2, lines 38–44, and col. 3, lines 38–68. For all of these reasons, there is no clear prosecution-history narrowing of “a filler” to a single material.

Id. at 719 (emphasis added).

See *Cambrian Science Corp. v. Cox Commc'ns*, No. 11-CV-01011 (C.D. Cal. June 13, 2014) MSJ - Noninfringement (June 13, 2014) (court granted defendants' motion for summary judgment of noninfringement of plaintiff's photonic integrated circuit patent: “Defendants contend that the [patent-in-suit's] specification repeatedly disclaims active-to-passive transitions in the prior art PICs due to the numerous problems associated with such transitions. . . . [T]he [preferred embodiment] language that Plaintiff points to is the generic statement that ‘various modifications and additions (that) can be made to such embodiment[s] without departing from the spirit and scope of the invention.’ Because the patent uniformly characterizes eliminating active-to-passive transitions as part of the ‘present invention,’ it is not merely a preferred embodiment, but rather part of the spirit and scope of the invention. The [patent's] specification makes clear that the invention does not include active-to passive transitions, so such transitions are outside the scope of the patent's claims.” (page 38))

See also Sperry, “Think twice when writing about the “invention” in a patent application, “Lexology (Oct. 8, 2014), <http://www.lexology.com/library>. (“Two recent Federal Circuit decisions emphasize that characterizing the “present invention” by using that term in a U.S. patent application specification can limit the claims according to that characterization. See *AstraZeneca AB v. Hanmi USA Inc.* (non-precedential) and *Hill-Rom Services, Inc. et al. v. Stryker Corp. et al.* However, another recent Federal Circuit case demonstrates that U.S. patent applicants can nevertheless write specifications about the “invention” that are less likely to unduly limit claims. See *ScriptPro, LLC v. Innovation Associates, Inc.* While the specification stating that the “present invention” has, is, or requires certain features can limit the claims accordingly, stating that the invention “broadly includes” or “broadly comprises” certain features may not be so limiting.

In *ScriptPro*, the Federal Circuit reversed a decision of summary judgment on the basis that the claims at issue did not lack written description support under pre-AIA § 112, first paragraph (now § 112(a)). Although all the embodiments described in the specification required sensors, the claims at issue not requiring sensors were not fatal for written description purposes. **One of the key aspects that the Federal Circuit cited in support of its decision was the specification merely identifying features that the invention “broadly includes” or “broadly comprises.”**

It may therefore be beneficial for applicants to characterize the invention as “broadly including” or “broadly comprising” certain features in order to avoid limitations from the specification being read into the claims as a required part of the “invention” defined by the claims. Other terms may be just as useful in avoiding examples from the specification being read into the claims, such as by stating that “at least some embodiments” of the invention include a certain feature, thereby indicating that the feature is not necessarily a required feature.

In order to avoid these arguments and to avoid any limitations from the specification being read into the claims, it may be best to not mention the “invention” at all in the specification, “broadly” or otherwise. After all, if the specification does not specifically delineate features that the “invention” even broadly includes or comprises, then those features cannot be read into the claims purely on the basis of the specification’s plain language.”)

II.E. Prosecution Disclaimer Requires A Clear Disavowal of Claim Scope

1. Disclaimer Found

In *Gammino v. Sprint Communications Co.*, 577 Fed. App'x (Fed. Cir. Aug. 15, 2014), the Federal Court affirmed a stipulated judgment of noninfringement following a trial court's claim construction ruling. The patent claims were directed to telecommunications devices and methods for blocking potentially fraudulent international access calls, which can be identified by the sequence of numbers dialed by the caller.

The trial court construed the following claim terms as requiring blocking all, rather than selected, international access calls:

- i. “selectively enabling” and “transmitting [or transmits] said dialing sequences,”
- ii. “predetermined “predetermined signals [or predetermined digit sequence, or test signal value sequences] which are used to accomplish [or for] international dialing,” and
- iii. “means for preventing” and “at least partially preventing operation of.”

The Federal Circuit held that the claim limitations required blocking all international access calls, instead of only selected international access calls, because Gammino repeatedly distinguished the claims from prior art that did not block all international calls during prosecution, and because the specification never states that only a selected subset of calls is blocked. Prey et al., “*Federal Court affirmed stipulated judgment of non-infringement based on the district court’s claim construction*”, Lexology (August 15, 2014), <http://www.lexology.com/library>.

In *Golden Bridge Technology, Inc. v. Apple Inc.*, 758 F.3d 1362 (Fed. Cir. July 14, 2014), the Federal Circuit upheld a trial court summary judgment of non-infringement. Golden’s reexamined claims were for improved systems for wireless cellular networks and included a limitation to a “preamble.”

In a previous litigation involving one of the same patents, the parties stipulated that the construction of the claim term “preamble” was “a signal used for communicating with the base station that is spread before transmission.” After the previous litigation, Golden Bridge sought new claims, both in a reexamination and in a continuation application. During the respective reexamination and continuation prosecutions, the “preamble” stipulation from the previous litigation and the claim construction order were submitted to the U.S. Patent and Trademark Office (USPTO) in an Information Disclosure Statement (IDS) by Golden Bridge. Golden Bridge asserted the new claims, which contain the construed term “preamble,” against Apple in this case. **The trial court considered the construction from the previous litigation and concluded that it was “still applicable insofar as [it] include[s] spreading prior to transmission.”** The court entered summary judgment based on this construction. Golden Bridge appealed.

Golden Bridge disputed the trial court’s construction on the basis that it was not bound by its stipulated construction from the previous litigation. Golden Bridge argued that its submission of its stipulated construction to the USPTO in an IDS did not constitute a disclaimer of a broader claim scope. Golden Bridge cited the long-standing USPTO rule that submissions in an IDS are not admissions that the cited information is material.

The Federal Circuit disagreed, noting that the stipulation “clearly and unmistakably” limited the scope of the claim term. The Court also found that the IDS submitted was “not a typical IDS” because Golden Bridge did not simply disclose prior art. Golden Bridge submitted its own stipulated construction of a claim term in the context of the particular patents being reexamined and prosecuted.

The Federal Circuit explained that “an applicant’s remarks submitted with an [IDS] can be the basis for limiting claim scope” and that there was “no meaningful difference between limiting claim scope based on an applicant’s stipulations contained in IDS documents and an applicant’s remarks contained in the IDS itself. The Court affirmed summary judgment of noninfringement. Almon, “*Claim scope based on claim construction submitted in IDS*”, Lexology (Aug. 8, 2014), <http://www.lexology.com/library>.

Dennis Crouch commented on *Golden Bridge* in his July 17, 2014 blog post Applicant’s IDS Submission of Litigation Documents Constituted Disclaimer, in Dennis Crouch’s Patently-O, stating that:

This case should be seen as a follow-on to Judge Moore’s recent decision in *X2Y Attenuators v. US International Trade Commission* (Fed. Cir. 2014). In both cases, Judge Moore applies the doctrine of prosecution disclaimer to limit claim scope.

Here, Golden Bridge asserted two patents, U.S. Patent Nos. 6,574,267 and 7,359,427, the first of which had been previously asserted in a different case. In the prior case, Golden Bridge stipulated to a particular definition of the claim term “preamble.” (Note – the word “preamble” is in the claim and its definition is in dispute). **Golden Bridge then submitted the stipulated construction to the USPTO for the still-pending application as well as the prior patent that was also under reexamination. Although submitted in an IDS, the stipulated dismissal was never directly or otherwise referred to in the prosecution history.**

In the new lawsuit against Apple, **Golden Bridge argued that the prior stipulation was not binding and the IDS filing certainly should not be seen as a prosecution disclaimer. Both the district court and now the Federal Circuit have rejected Golden Bridge’s position:**

We conclude that GBT’s submissions during prosecution of its stipulated construction for the term “preamble” constitute disclaimer. . . . Here, GBT clearly and unmistakably limited the term.

Rather than merely filing the IDS form, the applicant included a cover-sheet letter asking the USPTO to consider the references stating:

It is respectfully requested that the documents be expressly considered during prosecution of this application.

In the only off-kilter portion of the opinion, Judge Moore identified that statement as important for the disclaimer – finding that “[i]t would have been natural for both the PTO and the public to rely upon the stipulation in determining the scope of the claimed invention.” (In my view, any IDS Submission already includes at least an implicit request that the documents be expressly considered.)

Judge Moore takes care to limit the ruling here by expressly indicating that the ordinary submission of third-party prior art should not ordinarily create any disclaimer. The difference here is that the IDS submission included an admission by the patentee to a court of law that related directly to claim term scope. Judge Moore also indicated that the patentee could have overcome the disclaimer with an express statement in the prosecution history denying the applicability of the prior in-court statement.

I wonder if the case would have been decided differently by Judge Moore if the IDS submission had included a boiler-plate statement that “No aspect of these submissions constitute a disclaimer of claim scope.” Judge Moore is a particular stickler regarding admissions and statements by parties, even when made in boiler plate language. Thus, I suspect that such a disclaimer-of-disclaimers would have been effective here. On the flip side, I also wonder whether the submission of the stipulated claim construction as a public document in Federal Court (even without the IDS submission) should itself be seen as a prosecution disclaimer in itself. Anyone truly concerned with the patents in question would have reviewed the court filings and likely seen them as more important than the prosecution history files of continuation or foreign applications, for instance. See also, Dutra, “Golden Bridge Foiled Again Asserting CDMA Mobile Communication Patents Against Apple”, BNA 88 PTCJ 743 (July 14, 2014); Mollen, “Submitting Stipulated Construction in IDS Constitutes Clear and Unmistakable Disclaimer of Claim Scope”, Finnegan - Last Month at the Federal Circuit (August 2014).

In *X2Y Attenuators, LLC v. USITC*, No. 2013-1340 slip op. (Fed. Cir. July 7, 2014), the Federal Circuit affirmed a final determination of the USITC of no violation of 19 USC § 1337, finding that the Commission’s decision to limit the scope of the claim language based on disavowed in the specification was proper.

X2Y Attenuators filed a complaint in the ITC accusing Intel of unlawful importation of products that infringed X2Y’s patents. The patents related to structures for reducing electromagnetic interference in electrical circuits. The patented inventions disclose shielding electrodes to reduce the undesirable

buildup of charge, known as “parasitic capacitance,” between electrodes used for conduction.

The ALJ construed the disputed “electrode” terms as requiring “a common conductive pathway electrode positioned between paired electromagnetically opposite conductors.” X2Y conceded non-infringement on the basis of this construction, and the ALJ found no violation. The ITC agreed, and X2Y appealed.

X2Y argued that the ITC improperly read several functional and structural limitations into the meaning of the term “electrode.” According to X2Y, under the plain meaning of the term “electrode,” the proper construction should simply be a single conductor. However, the Federal Circuit agreed with the ITC that the standard for finding disavowal was met in this instance.

More specifically, X2Y argued that the asserted claims simply required a set of electrodes, but did not expressly indicate their relative configuration. The Federal Circuit disagreed, noting that the patent specification stated that the “center common conductive pathway electrode” positioned between paired electromagnetically opposite conductors was not only “*universal to all the embodiments*” but also an “*essential element along all embodiments or connotations of the invention.*” (Emphasis added.) **The Federal Circuit concluded that this characterization of the conductors constituted clear and unmistakable disavowal of claim scope.**

X2Y further argued that disclaimers (if any) were inapplicable because they appeared only in priority patents to which the asserted patents were only related as continuations-in-part. The Federal Circuit rejected that argument, explaining that the “essential element” disavowal explicitly appeared in one of the asserted patents. Moreover, the asserted patents incorporated by reference the priority patent—which included the disavowal. Accordingly, the Federal Circuit held that the disclaimer of the incorporated patent was part of the asserted patents. In light of the clear disavowal, the Federal Circuit affirmed the ITC’s construction of the disputed claim term.

In his concurring opinion, Judge Reyna agreed with majority that “the relevant intrinsic record contains sufficient clear and unmistakable disavowal of claim scope.” However, he observed an “error in the claim construction approach adopted by the ALJ and the Commission.” Specifically, he noted that the ALJ and the ITC “assumed a specific priority date that X2Y asserted as a defense to an invalidity challenge . . . [and] then determined that the scope of the asserted claims was limited by ‘the invention’ disclosed in earlier patents in the priority chain.”

According to Judge Reyna, “[t]his was [an] error because the asserted claims derive from multiple continuation-in-part applications, and because the ALJ and

the Commission failed to objectively construe the asserted claims before deciding whether the claims were entitled to priority.” However, he noted that the construction reached by the ALJ and the Commission was correct because X2Y agreed to treat all “electrode” terms consistently across the asserted patents. Gambir, “*Characterization as ‘Essential Element’ Amounts to a Disavowal of Scope,*” McDermott Will & Emory, IP Update, Vol. _____, No. _____ (_____, 2014).

Dennis Crouch commented on *X2Y Attenuators* (as he would do later regarding *Golden Bridge*), in his July 9, 2014 blog post, Federal Circuit: How Not to Describe the Invention, in Dennis Crouch’s Patently-O, stating that:

In this case, the Federal Circuit affirms a narrow construction of X2Y’s claim terms based upon a disavowal of scope. In the face of USPTO pleas for patentees to more particularly define claim terms, this case offers reasons for applicants to push-back against that approach.

The decision here fully and problematically supports the current patent drafting norms where the true nature and advances offered by inventions are hidden in order to avoid unduly limiting claim scope. Under standard patent drafting technique, no elements are described as necessary, critical, preferred, or even discouraged. And, “the invention” is never particularly defined or called-out. That strategy has the result of substantially decreasing the disclosure value of a patent.

The founder of X2Y Tech was Mr. Anthony who passed away in 2012 while continuing to fight for royalty agreements from major manufacturers. During his life, Anthony obtained more than 100 patents covering a variety of electronic components and circuitry configurations.

X2Y’s claims require a set of electrodes but do not expressly indicate their relative configuration. The specification discusses a particular “sandwich” configuration of electrodes and the USITC found that the claims should be construed as also requiring the sandwich formation. On appeal, the Federal Circuit affirms – finding that the language of the specification requires that the claims be so limited.

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In this case, the specification refers to the sandwich configuration as “universal to all the embodiments” and as “an essential element among all embodiments or connotations of the inventions.” The court finds these

statements to represent a “clear and unmistakable disavowal of claim scope.” The standard for finding disavowal, while exacting, was met in this case.

To be clear, an important element of the decision here is that the disavowal is not tied to any particular claim language, but applies to all claims of the patent without regard to their express claim terms. **In fact, the court goes even further and found that statements made in some family-member applications also apply to establish the disclaimer here.**

The court notes that one mechanism for overcoming the disclaimer in a child application would be to expressly amend the claim scope so as to reject the disclaimer – of course that result may well have written description problems.

A unanimous majority opinion was filed by Judge Moore and joined by judges Reyna and Wallach. Judge Reyna also filed a separate concurring opinion discussing whether claim construction must come before determining whether a priority claim is proper.

See also In re Certain Computers and Computer Peripheral Devices and Components Thereof and Products Containing Same, 337 TA 841 (USITC) Review of Final Determination (Jan. 9, 2014) (Commission reviewed the ALJ’s final determination reversed his finding of infringement after revising a claim construction: “We agree with the respondents that the ALJ’s construction reads the ‘in parallel’ language out of the claims. **We find the applicants’ statements in response to the second rejection to be especially clear to disavow claim scope. . . . In support of its argument against prosecution disavowal, [the complainant] argues that the speed with which the switching occurs constitutes parallel access. This argument misapprehends the prosecution history. The prosecution history surrounding [a prior art reference] does not have to do with slow switching versus fast switching, but rather with whether switching is encompassed within the phrase ‘accessible in parallel.’** Based on the applicants’ representations to the PTO, switching back and forth is beyond the scope of ‘accessible in parallel.’ . . . Based upon our claim construction, there is no dispute that the accused products use ‘disclaimed prior art switching circuitry.’” (page 14)).

United Video Props, Inc. v. Amazon.com, 561 Fed. App’x 914 (Fed. Cir. April 8, 2014) [non-precidential] (Patent applications written in the mid-1990s do not include references to Internet delivery of data, and Amazon.com Inc.’s two related on-demand television programming services therefore do not infringe. **Each allegedly infringing service used the Internet to deliver the program guide to users, which the trial court determined that Rovi had disavowed use of the Internet as a “data feed” option.** Rovi overcame an examiner’s rejection for lack of written description support, of claims including an “Internet delivered data” limitation, because the specification—submitted in June 1995 when the World Wide Web was just beginning—nowhere mentions the word “Internet.” As to the “data feed,” the ‘128 patent specification read, in typical fashion, “Those of skill in the art will understand that numerous other transmission schemes can be used to transmit the data stream, such as embedding it in the vertical blanking interval of a program broadcast signal.” **However, the Federal Circuit affirmed “a vague statement such as that does not overcome the clear disavowal that**

occurred during prosecution.”) “*Amazon’s Online On-Demand TV Programming Services Do Not Infringe 1995 Written Patent*,” 87 PTCJ 1361 (April 8, 2014).

2. Disclaimer Not Found

Addressing the impact of statements made during prosecution on claim construction, the Federal Circuit vacated and remanded a trial court’s ruling of infringement, finding that the trial court construed relevant terms too broadly in view of the statements made during prosecution. *Shire Development, LLC v. Watson Pharmaceuticals, Inc.*, 746 F.3d 1326 (Fed. Cir. Mar. 28, 2014).

Shire owns a patent directed to a controlled-release oral pharmaceutical composition for treating inflammatory bowel disease. The patent requires the claimed composition to have an inner lipophilic matrix consisting of substances and an outer hydrophilic matrix consisting of compounds. After Watson filed an Abbreviated New Drug Application (ANDA) to obtain approval to sell a generic form of the drug, Shire sued for infringement.

The trial court found infringement based on its construction of disputed terms “inner lipophilic matrix” and “outer hydrophilic matrix.” The court construed the former to mean a matrix including at least one lipophilic excipient and the latter to mean a matrix of at least one hydrophilic excipient located outside the inner lipophilic matrix. The trial court construed the claim to not require the inner lipophilic matrix to be separate from the outer hydrophilic matrix, reasoning that even though applicants had described their matrices as “separate” to distinguish over the prior art references, those statements did not raise to the level of clear and unambiguous disavowals. Watson appealed.

The Federal Circuit disagreed with the trial court’s construction of inner lipophilic matrix and outer hydrophilic matrix and determined that the matrix—not just an excipient within the matrix—must exhibit the lipophilic or hydrophilic characteristic and that the inner lipophilic matrix and outer hydrophilic matrix should be construed as separate from one another, based on the prosecution history.

Although the Federal Circuit agreed with the trial court that the applicants’ statements did not rise to the level of unmistakable disavowal, it nevertheless found that Shire’s statements did inform the claim construction and that the statements made to the Patent and Trademark Office (PTO) “stays true to the claim language and most naturally aligns with the patent’s description of the invention.” The Court reasoned that the applicants’ statements together with the structure of the claim compel a claim construction which logically requires that the inner lipophilic matrix be separate from the outer hydrophilic matrix. **Thus, while the prosecution history alone was not sufficient evidence to construe the two claimed matrices as separate, the combination of the prosecution history and the other factors compels such an interpretation.**

Accordingly, the Federal Circuit held that the claim terms should be construed such that they do not depart from the ordinary and customary meaning of the claims, *i.e.*, that the matrices must be “separate.” Thus, the Federal Circuit reversed the trial court’s claim construction and subsequent finding of infringement, and remanded the case for further

proceedings consistent with its claim construction. Royree, *A Prosecution History Without Express Disclaimers Still Informs Claim Construction*, McDermott Will & Emery, IP Update, Vol. _____, No. _____ (_____, 2014).

In *Ancora Technologies, Inc. v. Apple, Inc.*, 744 F.3d 732 (Fed. Cir. Mar. 3, 2014), the Federal Circuit reversed the trial court’s construction of the claim term “program” as limited to application programs while excluding operating systems, and affirmed the district court’s decision that the terms “volatile memory” and “non-volatile memory” were not indefinite. Ancora owns the ‘941 patent, which claims methods for **verifying** that a software program on a computer is licensed. The ‘941 patent improves on prior methods for license verification, making the process more difficult to circumvent, by storing encrypted license information in “non-volatile memory” in the computer’s basic input/output system (“BIOS”). Claim 1 recites a method comprising “selecting a program residing in the volatile memory” and “using an agent to set up a verification structure in the erasable, non-volatile memory of the BIOS, the verification structure accommodating data that includes at least one license record.” *Id.* at 734 (emphases added). Ancora sued Apple, alleging that products running Apple’s iOS operating system infringed the ‘941 patent.

In construing the claims, **the trial court agreed with Apple that “program” in the context of the ‘941 patent did not have its ordinary meaning and instead construed “program” as limited to an application program, i.e., one that relies on an operating system in order to run, thus excluding the operating system itself.** Ancora stipulated to noninfringement under the trial court’s construction and appealed. In contrast, the trial court rejected Apple’s argument regarding “volatile memory” and “non-volatile memory,” finding those terms in the context of the ‘941 patent were consistent with their ordinary meaning and thus not indefinite. Apple cross-appealed.

The Federal Circuit reversed the trial court’s decision that “program” as used in the ‘941 patent is limited to application programs. Noting that Apple had never seriously disputed that “program” ordinarily encompasses both operating systems and applications, the court explained that “[a] claim term should be given its ordinary meaning in the pertinent context, unless the patentee has made clear its adoption of a different definition or otherwise disclaimed that meaning.” *Id.* at 734. After analyzing the ‘941 patent’s claims, specification, and prosecution history, the Court concluded that there was no reason in this case to depart from the term’s ordinary meaning.

Starting with the claims, the Federal Circuit held that the claims themselves point against **narrowing the term “program” to just application programs.** Explaining that claim 1 refers to the restricted software as simply a “program,” while unasserted independent claim 18 recites “an application software program,” **the court concluded that, despite the lack of claim dependency, the difference in terminology tended to reinforce, rather than undermine, adoption of the broad ordinary meaning of “program.”** *Id.* at 735 (citation omitted). **Turning next to the specification, the court found nothing that clearly narrowed the ordinary meaning of “program,”** noting that the general disclosure refers to “software,” “a program,” or “a software program,” **without limiting the subject matter to particular types of programs, and the specification discusses using the claimed invention to verify application programs only in nonlimiting examples.** Finally, the court concluded that the prosecution

history statements cited by Apple referred to the verifying software itself, not the “program” being verified, and thus did not support a narrower definition of “program.” Nor did the prosecution history put any clear limit on the timing of verification that would preclude it from verifying the operating system. Accordingly, the Court held that the district court erred in limiting the claim term “program” to application programs only.

In contrast, the Federal Circuit affirmed the trial court’s decision that “volatile memory” and “non-volatile memory” were not indefinite. Recognizing that “[t]he Supreme Court currently is considering how to refine the formulations for applying the definiteness requirement,” the Court nevertheless concluded that the indefiniteness challenge in this case could be rejected without awaiting the Supreme Court’s clarification. *Id.* at 737 (citing *Nautilus, Inc. v. Biosig Instruments, Inc.*, No. 13-369, cert. granted 2014 WL 92363 (U.S. Jan. 10, 2014)). **The court first observed that, most importantly, there was no dispute that the terms “volatile memory” and “non-volatile memory” have a clear, settled, and objective meaning.** The court then rejected Apple’s reliance on three passages from the specification that, contrary to the normal meaning, refer to a hard disk as an example of volatile memory. According to the court, “[t]here is no facial ambiguity or obscurity in the claim term,” and “the terms at issue have so clear an ordinary meaning that a skilled artisan would not be looking for clarification in the specification.” *Id.* at 738. **And the court did not read the three passages as amounting to either a redefinition or disclaimer, but rather as consistent with a hard disk’s routine use as virtual memory to provide temporary storage: Under our claim-construction law, a clear ordinary meaning is not properly overcome (and a relevant reader would not reasonably think it overcome) by a few passing references that do not amount to a redefinition or disclaimer.”** *Id.* Finally, the Court concluded that the prosecution history showed that both the examiner and the applicants understood that “volatile memory” and “non-volatile memory” retained their traditional definitions.

Accordingly, the Federal Circuit reversed the trial court’s construction of the claim term “program,” affirmed the district court’s decision that “volatile memory” and “non-volatile memory” were not indefinite, and remanded for further proceedings. Fisher, “*Ordinary Meaning of Claim Terms Prevails In Absence of Redefinition or Disclaimer*,” Finnegan - Last Month at the Federal Circuit (April 2014).

A trial court erred by adding a “heat sterilized” limitation to claims relating to an asthma drug when there was nothing in the prosecution history or specification that limited the relevant term to a certain sterilization method (*AstraZeneca LP v. Breath Ltd.*, 542 Fed. App’x 971 (Fed. Cir. Oct. 30, 2013).

The trial court added the limitation to the term “micronized powder composition” based on the fact that the patent refers only to heat sterilization, and generally criticizes other forms of sterilization. **Based on the limitation, the trial court determined that a group of generic drug manufacturers did not infringe one of AstraZeneca’s patents related to its Pulmicort Respules drug. The Federal Circuit reversed that ruling, finding that the patent did not clearly disclaim all other forms of sterilization.**

AstraZeneca LP owns the ‘834 and ‘603 patents related to its asthma drug, which is used to treat children with respiratory conditions. The patents both concern doses of budesonide. A

group of generic drug manufacturers, including Breath Limited and Apotex Inc., filed an abbreviated new drug application, or ANDA, with the Food and Drug Administration seeking authorization to market generic versions of AstraZeneca's drug. AstraZeneca filed a lawsuit for induced infringement. Apotex counterclaimed seeking declaratory judgments of invalidity and noninfringement. Following a bench trial, the District of New Jersey found, based in its construction of the term "micronized powder composition," that claims 1, 2, 50 and 51 of the '834 patent were not infringed by the defendants. The court also found that although the defendants' labels did induce infringement of a number of the claims of the '604 patent, those claims were anticipated and obvious and were therefore invalid. AstraZeneca appealed.

AstraZeneca argued that the trial court erred by not giving plain meaning to the relevant term, which AstraZeneca noted, has nothing to do with heat sterilization. The Federal Circuit agreed, finding erroneous the determination that the plain language of the term was disavowed due to AstraZeneca's criticism, in the specification and during prosecution of the '834 patent, of other methods of sterilization. Quoting *Thorner v. Sonly Computer Entm't Am. LLC*, 669 F.3d 1362 (Fed. Cir. 2012), the court said "Mere criticism of a particular embodiment encompassed in the plain meaning of a claim term is not sufficient to rise to the level of clear disavowal." Again, quoting *Thorner*, the court noted, "It is likewise not enough that the only embodiments, or all of the embodiments, contain a particular limitation." *AstraZeneca*, 542 Fed. App'x at 976.

The Federal Circuit noted that in this case, none of the three words in the relevant term impose any form of sterilization. This fact notwithstanding, **the trial court found that the claim could be limited to heat sterilization based on the fact that the patent refers to that as the preferred method of sterilization, and disparages other sterilization forms.** The problem with this conclusion, the Federal Circuit said, is that it does not take into account that the specification in fact discloses three concepts: a process, a product, and a method:

"At most, the specification is confusing with respect to whether it limits only the disclosed process to a specific form of sterilization or both the process and the disclosed product to a specific form of sterilization. However, that confusion leaves available an interpretation of the patent that the products, as opposed to the processes, are not limited to any particular form of sterilization."

Id.

Thus, the specification did not disclaim non-heat forms of sterilization, the court said.

Likewise, there was no disavowal in the prosecution history, according to the court. During prosecution, AstraZeneca explained that its claims directed at "sterilized") powders were product-by-process claims, not product claims. But, the court noted, the claims do not describe a specific process of sterilization.

"Rather than invoking the 'sterilized' product-by-process limitations, the asserted claims refer merely to a powder that is sterile, irrespective of how that sterility was

achieved,” the court said. (*Id.* at 977) As a result, the prosecution history does not support a conclusion that AstraZeneca disavowed the full scope of the claim, the court held.

The court concluded that the relevant term “is construed more accurately as ‘fine divided dry particles.’” Remand is necessary, the court said, to determine if claim 50 is infringed under the new construction. (*Id.* at 978) Bason, “*CAFC Overturns Limitation on AstraZeneca Claim; Revives Action Against Generic Makers*”, BNA 87 PTCJ 67 (Oct. 31, 2013).

See also, In re Dimmable Compact Fluorescent Lamps and Products Containing Same, 337 TA 830 (USITC) Review of Enforcement proceeding (April 25, 2014) (Commission rejected ALJ’s construction of a claim term of the asserted lighting patent which found a disavowal of claim scope requiring bi-directionality in a claim, but affirmed his finding that one accused product did not infringe. “The standard for disavowal is “exacting,” and the disavowal must be clear. Mere reference to “the invention,” without more, does not ordinarily constitute disavowal. . . . Rather than constituting clear disavowal, we view the repetition of claim 3 in the specification as merely and unexceptionally attempting to ensure that the entirety of claim 3 is supported by the patent specification. (page 12))

II.F. Prosecution History As A Claim Construction Tool

Prosecution history, while intrinsic evidence, has been somewhat of a construction stepchild because of its “second-class” status in the *Phillips v. AWH* panoply. It is still to be considered in all cases, however, and, since the rise of prosecution disclaimer as a claims construction tool, not just as a limitation to infringement analysis where the doctrine of equivalents is in issue, it’s stature in the eyes of the Federal Circuit seems to have risen greatly.

1. An Election of Species In Response to An Ambiguous Restriction Requirement Does Not Support a Narrow Claim Construction

In *Plantronics, Inc. v. Aliph, Inc.*, 2003 U.S. App. LEXIS 13570, at **23 (Fed. Cir. 2013), the Federal Circuit reversed-in-part and vacated-in-part the trial court’s partial SJ of noninfringement and invalidity for obviousness, and remanded for further proceedings.

Plantronics, Inc. (“Plantronics”) filed suit against Aliph, Inc. and Aliphcom, Inc. (collectively “Aliph”), alleging infringement of the ‘453 patent. The ‘453 patent was directed to a concha-style stabilizer for headsets transmitting sounds to the ear of a user. Independent claim 1 recites “[a]n apparatus for stabilizing a headset...the apparatus comprising:...a resilient and flexible *stabilizer support member*...,” and independent claim 10 recites “[a] headset comprising...a *concha stabilizer*...” Slip op. at 5. The trial court construed the terms “stabilizer support member” in claim 1 and “concha stabilizer” in claim 10 and, based on its constructions, granted SJ of noninfringement.

The Federal Circuit held that the trial court erred in construing the terms “stabilizer support member” and “concha stabilizer.” The court reasoned that by construing “stabilizer support member” and “concha stabilizer” as “elongated” structures, further defined by the trial court as “longer than it is wide,” the trial court introduced a narrowing structural limitation to the claims. *Id.* at 8 (citation omitted). In the court’s view, based on the claim language, the specification, and the prosecution history, “[t]hose terms require a meaning that is not as limiting as the trial court imposed.” *Id.* With regard to the prosecution history, the court stated that Plantronics’s “election of an invention in response to an ambiguous restriction requirement . . . cannot be said to provide any guidance forming a basis for narrowing a broadly drafted claim.” *Id.* at 11 (citing *Omega Eng’g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1325 (Fed. Cir. 2003)). In particular, the court rejected Aliph’s argument that an election during prosecution related to the form of the stabilizer support: “We cannot discern from the correspondence between the PTO and Plantronics whether the ‘stabilizer support member’ and the ‘concha stabilizer’ were interpreted by any party to contain particular structural limitations.” *Id.* at 13-14. The court concluded that the ‘453 patent supports broader constructions, and construed the terms “stabilizer support member” and “concha stabilizer” without requiring an “elongated” structure that is “longer than it is wide.” *Id.* at 14.

Cf. Uship Intellectual Properties LLC v. United States, 2013 U.S. App. LEXIS 932, slip op (Fed. Cir. 2013), where the disclaimer resulted from statements made in response to a restriction requirement. On appeal, the principal issue was the construction of the term “validating.” As an initial matter, the Federal Circuit rejected Uship’s arguments that “prosecution disclaimer applies only when applicants attempt to overcome a claim rejection.”

Instead, the court noted: “Our cases broadly state that an applicant’s statements to the PTO characterizing its invention may give rise to a prosecution disclaimer.”

As characterized by the Federal Circuit, “the examiner required restriction of the method and apparatus claims based on a belief that the method claims could be carried out entirely by hand.” (As set forth in MPEP § 806.05(e), one ground for restricting method and apparatus claims is that the method can be performed with a materially different apparatus or by hand.)

According to the Federal Circuit, “Instead of arguing that the restriction was improper because the claims required that the machine perform at least one of the steps, the applicant stated that the claims ‘specifically recite in the preamble a method of mailing parcels . . . “using an automated shipping machine” rather than specifically reciting at each step that the step is performed by the automated shipping machine.’ Thus, *the applicant explicitly represented that reciting ‘using an automated shipping machine’ in the preamble is equivalent to ‘specifically reciting’ that phrase at each step of the method.*”

The court noted further:

The fact that the applicant may have given up more than was necessary does not render the disclaimer ambiguous. The analysis focuses on what the applicant said, not on whether the representation was necessary or persuasive.

The court also found relevant the fact that the argument “persuaded the examiner, who noted in the ensuing Office Action that the restriction requirement was overcome.” The court concluded that:

From this exchange, a competitor would reasonably conclude that the applicant clearly and unmistakably limited all of the method claim steps to performance by an automated shipping machine except where the claim itself expressly requires an attendant.

The court also explained the prosecution history disclaimer may trump embodiments disclosed in the specification:

Even if the specification had disclosed an embodiment where a human performed the entirety of the validation step, prosecution disclaimer could result in that embodiment not being covered by the claims. As a result of the new construction, the court vacated the trial court’s SJ of infringement and remanded for further proceedings. (Emphasis added).

Brinckerhoff, “In *Uship* Federal Circuit finds prosecution history disclaimer in arguments against restriction requirement,” Lexology, <http://www.lexology.com/library>, May 2013.

2. A Statement Made to Overcome An Enablement Rejection May Limit Claims

In *Biogen Idec, Inc. v. GlaxoSmithKline LLC*, 713 F.3d 1090 (Fed. Cir. 2013), the trial court adopted a claim construction that forced the patentee to concede non-infringement of the asserted claims which were directed to a method for treating patients with chronic lymphocytic leukemia by administering “anti-CD20 antibody,” based on the doctrine of prosecution history disclaimer. The patentee appealed on the grounds that the claim construction was improper as the disclaimer was not clear and the construction departed from the plain and ordinary meaning, excluded the preferred embodiment, and would dissolve the distinction between certain dependent claims and the independent claim.

The Federal Circuit affirmed the claim construction ruling. During prosecution, the examiner rejected the independent claims as not enabling the full scope of what was claimed, but only a subset. In response, the patentee argued that the identified subset of the claim was enabled based on the demonstrated binding of one antibody “rituximal” (Rituxan) to the first large epitope (loop) of CD20 and the assertion that skilled artisans could arrive at other antibodies that provide “binding with similar affinity and specificity.” The examiner accepted the argument and withdrew the rejection. Prosecution history disclaimer resulted because the patentee did not dispute the examiner’s characterization of lack of enablement for the full scope of the claim and the demonstration of enablement was made only for the identified subset of the claim and other antibodies that bind in the same way. As a result, Biogen was found to have disclaimed use of anti-CD antibody, broadly, such that only antibodies targeted to the first large CD20 loop fell within the claim, while those that bind to a second, small loop on CD20, would not be covered. In the court’s view, antibodies directed to the second small epitope of CD20 thus fell outside the scope of the patent.

Further, the Federal Circuit rejected the patentee’s additional arguments holding that prosecution history disclaimer overcomes the presumption against claim differentiation, excluding preferred embodiments, and the strict use of the plain and ordinary meaning of claim terms. As the patentee disclaimed antibodies that have different binding mechanisms, the decision of non-infringement was affirmed.

Senior Judge Plager dissented, finding that Biogen’s failure to expressly challenge the examiner’s characterization of the specification during prosecution was not a “clear and unmistakable” disclaimer, as found by the majority.

Winston & Strong, *Biogen Idec, Inc. v. GlaxoSmithKline LLC*, <http://www.lexology.com/library>, Aug. 13, 2013; see Smith, “Claim construction Turns on Patentee Disclaimer,” Lexology, <http://www.lexology.com/library>, June 2013.

3. An Express Disclaimer In Reexamination Will Narrow Claim Construction

In *In re: Transdata Inc. Smart Meters Patent Litigation*, Civil Action No. 5-12-ML-02309 (WD Okla 2012), Motion to Reconsider Claim Construction (W.D. Okla June 25, 2013), the court granted plaintiff’s motion to reconsider the court’s construction of “electric meter circuitry” based upon an express disclaimer submitted by plaintiff in reexamination proceedings: “The dispute here is whether or not Plaintiff’s statements to the Patent Office and the Patent Examiner’s statements reflect a clear disavowal of terms, or a clear narrowing of the scope of the

patent. Plaintiff's statement that its patent measured metering data by using digital circuitry was a statement 'so clear as to show reasonable clarity and deliberateness' and 'so unmistakable as to be unambiguous evidence of disclaimer.' Therefore, the Court finds that the disclaimer or disavowal was effective to require the use of digital meter and electric meter circuitry." (slip op. at 3)

The court explained the original Order, noting:

The Court ultimately determined the proper construction of the phrase "electric meter circuitry" was circuitry capable of manipulating, storing, displaying, or gathering electric meter data. The court specifically rejected the proposed construction submitted by Plaintiff which would have required the use of a digital electric meter.

In explaining the change in circumstances that resulted from the additional post grant prosecution history, the court explained that:

...Plaintiff notes that during the recent reexamination proceedings, it submitted an express disclaimer which stated, "A person of ordinary skill in the art in 1997...would have understood that the electric meter circuitry disclosed and claimed...measures voltage or current and determines metering data by **implementing digital circuitry**....A person of ordinary skill in the art would have understood that 'electric meter circuitry' **does not include a conventional electricity meter utilizing a rotating disc**. 006-49927-28 (emphasis added).) Plaintiff then directs the Court to the Patent Office's confirmation, wherein it determined the patents were indeed valid, stating: "Examiner agrees with patent owner's argument that the claimed 'electric meter circuitry' as described in the '294 patent is distinguishable from the prior art because **it requires the use of digital circuitry and excluded electromechanical meters from the claimed electric meter circuitry.**" (Emphasis added).

During the re-examination proceedings, then, plaintiff made a clear and unambiguous statement that its patents required digital meters and that the PTO adopted that clear and unequivocal statement in determining that the patents were, in fact, *valid*.

4. Disclaimers Do Not Travel *Per Se* from A Prior Prosecution, Unless the Claim Limitations Are Substantially Similar

In *Regents of the Univ. of Minn. v. AGA Med. Corp.*, 717 F.3d 929 (Fed. Cir. 2013), the Federal Circuit affirmed the trial court's grant of summary judgment, holding, *inter alia*, the '281 patent-in-suit as *invalid*.

Claim 1 of the '281 patent recited a nontraditional means-plus-function limitation. Under 35 U.S.C. §112, ¶6, the court evaluated the corresponding structures in the specification and all equivalents thereof. It concluded that the prior art's radial, umbrella-like frame was an equivalent of the patented device's peripheral frame structure. The prior art's "'springy' radial frame performed the same function as the peripheral frame structure—'mov[ing] [the device] from a compressed to an expanded orientation'—in substantially the same way, with substantially

the same result.” *Id.* at 941 (alterations in original) (quoting *regents of the Univ. of Minn. v. AGA Med. Corp.*, 835 F. Supp.2d 711, 720 (D. Minn. 2011)).

The primary question on appeal was whether the University disclaimed the prior art construction during the prosecution of a predecessor patent, which it maintained that it had done. The court held that, even though the University “effected a clear and unambiguous disclaimer of [the] radial frame with respect to the [claim] language in the earlier case.” *Id.* at 942, the disclaimer did not carry forward to the means-plus-function language used in the ‘281 patent.

Even through the predecessor and the ‘281 patent shared similar claim language, the substance of each claim’s scope was materially different. Specifically, the limitation requiring “[a] septal defect closure device comprising first and second occluding disks, each disk comprising...an elastically deformable frame extending along and attached adjacent to the periphery of the membrane,” was not carried over into the ‘281 patent. *Id.* at 945 (alterations in original) (citation omitted). Because the ‘281 patent “contain[ed] a different claim limitation than its predecessors and capture[d] different subject matter,” the disclaimer did not apply. *Id.*

See Dutra, “University of Minnesota’s Heart Defect Repair Patents Affirmed Invalid or Not Infringed,” 86 PTCJ 278 (June 2013).

In *Trading Tech’s Int’l Inc. v. Open E Cry LLC*, 2013 U.S. App. LEXIS 18121 (Fed. Cir. 2013), TT appealed the trial court’s summary judgment that prosecution disclaimer and prosecution history estoppel barred assertion of one of the patents in suit against software products including certain display functions. (The trial court had based this holding on *Trading Tech Int’l Inc. v. eSpeed Inc.*, 595 F.3d 1340 (Fed. Cir. 2010).)

The court reversed and remanded. The court disagreed with the trial court’s reliance on the prosecution history estoppel and prosecution disclaimer finding from *eSpeed* in determining that TT’s prior family of patents created prosecution history estoppel for claims in a continuation-in-part patent. The court noted that the surrender of subject matter during prosecution of an earlier application is not automatically inherited by a child patent application with different claims. The court reasoned that because the continuation-in-part patent asserted by TT contained “extensive disclosures that were not present” in the prior art family of patents and different claims, the trial court erred in relying on TT’s prior family of patents to determine the meaning of claim terms in the continuation-in-part patent.

Ginsberg, et al, “Trading Techs, Int’l Inc. v. Open E Cry LLC,” Lexology, www.lexology.com/library (September 2013).

5. Prosecution Disclaimers Must Be Clear and Unambiguous Disavowal of Claim Scope

In *Aria Diagnostics, Inc. v. Sequenom Inc.*, 726 F.3d 1296 (Fed. Cir. 2013), the Federal Circuit vacated and remanded ND Cal's denial of a preliminary injunction. The trial court's claim construction was found to be erroneous, in part, because the embodiments in the specification were not limited to "paternally inherited nucleic acid" "DNA sequence known [in advance] to be received only from the father which is not possessed by the mother." The "known in advance" limitation's importation into the "paternally inherited nucleic acid" term was not supported by the prosecution history as the applicant's amendments and rewordings made no reference to "advance timing," thus not indicating a clear and unmistakable disavowal.

Kelly, et al., "Aria Diagnostics, Inc. v. Sequenom, Inc. Aria Diagnostics, Inc. v. Sequenom, Inc.," Lexology, <http://www.lexology.com/library> (Aug. 2013)

See also *Creative Integrated Sys, Inc. v. Nintendo of Am. Inc.*, Appeal No. 2013 U.S. App. LEXIS 11068 (Fed. Cir. 2013) (statements about "the invention" are not *per se* a clear and unambiguous disavowal of claim scope: that certain claims were amended to add limiting language directed to metallization lines where each end of each block is connected to the other, while other claims lacked such limitation, such that the applicant's statement described one embodiment of the invention, but did not disavow other embodiments that were not so limited in scope.)

In *3M Innovative Props Co. v. Tredegar Corp.*, 2013 U.S. App. LEXIS 16203, slip op. (Fed. Cir. 2013), the patentee appealed the trial court's construction of four (4) patent claim terms, for stretchable laminates used in diapers. The court affirmed on two constructions, found two others were erroneous, and remanded for further proceedings.

First, asserted claims in three of the patents required "continuous contact" or "substantially continuous contact" between an elastomeric core layer and a microtextured skin layer. The court affirmed the trial court's construction of "full surface contact" but faulted it for concluding it applied only to a specific figure in the specification. The trial court determined that amendments to the claims by the patent application during prosecution represented a disclaimer, but such disclaimer must be clear and unmistakable, the court said, and that was lacking. **The narrowing amendments were amenable to "multiple reasonable interpretations," which contradicted any possibility of a "clear and unmistakable disavowal".** "The court instead concluded that 3M's explanation for the amendments provided a "reasonable, contrary reading of the prosecution history."

The court turned next to the "continuous microtextured skin layer over substantially the entire laminate" limitation included in four asserted claims of the '034 patent. The question was whether the word "continuous" applied to both microtexturing and the skin layer, or just the latter. The trial court rejected 3M's preferred construction of "one unified skin layer over substantially the entire laminate having at least one microtextured region;" the panel majority agreed. The court relied primarily on the fact that the written description lacked any disclosure minimizing the microtexturing to a single region of the skin layer. It also rejected as "hindsight"

3M's argument that the inventors would have used the word "continuously, not continuous," had they intended microtexturing over the entire laminate.

The "preferential activation zone" – actually, 11 different variations of the same words or synonyms in the asserted claims – of the Haschen patents came next in the court's analysis. **The court reversed the trial court's construction as it determined that limitations related to how the activation zones are created were improperly read into the claims from the specification and the prosecution history.**

The word "predetermined" was used in the specification in reference to the zones, but Tredegar interpreted that to mean pre-existing, while 3M argued that it only meant pre-selected. The court cited the Summary of the Invention in agreeing with 3M's construction. The court further rejected Tredegar's reliance on statements made by the examiner during prosecution, saying they were, at best, "isolated statements of one of skill in the art," and not representative of any limitation accepted by the patent applicant.

The fourth term the court addressed was "ribbon," referring to the shape of a multi-layer laminate, and the issue was whether the width of the ribbon was limited to one inch. The trial court agreed with Tredegar's argument that the term was indefinite if not so limited, and it imported the one-inch figure from another document cited by the '034 patent specification. Again, the court reversed, saying that the plain and ordinary meaning of "ribbon," coupled with a "highly detailed description" in the claims would lead one of skill in the art to ascertain its scope. The court said further, "our claim construction standards do not support exploring tangential prior art references to understand the meaning of the claims."

Judge O'Malley dissented as to the construction of "continuous microtextured skin layer." As a matter of grammar, the term is best interpreted as a skin layer that is continuous, microtextured, and extends over substantially the entire laminate," she *said*. She concluded that intermittent areas of microtexturing were covered by the claim language, and she saw no text in the specification expressly limiting the scope otherwise. She conceded that the majority's interpretation of a certain passage in the specification was not unreasonable. "But," she said, "since it is at the least subject to varying interpretation, I believe the passage fails to meet the high burden necessary to limit claim scope," *citing Bell Atl. Network Servs., Inc. v. Covad Commc'ns Grp., Inc.*, 262 F.3d 1258, 1268 (Fed. Cir. 2001).

Judge O'Malley faulted the majority's approach:

Specifically, the majority asks whether the specification *limits* the microtexturing to "a single region." ... **This reasoning turns the disclaimer analysis on its head. The relevant inquiry is not whether the microtexting is limited to a single region, but whether the term "continuous microtextured skin layer" was narrowed to exclude partially-microtextured skin layers, such as those with microtexturing in only one region.**

Emphasis added.

She disagreed with 3M to the extent that it argued that only one region of microtexturing would suffice, but she would have construed the term such that it was adequate if microtexturing extended over substantially the entire laminate, even if not continuously.

Senior Judge Plager concurred, but with a decidedly different slant. **In his view, the case was reflective of a deeper problem, grounded on how patents were drafted and examined. This case, he began, is “yet another example – and an extreme example – of problems with claim drafting and their ensuing consequences.”**

He criticized claim drafters generally for failing to be “clear and precise,” as well as the “shortcoming in the patent examination process that permits claims to be so drafted.” That led to four judges writing “some seventy pages of densely written opinions to find meaning” in terms such as “substantially,” “preferentially,” and “relatively,” he *said*. Such “sloppy drafting” can be deliberate, he said “so as to leave room to later argue for a broad interpretation designed to capture later-developed competition.

In view of Judge Reyna’s and O’Malley’s interpretation of the “continuous microtextured skin layer” term at issue here, that for all the length and detail of the patents’ specifications, does not appear one single time in the written description,” despite the fact that it is used “nine times in the first eight claims:”

Cases like this – claim construction issues such as this one – may well deserve application of a principle analogous to the contract doctrine of *contra proferentem*. See Williston on Contracts §32:12 (4th ed.). When a term is ambiguous, a crystal ball matter, the ambiguity should be construed against the draftsman. (Or better yet, the claim should simply be invalidated as indefinite, though our court has not seen fit to go there as yet). The *contra proferentem* principle would require the applicant to draft claims, using simple, direct sentences, proper grammar and definitions in the written description where appropriate.

His “crystal ball” swayed him to vote against the patentee accordingly, “and in favor of a competitor who should not have the risk of guessing wrong about what a claim term could possibly mean.”

Dutra, “3M Gets Another Shot at Infringement Claim on Patents Related to Diaper Elasticity;” 86 PTCJ 745 (Aug. 2013).

In *Saffran v. Johnson & Johnson*, 712 F.3d 549 (Fed. Cir. 2013), Saffran’s ‘760 patented claimed a device for treating an injury (such as a fractured bone) by deploying a cellular or molecular treatment layer at the injury site to encourage regeneration of tissue. Saffran sued Cordis, alleging that its medicated Cypher stents infringe the patent. The parties disputed construction of the term “device”; the trial court held that it was non-limiting preamble language (even though it also appeared in some claims’ bodies). At trial, the jury returned a verdict for Saffran, finding the patent infringed and *valid*. After adding pre-judgment interest, the court awarded Saffran damages just under \$600 million.

Cordis argued that a critical feature of the ‘760 patent was a “device” deploying treatment as a sheet (i.e., layer) at the injury site. Cordis focused on Saffran’s overcoming prior art

rejections during prosecution by representing to the examiner that “[t]he device used is a sheet rather than a pre formed chamber.” Mindful of its prior holdings that “prosecution disclaimer requires clear and unambiguous disavowal of claim scope”, the Federal Circuit nevertheless acknowledged that “applicants rarely submit affirmative disclaimers along the lines of ‘I hereby disclaim the following...’ during prosecution and need not do so to meet the applicable standard.” The court therefore construed “device” as limited to deployment of a sheet, and directed judgment of non-infringement or Cordis because stents are mesh structures and the medicated “layer is akin to paint on a chain link fence, not a continuous sheet wrapped around the mesh.”

Frances, “Prosecution disclaimer trips up patentee on the scope of ‘device’ in a medical device case;” Lexology, <http://www.lexology.com/library> (June 2013).

See also TecSec, Inc. v. International Business Machines 2013 U.S. App. LEXIS 20094, at *23-24 (Fed Cir. 2013), (“We agree with TecSec that the court erred when it limited the encrypted data to objects in multimedia form. The ordinary meaning of “multi-level multimedia security” relates to the type of “security” employed and does not limit the type of data that may be encrypted. Indeed, the claims and specification convey that any type of data may be encrypted, not just multimedia. . . . The prosecution history of the ‘702 Patent does not limit the claims to the encryption and decryption of multimedia data. “[F]or prosecution disclaimer to attach, our precedent requires that the alleged disavowing actions or statements made during prosecution be both clear and unmistakable.” *Omega Eng’g. Inc. v. Raytek Corp.*, 334 F.3d 1314, 1325-26 (Fed. Cir. 2003). The prosecution history at issue here does not rise to that level. During prosecution, the inventor explained that the portion he added to the specification relating to multi-level encryption described “multi-level multimedia security.”... He also cited to a dictionary for the proposition that those terms—“multi-level,” “multimedia,” and “security”—were well known in the art. *Id.* He did not argue that the dictionary definition showed that “multi-media security” required encryption of multimedia objects. Nor did the inventor characterize his claims as limited to encrypting multimedia object. He did not distinguish his invention from the prior art on that basis. In these circumstances, we cannot say that the inventor clearly and unmistakably limited his claims to encrypting multimedia security to require that secured data be multimedia data.”).

III. PTAB PRACTICE

III.A. PTAB/Final Hearing Procedural Practice requirements

PTAB post-grant review trials are governed by the Administrative Procedure Act (“APA”). The APA imposes a notice requirement that prohibits the parties (*Dell Inc. v. Accelaron, LLC*, 818 F.3d 1293 (Fed. Cir. 2016)) and the PTAB (*SAS Inst., Inc. v. Complementsoft, LLC*, 825 F.3d 1341 (Fed. Cir. 2016)) from silently changing theories mid-stream.

In *Dell*, the PTAB invalidated a claim based on arguments Petitioner made for the first time at the oral hearing. On appeal, the Federal Circuit found that the PTAB denied Patent Owner “notice and a fair opportunity to respond” to Petitioner’s new argument and the PTAB’s basis of cancellation. *Dell*, 828 F.3d at 1300-1301. The PTAB denied Patent Owner its procedural rights “by relying in its decision on a factual assertion introduced into the proceeding only at oral argument, after [Patent Owner] could meaningfully respond.” *Id.* at 1301. The Court thus vacated and remanded the case for further proceedings.

In *SAS*, the PTAB invalidated claims based on a new claim construction adopted for the first time in its final written decision. On appeal, the Federal Circuit stated that the PTAB “may not change theories in midstream without giving respondents reasonable notice of the change and the opportunity to present argument under the new theory.” *SAS*, 825 F.3d at 1351. The Court concluded the PTAB violated this mandate: “[Petitioner] focused its argument on the Board’s institution decision claim interpretation, a reasonable approach considering [Patent Owner] agreed with this interpretation in its patent owner’s response and never suggested that the Board adopt the construction that eventually materialized in the final written decision. It is difficult to imagine either party anticipating that already-interpreted terms were actually moving targets, and it is thus unreasonable to expect that they would have briefed or argued, in the alternative, hypothetical constructions not asserted by their opponent.” *Id.* The Court remanded the case to the PTAB for further consideration.

In *International Flavors & Fragrances Inc. v. ZoomEssence, Inc.* IPR2015-01418 (PTAB 2/25/16) (Motion to Reconsider Institution to *Inter Partes* Review), the Board denied the patent owner’s request for rehearing of the decision instituting *inter partes* review: **“Patent Owner argues that the claim construction set forth in the Decision on Institution is unreasonably broad to the extent that it goes beyond a preferred embodiment of the ’388 patent using non-heated drying fluid at less than about 100°C upon introduction into the drying chamber...Claim constructions and other determinations set forth in the Decision on Institution are preliminary in nature and may be revisited during the trial in concert with the presentation of evidence. Therefore, Patent Owner may continue to press claim construction contentions and other arguments in its Patent Owner Response. However, we decline to revisit the claim construction at this time for purposes of the Decision on Institution.”** (page 3)

In *Mobotix Corp. v. ComCam International, Inc.*, IPR2015-00093 (Final Written Decision, April 28, 2016), the PTAB stated that **a party should include arguments that account for the possibility that the Board will not adopt a party’s preferred construction in**

order to prevent the Board ruling in favor of the opposing party based on the rejection of the party's claim construction.

The Board found that Petitioner had shown that claims 1-6 and 9-28 of the '220 Patent are unpatentable, but that Petitioner did not demonstrate that claims 7 and 8 are unpatentable. The '220 Patent discloses a system for detecting an event at a premises and supplying information regarding the event to a website that various authorized users can access.

The Board began with claim interpretation, noting that claims are construed according to their broadest reasonable interpretation in light of the specification. The Board determined that "website" does not require express construction for the purposes of this Decision.

Regarding the term "at least one imaging device coupled to the system controller for capturing event data associated with the event detected at a particular at least one sensor wherein the imaging device is activated by the controller upon receiving the signal from the particular sensor that is in an area covered by a particular imaging device," the Board noted that Patent Owner disagrees with the construction provided in the Institution Decision that "the claim requires that the imaging device is activated by the controller upon receiving the signal from the particular sensor that is in an area covered by a particular imaging device, but not necessarily the image device activated." Patent Owner's construction requires that the sensor is covered by the imaging device that is activated, as opposed to the sensor being covered by "a particular imaging device." **The Board was not persuaded by Patent Owner's argument and retained its interpretation from the Institution Decision. Specifically, the Board found that Patent Owner's arguments would require the Board to improperly import an example discussed in the Specification into the claim as a limitation.**

Drinker, Biddle, "Final Written Decision Finding Some Challenged Claims Unpatentable", IPR2015-00093, Lexology <http://www.lexology.com/library> (5/5/16)

In *ABS Global, Inc. et al. v. XY, LLC*, IPR2014-01161 (PTAB 1/11/16) (Final Written Opinion), the involved '920 patent relates to methods of separating X and Y chromosome-bearing sperm cells to facilitate sex selection in offspring produced by artificial insemination. The claims require several steps, including discriminating between viable sperm cells having the desired sex characteristic at a rate of at least about 1200 sorts per second and collecting the viable sperm cells by cushioning the cells from impact with a collection container.

The PTAB instituted IPR on six grounds corresponding to various combinations of prior art and ultimately found the claims to be invalid on all six grounds. **The decision hinged on the interpretation of two terms:** "viable sperm cells" and "discriminating between said viable sperm cells having desired sex characteristic at a rate of at least about 1200 sorts per second." **When instituting the IPR, the Board held that the claims embraced a method in which none of the sperm cells remain viable upon completion of the method steps. In essence, "viable sperm cells" was construed to encompass a population comprising *no viable cells*. In the final decision, however, the Board concluded that its previous interpretation was not reasonable, as a person of ordinary skill would understand that the claims carry a requirement for at least a portion of the collected sperm cells to remain viable.**

The revised interpretation did not save the patent, however. The Patent Owner argued that a secondary reference disclosing cell sort rates employed a method that would negatively impact viability, and therefore one of ordinary skill in the art would have been motivated to combine the references. The Board was not persuaded, as expert testimony established that teachings of the secondary reference could easily be modified to isolate viable sperm cells.

Kissling, "PTAB Revises Claim Construction in Final Written Decision, But Still Finds Claims Invalid", Lexology, <http://www.lexology.com/library> (3/4/16)

III.B. IPR/CBMR PTAB Claim Construction

With approximately 4000 IPR/CBMR petitions having been filed in 2012-2015 (to Sept. 30, 2015), with 572/765 IPRs having been initiated in FY 14 and 917/1343 IPRs having been initiated in FY 15 (to Sept. 30, 2015), and final IPR decisions reaching 575, the PTAB has written about its claim construction standards and procedures in a number of initiation and final decisions. While there are no precedential (in the PTAB world, under PTAB SOP2) claim construction decisions as of yet, some learning may be gleaned from review of how the various PTAB panels have been carrying out claim construction.

1. Broadest Reasonable Interpretation Standard

As many separate PTAB panels have noted, the Board applies the “broadest reasonable interpretation” standard of claim construction:

During a review before the Board, we construe the claims in accordance with the broadest reasonable interpretation in light of the specification. 37 C.F.R. § 42.300(b); 77 Fed. Reg. 48,680 48,697-98 (Aug. 14, 2012). The claim language should be read in light of the specification as it would be interpreted by one of ordinary skill in the art. *In re Am. Acad. of Sc. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004). The Office must apply the broadest reasonable meaning to the claim language, taking into account any definitions presented in the specification. *Id.* (citing *In re Bass*, 314 F.3d 575, 577 (Fed. Cir. 2002)).

Gillman v. Stoneeagle Services Inc., CBM 2013-0047, Decision Denying Institution of Covered Business Method Patent Review 37 C.F.R. §42.208 at 10-11 (PTAB Feb. 18, 2014).

In *In re Cuozzo Speed Techs., LLC*, the patentee Cuozzo appealed the PTAB finding that all challenged claims were unpatentable. The Federal Circuit affirmed the PTAB’s decision.

The court observed that the AIA was silent on the issue of the correct claim construction standard. **The court held the PTAB properly applied BRI, explaining that the BRI standard “has been applied by the PTO and its predecessor for more than 100 years in various types of PTO proceedings.” And there was no indication that the AIA was designed to change the claim construction standard applied by the Patent Office. This history allowed the court to infer that Congress impliedly adopted the BRI standard in passing the AIA. The court supported its conclusion that BRI was the appropriate claim construction standard by noting that a patent owner may attempt to amend the challenged claims in an IPR. “Although the opportunity to amend is cabined in the IPR setting, it is thus nonetheless available.”** The court then noted that even if it were to conclude that Congress did not expressly approve BRI in enacting the AIA, the court pointed out that 35 U.S.C. § 316 “provides authority to the PTO to adopt the [BRI] standard in a regulation.” **Because Congress authorized the PTO to prescribe regulations, the validity of the Patent Office’s regulation setting BRI as the appropriate standard is given *Chevron* deference. Applying the *Chevron* framework, the Federal Circuit concluded the BRI standard was properly adopted by the PTO.** The court proceeded to review the PTAB’s claim construction. Applying the BRI standard, the court

concluded the PTAB did not err in its claim construction. *In re Cuozzo Speed Techs., LLC*, 2015 U.S. App. LEXIS 11714, *13-27 (Fed. Cir. July 8, 2015).

Just a few days later, in *Versata Dev. Grp., Inc. v. SAP Am. Inc.*, the Federal Circuit affirmed the PTAB's final decision finding the challenged claims unpatentable in the CBMR context. **The Federal Circuit approved the PTAB's application of the BRI standard to disputed terms in a CBMR trial.** The court relied on its decision in *In re Cuozzo Speed Techs., LLC* where the court addressed the appropriateness of the BRI standard in the context of IPR trials, to support its conclusion. The court affirmed the PTAB's constructions, noting that was less than clear that the outcome would have been different under a different claim construction standard given the record on appeal. *Versata Dev. Grp., Inc. v. SAP Am. Inc.*, 2015 U.S. App. LEXIS 11802, *51-53 (Fed. Cir. July 9, 2015).

Irving, *Teva's Effect On Review of PTAB Claims Construction Rulings*, Law 360, <http://www.law360.com/articles/650953/print?Section=IP> (5/11/15); Flibbert, *Teva May Impact Strategy for PTAB Trials and Appeals*, Law 360, <http://www.law360.com/articles/619463/print?Section=IP> (2/13/15).

2. Need for *Markman* Construction Proceeding

In *Auxilium Pharm., Inc. v. Watson Labs., Inc.* No. 12-CV-03084, 2014 WL 2624780, at *4 (D.N.J. June 12, 2014), **the court denied defendant’s motion for claim construction as unnecessary where defendant’s sole dispute was indefiniteness and the court previously denied defendant’s motion to amend its contentions to include a claim of indefiniteness:** “[T]he issue before the Court is whether a party that does not assert indefiniteness in its invalidity contentions . . . nonetheless can argue during claim construction that certain claim terms are indefinite and, therefore, the patents-at-issue are invalid. . . . If a court were to allow a litigant to assume this defense in the context of a motion for summary judgment following the completion of fact and expert discovery, the court would effectively render the ‘use it or lose it’ provision of Rule 12 meaningless.”

In *Canatelo, LLC v. Avigilon Corp.*, No. 12-CV-01431 (D. P.R. Jan. 13, 2014), Motion re Claim Construction, **the court denied defendant’s request that the court refrain from conducting a *Markman* hearing: “Defendant contends that no such hearing is necessary because the ‘claims and technology’ involved in this case ‘are not complicated’ The complexity of the claims and technology here, involving electronic devices, is in an entirely different ballpark. . . . [C]ourts have discretion to decide when, and how, to construe patent claims. But when the plan is to move for summary judgment on non-infringement, as Defendant does here, the approach it proposes is the exception and not the rule.”** (page 1)

In *Certain Earpiece Devices Having Positioning and Retaining Structure and Components Thereof*, Investigation 337-TA-912, Order No. 5 (USITC May 30, 2014), ALJ Pender explained that during the May 12, 2014 case management conference, Bose argued against the need for a *Markman* hearing in the investigation and Monster made arguments in support of holding a *Markman* hearing. **Specifically, Bose asserted that a *Markman* hearing was unnecessary in view of the straightforward nature of the technology at issue in this investigation and the fact that only two claims from one patent are in dispute. On the other hand, Monster argued that a *Markman* hearing would be beneficial as it would promote efficiency in the discovery process, streamline the issues presented for summary determination, and ultimately limit the issues in dispute at the evidentiary hearing.** After considering the parties’ arguments, He decided that a *Markman* hearing would be beneficial. ALJ Pender rejected Bose’s arguments and noted that “[e]arly resolution of claim construction issues in this investigation will undoubtedly conserve party resources as there will be no need to argue claim construction in the alternative, as well as produce a more focused hearing and post-hearing briefing.” Accordingly, ALJ Pender provided a schedule for, *inter alia*, claim construction briefing and a *Marking* hearing.

In *Regeneron Pharms., Inc. v. Merus B.V.*, No. 14-CV-01650, 2014 WL 3865366, at *1 (S.D.N.Y. July 22, 2014), the court denied defendant’s motion to preclude plaintiff from asserting any proposed claim constructions or in the alternative to comply with the court’s rules regarding the exchange of proposed terms: **“[Plaintiff] has apparently taken the position that no terms need construction. That is [plaintiff’s] right. However, to ensure no ‘gaming’ of the process, the Court does not require the parties to meet and confer on claim construction.** They may rely on previously identified (per this Court’s rules) intrinsic and extrinsic evidence submitted (if any) in support of their positions. **However, [plaintiff] (for**

instance) may not now offer an alternative construction for claims it stated needed no construction. Similarly, [plaintiff] is limited to the intrinsic and extrinsic evidence it has already proffered (if any) in support of its position. . . . The Court is troubled by assertions that there is a ‘gaming’ of the system. Let’s be clear: [plaintiff] is plaintiff and bears the burden of going first - and showing its cards - more frequently than the defendants. That comes with the territory as plaintiff. The Court assumes good faith and that each party being told now to stick with its stated positions will be neither surprised nor prejudiced by so doing.”

In *Linear Grp. Servs., LLC v. Attica Automation, Inc.*, No. 13-CV-10108, 2014 WL 4206871, at *3-4 E.D. Mich. Aug. 25, 2014), **the court granted defendant’s motion in limine to preclude plaintiff from arguing claim construction at trial:** “[Plaintiff] alleges that the law of case doctrine does not apply to claim construction. . . . However, any disputes regarding the proper scope of claim constructions must be resolved by the court, not the jury. **It appears as though [plaintiff] is anticipating again attempting to raise an argument this Court has heard and denied three times. . . . While the Court has yet to define the ‘ordinary meaning’ of any disputed claim term, the Court will grant [defendant’s] Motion and recognize the law of case doctrine. . . . Unless a need for clarification arises, [plaintiff] will be prevented from raising additional claim constructions.**”

3. Claim Construction Is On a Claim-by-Claim/Case-By-Case Basis

In *Nestle USA, Inc. v. Steuben Foods, Inc.*, IPR2015-00023 (June 29, 2015), the PTAB held on a Request for Rehearing that it was not required to adopt the same claim construction adopted by another panel reviewing the same patent.

Petitioner alleged that the PTAB's construction of "aseptic" was inconsistent with the PTAB's construction of the term in another proceeding involving the same patent. The PTAB noted that it is not required to adopt the same construction of a term in every proceeding. The PTAB considers whether to institute an IPR on a case-by-case basis, taking into account the particular facts of each case.

Under 42 C.F.R. § 42.104(b)(3), Petitioner is required to identify how the challenged claim is to be construed. Petitioner merely adopted the PTAB's construction in another proceeding in which the PTAB stated that "[f]or purposes of this decision, we...determined that no claim term needs express interpretation at this time." The PTAB noted that Petitioner incorrectly assumed this was an express construction of the claim terms. Petitioner offered express construction for some, but not other, limitations of the challenged claim. Thus, the PTAB concluded that it did not overlook or misapprehend anything that was not present in the first instance in the Petition.

See also *Nestle Healthcare Nutrition, Inc. v. Steuben Foods, Inc.*, IPR2015-00249 (July 20, 2015). There, the PTAB stated it was not required to follow a claim construction of another panel on the same patent without reason.

In its Decision, the Board denied a request for reconsideration of the Board's Decision not to institute trial with regard to some of the challenged claims. The claims not included in an IPR trial had been challenged on two grounds of obviousness. Petitioner argued that "the Board's decision not to institute was based upon a legally erroneous construction of the term 'aseptic.'" Further, even using the Board's construction of "aseptic," the Board's decision was based on erroneous factual findings. The PTAB denied Petitioner's request.

The PTAB rejected Petitioner's argument that the PTAB abused its discretion by unreasonably applying the facts. Petitioner argued that institution of the claims not included in the IPR trial should proceed because the prior art taught a certain limitation, as "other Board proceedings have determined." Noting that "Board decisions from other proceedings are not binding," the PTAB stated that "the relevant inquiry is not whether the limitation was known in the art, determined to be known in another proceeding, or shown by Patent Owner" but whether "the Petition explained adequately how the construed claim is unpatentable." See 37 C.F.R. §§ 42.104(b)(4)-(b)(5). On this, Petitioner acknowledged "that the Petition did not meet these requirements."

4. Claim Construction Must Not be Unduly Broad

Broadest reasonable interpretation is generally understood to be broader than a trial court's construction. Its arguable purpose is to expand the prior art available to invalidate a patent. Though the PTAB construes claim terms under the broadest reasonable interpretation, the construction must not only be broad; it must also be reasonable.

In *Microsoft Corp. v. Proxyconn Ins.*, 789 F.3d 1292 (Fed. Cir. 2015), **the Federal Circuit made clear that it will not uphold unreasonably broad constructions that are inconsistent with the proper scope of a claimed invention. First, in construing claims under BRI, the court explained that “claims should always be read in light of the specification and teachings in the underlying patent.” Second, “[t]he PTO should also consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review.” Third, the Federal Circuit stated that any construction under BRI “must be consistent with the one that those skilled in the art would reach.”**

The Federal Circuit warned that a construction under BRI can be too broad if it doesn’t follow the court’s principles. For example, the PTAB may not “construe claims during IPR so broadly that its constructions are unreasonable under general claim construction principles.” Further, the PTAB’s construction “cannot be divorced from the specification and the record evidence” and “must be consistent with the one that those skilled in the art would reach.” Finally, “[a] construction that is ‘unreasonably broad’ and which does not ‘reasonably reflect the plain language and disclosure’ will not pass muster.”

In applying these principles, the Federal Circuit determined that a claim that generically recited “two other computers” was limited to sender/receiver computers when read in view of the specification. The court similarly held that the claim required sender/receiver computers distinct from gateway and caching computer intermediaries. On their face, the claims did not necessarily contain these requirements, but when read in light of the specification, the Federal Circuit determined they did under the BRI standard.

What Proxyconn Means for Future Inter Partes Reviews (July 13, 2016), Law360, <http://www.law360.com/articles>.

In *In re Imes*, 778 F.3d 1250 (Fed. Cir. 2015), Imes was attempting to patent a device for certain types of wireless communication and the applied-for claim includes a “wireless communication module.” **Imes argued that that term should be construed as a module that communicates without wires using electromagnetic waves. The claim construction debate over that term stems from the patent examiner’s position that the broadest reasonable construction of “wireless communication” includes communication with wires. In particular, the Patent Office argued that “wireless communication” between two devices could be accomplished with a removable flash-drive - *i.e.*, by saving information from a first computer on a flash drive then physically moving the flash drive to the second computer.**

Siding with Imes, the Federal Circuit held:

The Patent Office’s construction of “wireless” to include communications along metal contacts of the removable memory card and the computer system is inconsistent with the broadest reasonable interpretation in view of the specification. The construction of “wireless” is straightforward. The ‘423 application expressly and unambiguously defines wireless: “[w]ireless refers to a communications, monitoring, or control system[] in which electromagnetic or acoustic waves carry a signal through atmospheric space rather than along a

wire.” ‘423 application. The ‘423 application consistently uses the term “wireless” to refer to methods and devices that carry waves through atmospheric space, such as Bluetooth and various cellular protocols. The metal contacts of a removable memory card do not carry a signal through atmospheric space using electromagnetic or acoustic waves, and thus removable memory card 35 is not a wireless communication module under the broadest reasonable interpretation of that term in view of the specification.

Imes’ pending application also required streaming video. In its rejection of the claims, the patent examiner concluded that one of the references taught streaming video by teaching the ability to send a series of emails that each included an image attachment. **On appeal, the Federal Circuit gave deference, but found the Patent Office’s conclusion unreasonable:**

Sending a series of e-mails with attached still images is not the same as streaming video. Such a construction is unreasonable as it comports with neither the plain meaning of the term nor the specification. Streaming video is the continuous transmission of video. A series of e-mails with attachments does not meet the definition of “streaming” and still images do not meet the definition of “video.”

In *Wright Med. Tech., Inc. v. Angle Fix Tech, LLC*, IPR2014-00026 (Nov. 12, 2014), the PTAB denied Petitioner’s request for rehearing of an earlier decision denying institution of *inter partes* review with respect to some of the claims in the petition. The PTAB held:

We couched our construction with the phrase ‘does not include;’ but that does not mean the ‘677 patent must limit the scope of ‘protrusion’ through a disclaimer. In fact, the Specification affirmatively limits protrusions as ‘a porous matrix of protrusions.’ Therefore, a continuous lip or ridge does not satisfy the porous requirement and thus, is not a protrusion.... **Petitioner alleges that we failed to apply the broadest-reasonable interpretation standard for claim construction. The proper standard requires that our construction be not only ‘broadest’ but also ‘reasonable’ in light of the specification of the patent in which it appears. Indeed, the Federal Circuit has instructed repeatedly that any claim construction under this standard must be consistent with the specification to avoid being unreasonably broad.** As explained above, consistent with the ‘677 patent Specification, a protrusion does not include a continuous lip or ridge. We see no clear error in our fact findings or conclusions of law. Petitioner has not demonstrated that we abused our discretion in denying institution of an *inter partes* review of claims 11, 12, 33, 34, 43, 44, 47, 48, 65, 66, 73, and 74 of the ‘677 patent.”

(page 2)

5. PTAB Constructions in Institution Decisions Are Not Final

The PTAB’s constructions in its institution decision are preliminary and may be revised based on subsequent briefing.

In *Microsoft Corp. v. Surf Cast, Inc.*, IPR2013-00292 (Oct. 14, 2014), the PTAB partially denied the petitioner’s motion to exclude with regard to parts of the declarations of the patent owner’s witness. “[Petitioner] argues that these paragraphs rely on a claim construction that differs from and is inconsistent with the Board’s claim construction [in its institution decision]. However, as [Patent Owner] points out, the Board’s construction of a claim term in a Decision to Institute is not final, and is reviewable in light of both parties’ subsequent briefings and oral argument. [The declarant’s] testimony properly relies on the Specification of the ‘403 patent and the knowledge of a person of ordinary skill in the art to support [the patent owner’s] claim construction. Accordingly, the motion is denied as to paragraphs 29, 44, 54, 92, 103, 104, 119, 120, 136, and 137 of [the witness’s] declaration.” (page 51).

The PTAB, however, will only revise a constitution in its final decision if it has “bearing” on the outcome of the proceeding.

In *Apple Inc. v. VirnetX Inc.*, IPR2014-00404 (July 29, 2015), the PTAB determined that Petitioner had shown by a preponderance of the evidence that claims 1-5, 7, 8, 10, 12, 15, and 17 of the ‘274 patent are unpatentable. **The Board refused to modify its previous constructions, stated in its institution decision, and declined to adopt certain constructions where Patent Owner did not “demonstrate sufficiently” that the proposed construction “will bear on the outcome of the issues in this *inter partes* review.”**

6. Dispute in PTAB Constructions

In *Reloaded Games, Inc. v. Parallel Networks, LLC*, IPR2014-00139, Final Written Decision (6/29/2015), the Board concluded that all challenged claims, claims 1-27, of the ‘262 Patent are unpatentable. Petitioner had filed a Petition seeking *inter partes* review of claims 1, 5-10, 14-19, and 23-27 based on a ground of anticipation by Chase and claims 204, 11-13, and 20-22 based on a ground of obviousness over Chase and Scharber. The ‘262 patent relates to a method, computer readable storage medium, and system or dynamic distributed data caching.

The Board began its analysis with claim construction, indicating a number of terms that it interpreted in its Decision on Institution. Patent Owner challenged the Board’s construction of “master.” In its Preliminary Response, Patent Owner had argued that “master” should be construed to mean “a device that determines membership of a cache community.” The Board disagreed and determined that the broadest reasonable interpretation of “master” is “a peer that provides administrative support to other peers.” **In its Response, Patent Owner argued that there is “considerable support in the specification for the master’s role in determining whether to admit (and thus also whether to deny) a client membership in the cache community.” However, the Board was not persuaded that the Specification supported Patent Owner’s position that the construction should be modified to include this additional feature that was not recited in the claims. Patent Owner further argued dictionary definitions, and argued that construing “master” without a connotation of control would read it out of the claims. The Board was not persuaded by either of these arguments. Accordingly, the Board maintained its claim construction of all terms interpreted in its Decision on Institution.**

In *SAP Am., Inc. v. Arunachalam*, IPR2013-00413, Final Written Decision (5/17/15), the Board held that claims 1-19 of the '894 patent are unpatentable. The '894 patent purports to facilitate real-time two-way transactions as opposed to deferred transactions. The Board construed several terms of the '894 patent, including: Web transaction, Web and Internet, Web application POSve application, facilities network, service network, various network-related terms, value-added network (VAN) service, Internet cloud application, web merchant, object information entries and attributes of an object, application layer routing of the object identity with the information entries and attributes, object routing, exchange, and back-end application. **Patent Owner alleged that the Board reached a legally incorrect interpretation, without exploring the metes and bounds to which Patent Owner is entitled. The Board concluded that Patent Owner in many cases attempted to import an explanation contained in the written description into the claim limitations.** The claim constructions applied in the Decision to Institute were adopted by the Board.

In *In re Ali S. Khayrallah*, Appeal No. 2014-1382, 594 Fed. Appx. 666 (Fed. Cir. 2014) (non-precedential), Applicant appealed a decision from PTAB that rejected his claims as anticipated or obvious. The Federal Court affirmed. Regarding claim construction, the court found that the PTAB did not err in interpreting claim language requiring two antennas “selectively assign(ed)” to receive a respective first and second sub-signal of a wideband signal which have different bandwidths and overlap in the frequency domain. **The PTAB’s interpretation, which required merely assigning antennas “capable” of receiving signals at discrete frequency components of the wideband signal, properly found the claim language to be limiting and was consistent with the broadest reasonable interpretation of the terms as set forth in the specification.**

In *Rozbicki v. Chiang*, Appeal No. 2014-1041, 590 Fed. Appx. 990 (Fed. Cir. 2014) (non-precedential), following an interference proceeding, Appellants Rozbicki, appealed the PTAB construction of the term “etching” and its finding that the patent application contained an adequate written description. The Federal Circuit agreed with the PTAB’s claim construction, affirmed the written description decision for certain claims, and vacated and remanded regarding another set of claims.

Regarding claim construction, the court noted that, the PTAB construed the term “etching” as requiring “the removal of material to create a pattern.” Rozbicki argued that the PTAB erred in ruling that “etching” does not require “net etching.” **The Federal Circuit found that Rozbicki improperly attempted to read limitations into the claims based on embodiments in the specification.** The Federal Circuit affirmed the PTAB claim construction based on the claim language using the term “etch” as opposed to being limited to “net etching.”

A vehicle brake safety patent asserted against eight car companies was determined to be invalid in. *55 Brake LLC*, Appeal No. 2014-1554, 608 Fed. Appx. 942 (Fed. Cir. 2015).

55 Brake LLC owns a patent (U.S. Patent No. 6,450,587), issued in 2002, covering the braking system and methods. Claim 7 is a system claim with a limitation on a “plurality of sensors,” wherein one of said plurality of sensors is a vehicle motion sensor.” Claim 13 is a method claim lacking the “wherein” clause. In 2008, the company sued Audi, BMW, Ford Hyundai, Land Rover, Mercedes-Benz, Volkswagen and Volvo for patent infringement in the

U.S. District Court for the District of Idaho. Volkswagen initiated an *inter partes* reexamination at the PTO in 2010. The trial court case was dismissed in 2012, but the reexamination continued and was the subject of the current appeal.

To get around a prior art reference disclosing a vehicle motion sensor and only one other sensor, 55 Brake argued for a claim construction whereby the “plurality” would include at least two sensors other than the vehicle motion sensor - either by excluding the motion sensor or requiring a third sensor to perform a braking task.

The court ruled that, under a broadest reasonable interpretation standard, a plurality could be two sensors, that claim 7 was explicit in indicating that the vehicle motion sensor must be one of them and that the motion sensor could perform the braking function despite no such embodiment in the specification. That interpretation was also “consistent with the specification and the remainder of the claim limitations,” the court said. In a footnote, the court said that it must construe claim 13 to be similarly limited, despite the absence of the phrase in the text, “because claim terms are to be construed consistently throughout a patent.

7. Timing of Claim Construction

In *Jiawei Tech. (USA), Ltd., v. Ace Hardware Corp.*, IPR2014-00937, Motion to Reconsider Institution of *Inter Partes* Review (PTAB 2/16/15), the Board denied the petitioner’s request for rehearing of an earlier decision denying *inter partes* review of all challenged claims due to the “Petitioner’s failure to offer a construction and analysis of a term critical to understanding the scope of independent claims.” **The Board rejected the petitioner’s argument that the key term’s “express definition” was in the Petition.** “Petitioner provided no such definition, however. [The] Petition contains a mere repetition of the claim language. [A few pages] of the Petition are simply claim charts, which do not explain how the claim terms read on the prior art. Further, Petitioner’s purported interpretation of ‘color changing cycle’...merely repeats the language in claims 1 and 46 preceding ‘color changing cycle.’ Accordingly, Petitioner does not persuade us we overlooked its ‘express definition.’” (page 2)

The Board denied the petitioner’s request for rehearing of an earlier decision denying *inter partes* review of all challenged claims due to the “Petitioner’s failure to offer a construction and analysis of a term critical to understanding the scope of independent claims.” The Board rejected the petitioner’s argument that the key terms “express definition” was in the Petition. “We agree that a petitioner need not construe explicitly every term, but that is not the issue here. The issue here is whether Petitioner had made a threshold showing in its Petition. Petitioner failed to include any cogent analysis involving the ‘color changing cycle’ claim limitation. The only treatment Petitioner gave that claim limitation was to point to portions of the prior art in claim charts... Petitioner may not need to provide a claim construction if such correspondence is sufficiently clear, but that was not the case here, and Petitioner failed to explain this insufficiency.” (page 4)

In *Nestec SA v. Steuben Foods, Inc.*, IPR2015-00023, Motion to Reconsider Institution of *Inter Partes* Review (PTAB 6/29/15), the Board denied the petitioner’s request for rehearing of

an earlier decision denying institution of *inter partes* review of an aseptic packaging patent on a ground of obviousness. **“Petitioner proposed constructions for two limitations of claim 40 in the [related] IPR, but Petitioner did not propose a construction for any other terms of claim 40, instead asserting that those terms could be interpreted according to their ‘ordinary meaning,’ without further elaboration or discussion. Asserting now for the first time that the term ‘aseptic’ or ‘aseptically’ should have been construed in a particular manner does not mean that the Board misapprehended or overlooked anything that was not presented in the first instance in the Petition, particularly where Petitioner provided no express construction for that term in the Petition in the first instance.”** (page 4)

In *TRW Auto. US LLC v. Magna Elect.*, IPR2014-00262, Final Written Decision (PTAB 6/25/15), the Board found that independent claim 1 of the challenged vehicle image system patent was not unpatentable as obvious. **“[The petitioner] argues that even under [the patent owner’s] construction, [an English translation of an unexamined patent publication] teaches the ‘enhanced’ limitation...this argument is newly raised in the Reply, and is based on a portion of [the publication] that [petitioner] alleges, for the first time, corresponds to the enhanced limitation. Although the argument is based on [patent owner’s] proposed claim construction rather than the construction that [petitioner] proposes in its Reply, we consider the dispute over the proper construction of this term to be sufficiently foreseeable so that [petitioner] should have presented the argument and evidence in the Petition. [The petitioner’s] failure to do so at that time has deprived [patent owner] of the opportunity to respond to it, as [patent owner] could not respond to [petitioner’s] Reply. For this reason, we decline to consider it... Even if we were to consider this argument, however, we would find it unpersuasive. [The petitioner] does not point us to anything in [the publication] that suggests that a previously identified vehicle becomes a new ‘collision object’ when it becomes a collision hazard. Nor do we find any such teaching in the reference.”** (page 12)

In *TRW Auto. US LLC v. Magna Elect., Inc.*, IPR2014-00262, Motion to Reconsider Institute of *Inter Partes* Review (PTAB 8/27/14), the Board denied the petitioner’s request for rehearing of an earlier decision partially denying institution of grounds. **“It is simply too late for [the petitioner] to provide its claim construction and analysis for the first time. 37 C.F.R. § 42.71(d) is not an opportunity to submit new arguments that could have been submitted in the petition newly offered construction and analysis, we would not be persuaded that we abused our discretion in determining that [the cited prior art reference] teaches the qualified/disqualified limitation.”** (page 3)

8. Sua Sponte Claim Construction

In *Ericsson, Inc. v. Intellectual Ventures I, LLC*, IPR2014-01149, Motion to Reconsider Construction of *Inter Parties* Review (PTAB 2/18/15), the Board denied the petitioner’s request for reconsideration of an earlier decision denying *inter partes* review of claims 6-12 of the ‘783 patent because we failed to read the claim limitation directed to a set of interleavers, each set coupled to ‘respective sources’ of original data elements, onto the prior art.... **In the absence of either party proposing its own construction or supporting its construction with evidence or argument, we *sua sponte* construed the phrase ‘set of interleavers, each set coupled to respective sources of original digital data elements’ which appears in claim 6....** As we concluded in the Decision, the broadest reasonable interpretation of ‘respective sources’ is that

each respective source of original digital data elements is coupled to a set of interleavers. [The petitioner] does not persuade us that we erred or otherwise abused our discretion determining that claim 6 requires that each respective set of interleavers must be coupled to its own respective source of original digital data elements.” (page 2)

IV. DEFERENCE TO PRIOR CLAIM CONSTRUCTION

Whether a claim construction in a first case involving a party will bind in a second case, either with that party's presence or otherwise, continues to be an issue of indeterminate borders and varying viewpoints.

1. Not Sure

In *Ball Metal Beverage Container Corp. v. Crown Packaging Technology, Inc.*, No. 12-CV-00033, 2013 WL 6804669 (S.D. Ohio Dec. 20, 2013), **Judge Rice wanted more briefing before he decided the effect of a prior construction.** He ordered the parties to submit additional briefing addressing whether claim construction of the patents-in-suit in a prior lawsuit precluded further construction of those claims: “[B]oth [patents-in-suit] were the subject of a previous patent infringement suit brought by [defendant] against [plaintiff] in this Court....In [the prior lawsuit], the Court held a *Markman* hearing and, thereafter, set forth its construction of the disputed claim terms of the [patents-in-suit]. **Neither party challenged the Court's construction of those terms when appealing its summary judgment decisions to the Federal Circuit....[T]he parties now argue that many of those terms are ;'disputed' in the present action. However, neither party's brief addresses or explains why issue preclusion (collateral estoppel) does not apply....Instead, they apparently presume that the Court's previous constructions of [the patents-in-suit] are simply open to review....[N]either party has explained to the Court why its original construction of the claim terms should be revisited at all. Such revision requires the assertion of a convincing argument issue preclusion.” *Id.* at *1-2.**

2. A Stipulation May End Up Causing Binding Effect In a Later Case

In *Capital Machine Company, Inc. v. Miller Veneers, Inc.*, No. 09-CV-00702, 2013 WL 6560917 (S.D. Ind. Dec. 13, 2013), **following remand from the Federal Circuit affirming two of the court's claim construction, the court held plaintiff to its prior stipulation and granted summary judgment of noninfringement to defendant.** “In order to appeal the *Markman* Order, [plaintiff] stipulated that it could not prove the ‘flitch’ element under this Court's construction of that term. **Because the Court's construction of ‘flitch’ was affirmed by the Federal Circuit, [plaintiff's] stipulation remains binding.** Despite its binding stipulation, [plaintiff] now makes a plethora of too-clever-by-half arguments that amount to nothing more than a desperate and disingenuous attempt to make an end-run around its earlier stipulations. **The Court will not permit [plaintiff] to change or otherwise explain away its binding stipulations, recharacterize its claims in order to circumvent the Federal Circuit's decision, or withdraw claims that clearly must be decided against it in light of the Federal Circuit's decision.” *Id.* at *1.**

3. Not Binding In A Second Case

In *Apple, Inc. v. Samsung Electronics Co.*, No. 12-CV-00630 (N.D. Cal. 2012), Trial (April 25, 2014), a Federal Circuit reversal of another case between Apple and Motorola Mobility, pending in ND Ill, included a claim construction determining that Samsung wanted to have applied in the ND Cal case.

Apple and Samsung planned patent experts to testify again about Apple's '647 patent in light of the Federal Circuit's order, which found that an interpretation of the patent by presiding Judge Posner was the right one. Judge Koh, presiding in ND Cal, interpreted the patent language differently, but was clearly nervous about a jury verdict based on that interpretation. "I have a concern about this going to the jury without a Federal Circuit-approved construction," Judge Koh said. "I wonder if Apple's assumed the risk."

Earlier in the trial, Apple expert Mowry testified that Samsung's mobile products infringed the patent, which covers a feature that detects phone numbers, addresses and other data in iPhone users' email and connects them to other functions — such as dialing a number or locating an address on a map. But Mowry's testimony was "inconsistent with both [Judge Posner's and Judge Koh's] constructions". Meanwhile, Apple blocked Samsung's counsel from asking its own expert, Jeffay, questions that aligned with Judge Posner's interpretation, he argued. "The constructions we offered in this case, the ones Apple said were wrong, were right," Samsung said.

Judge Koh said she was frustrated by the fact that neither side asked her to interpret certain definitions in the patent claims that were addressed by the Federal Circuit's ruling. "This case has been pending since February of 2012. Now we're about to instruct the jury, and you're saying we need to reopen everything. This wasn't a surprise. There was another case. This had been construed. Neither side has been shy about asking for additional claim constructions".

Samsung said that it had proposed Judge Posner's construction earlier in the case.

But Judge Koh said that wasn't enough — at least not at the time Samsung made the proposal. "Just because another district court judge in another part of the country has construed a claim one way, I don't have to adopt that." Parties can ask for new patent interpretations in different cases, she added.

4. Binding In A Second Case

In *Source Search Technologies, LLC v. Kayak Software Corp.*, No. 11-3388 (FSH) (D.N.J. 2011), MSJ Opinion (June 16, 2014) [not for publication] [not for publication], the court granted in part defendant's motion for summary judgment of non-infringement of plaintiff's computerized quotation system patent.

The court stated that:

In *LendingTree*, the Federal Circuit found that an offer must be capable of acceptance to qualify as a "quote"¹⁴ **[Even if the Federal Circuit had not adopted SST's position on appeal—which it did—the Court would find that SST is estopped from arguing that a quote need not be capable of acceptance in light of its many statements to the district court, the Federal Circuit, and the USPTO stating that such capability is part of the invention claimed in the '328 patent. SST's assertion that the Federal Circuit rejected a construction that required the ability to "accept" quotes is wrong. Indeed, the Federal Circuit vacated the district court's grant of summary judgment of infringement with respect to Lending Tree's website.] Under the Federal Circuit's construction,**

a party may not renegotiate after such an offer is accepted. *See LendingTree*, 588 F.3d at 1072, 1074-75. This is precisely what SST argued to the Federal Circuit in the *LendingTree* matter. SST is bound by the positions it has consistently taken that a “quote” means an offer with such particularity that it can be accepted by clicking on a virtual “accept” button, or its equivalent.¹⁵ [SST consistently advocated for this position during the *LendingTree* district court matter and during the *LendingTree* appeal. During the appeal, SST argued:

The second problem addressed by claim 14 is that early e-commerce systems searched through online vendor catalogs to find product names and prices, using whatever databases were available. After locating vendors that stocked the item, a consumer would then select one from a list, and separately contact the vendor . . . The vendor might reject or accept the order, based upon whether he could meet the terms of it. *Hence, a consumer might review the responses and “accept” one of them, only to find out later that the consumer’s request to purchase the product was rejected . . .* The ‘328 invention contacts the sub-subset of vendors and returns “the price and other terms of a particular transaction in sufficient detail to constitute an offer capable of acceptance.” . . . Because the vendor computers are so tightly integrated and standardized with the e-commerce system, *what comes back are all the detailed terms of a full contractual offer that can be accepted with a “click,” thereby solving this second problem.*

(Dkt. No. 160-1, Ex. A, SST Appeal Brief at 11-12 (underlining in original, other emphasis added); see also *id.* at 21-22 (“The ‘328 patent quote includes specific shipping terms and charges, tax, conditions of quote, etc., *and an option to accept the offer to actually form a contract.*” (emphasis added)); *id.* at 3 (“In the ‘328 patent, *the returned quotes* contain all contractually material terms of the proposed transaction, and *can be accepted by the potential buyer to facilitate an on-line purchase.*” (underlining in original, other emphasis added).) SST argued that the claimed invention required an actual offer, while in the prior art, a vendor was free to accept or reject a buyer’s order. (*Id.* at 21-22.)

SST also took this position in the district court litigation in *LendingTree*, and it was adopted by that court. *See Source Search Technologies, LLC v. Lending Tree, LLC*, Civ. No. 04-4420, 2006 WL 2990363, at *9 (D.N.J. Oct. 16, 2006). This position is exemplified by SST’s *Markman* brief in the *LendingTree* matter in front of District Judge Debevoise. (JA 1873, SST’s *Markman* Brief in *LendingTree* (“But, most importantly of all, the quote contains *a field for the user to accept it by simply clicking on his computer to issue a firm purchase order for the product.* Fig. 8. (ACCEPT/REJECT QUOTE):. . . when a quote is in such a detailed form so that it can be accepted, it is generally interpreted to mean an offer, not a mere statement of price.” (emphasis in original).)

SST made the same argument to the USPTO. (JA 1664 (“[T]he ‘328 patent explains that the potential buyer can purchase the item by accepting the quote, which would not be possible if there were a varies of additional terms . . . not included in the quote and which were unknown to the buyer.”).)]

SST cannot reverse course now. It strategically argued that the ability to accept an offer was what “quote” meant to distinguish itself from the enormous breadth of interne searches that return information, often very detailed information, but are not “quotes.” To have argued otherwise would have endangered the validity of the patent. Having overturned a finding of invalidity by a prior district court in the *LendingTree* case by arguing for a narrower scope and definition, SST cannot now be a chameleon.

(Slip op. at 23 - 24) (emphasis added.)

In *Ohio Willow Wood Co. v. Alps South, LLC*, 735 F.3d 1333 (Fed. Cir. Nov. 15, 2013), the court affirmed a summary judgment of invalidity.

The Ohio Willow Wood Company (OWW) sued Alps South, LLC (Alps) for infringement of the ‘237 patent. The patent relates to cushioning devices that go over the residual stumps of amputated limbs to make use of prosthetics more comfortable. The Southern District of Ohio stayed the litigation from November 2006 until November 2011, pending the completion of several reexamination proceedings. After the stay lifted, the parties moved for summary judgment. The trial court granted summary judgment that: **(1) OWW was collaterally estopped from challenging the invalidity of claims 1, 2, 4, 15, 16, and 20; (2) claims 18, 19, 21, 22, and 23 were invalid for obviousness; and (3) Alps failed to raise a genuine issue of material fact with respect to inequitable conduct. The Federal Circuit affirmed on the issues of collateral estoppel and obviousness.**

The Federal Circuit reviewed the collateral estoppel finding *de novo*. On appeal, OWW argued that the mere existence of different language in the adjudicated claims of the ‘182 patent (the parent patent that was previously adjudicated as invalid) and the unadjudicated claims of the ‘237 patent alone were sufficient to overcome collateral estoppel. The Federal Circuit held that the proper inquiry was whether there was an identity of the issues litigated. Here, the asserted claims had slightly different claim language, but in affirming the district court, the Federal Circuit found that OWW failed to explain how the mere use of different words altered the invalidity determination. Barry et al., *The Ohio Willow Wood Co. v. Alps South LLC*, Lexology, Nov. 20, 2013 (<http://www.lexology.com/library>).

See also Weger v. Dyson, Inc., No. 13-CV-06188 (N.D. Ill. 2013) MSJ-Noninfringement (May 29, 2014) (previous case between same parties involving same patent-in-suit; “the accused models operate with two (a pair of) rotating outer shells provide motion and a pivoting capability that allow right or left movement when the cleaner is tilted. There is sufficient difference in the accused models and the DC 15 model to preclude direct application of the holdings in the *Dyson* case to this case. **However the construction of the patent insofar as it may be applicable, is binding on the parties and the court.**”); *Trading Technologies Int’l, Inc. v. CQG, Inc.*, No. 05-CV-04811, 2014 WL 1645838, *4 (N.D. Ill. April 24, 2014) **(the court granted plaintiff’s**

motion to terminate claim construction proceedings because all outcome determinative terms were construed in a related case whose claim construction was confirmed on appeal: [Defendant], while not a defendant in [the related case], fully participated in the *Markman* proceedings constructing the ‘static’ terms. Further, [defendant], at various times in this case, has acknowledged the Federal Circuit’s binding authority when it constructed the ‘static’ terms.... Ultimately, this Court is barred by the law of the case and stare decisis from construing, refining, or re-litigating the ‘static’ terms.”); *The Medicines Company v. Mylan Inc.*, No. 11-CV-01285, 2014 WL 1979261 (N.D. Ill. May 15, 2014) (the court granted in part defendants’ motion that plaintiff’s experts were judicially estopped from asserting opinions contrary to a claim construction argument plaintiff presented to avoid summary judgment: “The pertinent factors weigh in favor of applying judicial estoppel in this case to prevent [plaintiff’s] experts from offering opinions at trial premised on an interpretation of the asserted claims as requiring the maximum Asp[9] impurity levels recited in the patent to be met only ‘consistently.’... **Allowing [plaintiff] to rely on the interpretation of the asserted claims to avoid Defendants’ invalidity argument but another, contradictory interpretation to prove infringement would condone exactly contradictory interpretation to prove infringement would condone exactly the type of gamesmanship that judicial estoppel seeks to prevent.... Because it is not entirely clear whether [one expert’s] opinion rests on the repudiated interpretation of the asserted claims -- and because the need for the Court to determine the admissibility of [his] opinions in advance of trial is lessened where, as here, the Court will serve as the trier of fact --the Court reserves ruling on Defendants’ motion with respect to [one paragraph] until trial.” (*Id.* at *3-4))**

IV.B. PTAB/District Court Interface

This is the question of the hour, especially as to what effect, if any, a trial court is going to give to a PTAB construction.

1. Trial Court Construction Before The PTAB

No big surprise: the PTAB says it's not bound by a trial court construction in a parallel case. See, e.g., *Palo Alto Networks Inc. v. Juniper Networks, Inc.*, IPR 2013-00466 (PTAB 2013), Order to Expunge (Feb. 13, 2014) (during the initial conference call, the Board granted the patent owner's request to expunge an expert infringement report from the concurrent litigation submitted as evidence by petitioner: "Patent Owner requested that the Board expunge [the exhibit]. Upon inquiry from the Board regarding the relevance of [the exhibit] to this proceedings, **Petitioner indicated that it only references the infringement report in its petition to indicate how Patent Owner construes certain claim terms in [the patent] in the concurrent litigation.... the board is not obligated to follow Patent Owner's proposed claim construction in the concurrent litigation and did not reference the infringement report when it construed the claim terms 'primary portion' and 'secondary portion' in the decision on institution. Accordingly, [the exhibit] is expunged from the record in this proceeding because it is an infringement report that was submitted for the sole purpose of divulging Patent Owner's claim construction in the concurrent litigation, and it has little, if any, relevance to the construction of claims terms in this proceeding.**" (page 5))

2. PTAB Construction Before Trial Court

Not as black and white as the PTAB is when the shoe is on the other foot, somewhat surprisingly.

In *Edisync Systems, Inc. v. Centra Software Inc.*, No. 03-CV-01587 (D. Col. 2003), Order re Claim Construction (Feb. 11, 2014), the court revisited its earlier claim construction following reexamination: "[T]he purpose of this Order is to modify, limit and narrow my [prior] **Markman order in light of the PTO's most recent Office Action, which I find significantly narrowed the scope of [the patent-in-suit].** Unless otherwise stated in this Order, I find that where there is a conflict between the PTO's conclusions in the Office Action and my Markman order, the Office Action controls." (page 2)

In contrast, in *Virginia Innovation Sciences, Inc. v. Samsung Electronics Co.*, No. 12-CV-00548 (E.D. Va. 2012), Motion to Reconsider MSJ - Invalidity (May 2, 2014), **the court denied plaintiff's motion to reconsider the court's prior invalidity finding because of the PTAB's different findings during inter partes reexamination:** "[E]ven if the Court assumes that a prior final PTAB decision as to patentability, could somehow be binding on a district court, **such rule surely would not make subsequent non-final PTAB decisions to institute, or not to institute IPR proceedings retroactively binding on a district court.... To allow reconsideration of an interlocutory order based upon the subsequent decision of another adjudicative tribunal — which was driven by a different claim construction, different arguments by the parties, different evidence, and a different legal standard - would remove all considerations of finality and consistency by allowing parties to challenge a court's**

ruling whenever that party identifies, in hindsight, an improved legal argument.” (page 37)

And in *Surfcast, Inc. v. Microsoft Corp.*, 6 F. Supp. 3d 136, 142 (D. Me. March 14, 2014), the court noted:

On November 19, 2013, while claim **construction** was under advisement before the Court, the Patent Trial and Appeal Board of the PTO granted *inter partes review* of the ‘403 Patent under 37 C.F.R. §42.108. *Microsoft Corp. v. SurfCast, Inc.*, No. IPR2013-00292 (P.T.A.B. Nov. 19, 2013) (PTO Op.). Inter partes review is an administrative proceeding in which the PTO reviews an issued patent to determine if some claims should be canceled because they are unpatentable in light of the prior art. 35 U.S.C. § 311(b); 37 F.F.R. §42.108(a), (b). For the purpose of granting *inter partes review*, **the PTO construed some of the claim terms in the ‘403 Patent currently before the Court. PTO Op. at 8-23. The PTO’s construction is persuasive by not binding on this Court. See Def. Microsoft Corporation’s Notice of Institution of Inter Partes Review of the Patent-In-Suit at 2 (ECF No. 146) (Nov. 21, 2013).**

IV.C. Collateral Estoppel in Claim Construction

In *E.Digital Corp. v. Huawei Techs. (USA)*, Appeal No. 2014-1019, 772 F.3d 723 (Fed. Cir. 2014), the Federal Circuit found that a trial court had erred in barring e.Digital Corp. from seeking a claim construction on a patent that differed from one in an earlier case.

The court held that e.Digital was barred by the doctrine of collateral estoppel from seeking a new claim construction with regard to one of the two patents-in-suit since that patent was at issue in the earlier case. However, the second patent, which was not involved in the earlier case, presented a different issue, the court said. The trial court found that the second patent was related to the first one and should be construed the same way, but the Federal Circuit said it actually disclosed a separate invention with different features. “These distinctions reinforce the well-understood notion that claims of unrelated patents must be construed separately,” the court wrote. “Because the asserted patents are not related, the ... patent requires a new claim construction inquiry.”

e.Digital sued different defendants over U.S. Patent Number 5,491,774, which describes a recording device with a microphone and a flash memory system, in the District of Colorado in 2009. The court in that case construed the patent to mean that the device can only use flash memory, not RAM or other memory systems. Based on that construction, e.Digital got the Colorado case dismissed with prejudice. The ‘774 patent was later re-examined by the U.S. Patent and Trademark Office, and two key claims were canceled while a new claim was added. In 2013, e.Digital filed the instant suit in the Central District of California against smartphone makers Huawei and Pantech and video camera maker GoPro. It alleged infringement of both the ‘774 patent and a second patent, U.S. Patent Number 5,839,108, which purports to improve on the ‘774 patent.

The trial court held that because the Colorado court had already construed the claims, the doctrine of collateral estoppel, which precludes a party from relitigating an issue, barred e.Digital from seeking a new claim construction on both patents.

The Federal Circuit said that the court was right with regard to the ‘774 patent since it “presents the identical claim construction inquiry” as the Colorado case, even with the new claim added in re-examination. The ‘108 patent, however, is a different invention with a distinct prosecution history, so it is not related to the ‘774 patent, the court held. It noted that the ‘108 patent’s written description clearly depicts RAM, so the Colorado judge’s construction that the invention could not use RAM did not apply.

The court cautioned, however, that each case involving collateral estoppel requires a determination of whether previously decided issues are identical. “To be clear, our decision that collateral estoppel cannot apply to the construction of a claim in one patent based on a previous claim construction of an unrelated patent is not an invitation to assume the opposite is always justified,” it said. “That is, a court cannot impose collateral estoppel to bar a claim construction dispute solely because the patents are related.”

Davis, *Fed. Cir. Revives Flash Memory Patent Suit Against Huawei*, Law360, <http://www.law360.com/articles/597714> (11/20/14).

In discussing the case, Erdman, *Collateral estoppel applied to claim limitation despite intervening reexamination*, Lexology, <http://www.lexology.com/library> (12/18/14), focused more attention on the specifics of the reexamination.

The '774 patent, owned by e.Digital, discloses an audio recording and playback device with a microphone and a removable, interchangeable flash memory recording medium. Prior to the cases at issue in the instant appeal, e.Digital asserted claims 1 and 19 of the '774 patent in the District of Colorado ("Colorado Court"). **The Colorado Court construed the sole memory limitation in the claims as requiring that the device use only flash memory, and then granted the parties' stipulation to dismiss the case with prejudice. In a subsequent ex parte reexamination, the PTO cancelled claims 1 and 19 of the '774 patent and issued reexamined claim 33, which, among other limitations, recites the sole memory limitation of the cancelled claims.**

Following reexamination, e.Digital asserted reexamined claim 33 of the '774 patent and claims 2 and 5 of the '108 patent in the Southern District of California against Futurewei Technologies, Inc. and Huawei Device USA (collectively "Huawei") and four other defendants. **Based on the Colorado Court's previous claim construction, the defendants moved to apply collateral estoppel to the sole memory limitation in both the '774 and '108 patents. The trial court granted the motions and adopted the Colorado Court's construction, finding that the '774 patent reexamination never addressed the sole memory limitation, and that the '108 and '774 patents were "closely related."** e.Digital stipulated to final judgment of noninfringement with Huawei, and stipulated to a non-final partial judgment of noninfringement with the other defendants. The trial court converted the partial judgments to final judgments; e.Digital appealed.

On appeal, the Federal Circuit held that the trial court correctly applied collateral estoppel to the '774 patent. **The court reasoned that the sole memory limitation in reexamined claim 33 was identical to that in the cancelled claims, and that the reexamination did not address the limitation. The court emphasized that although reexamination history may "create a new issue that would preclude the application of collateral estoppel, such a scenario does not exist here because the reexamination history in no way modifies, clarifies, or even informs the construction of the sole memory limitation."** Slip op. at 5.

Regarding the '108 patent, the court held that collateral estoppel did not apply. The court reasoned that the '108 patent presented a separate claim construction issue, and that while the '108 patent discloses an improvement to the '774 patent and may incorporate by reference the '774 patent as prior art, the patents were not related. **The court explained that "[t]he '108 patent discloses a separate invention, includes a distinct prosecution history, and is supported by a different written description," and that "[t]hese distinctions reinforce the well-understood notion that claims of unrelated patents must be construed separately."** *Id.* at 6 (citing *Tex. Digital Sys., Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1211 (Fed. Cir. 2002)).

The court clarified that its decision does not automatically permit courts to "impose collateral estoppel to bar a claim construction dispute solely because the patents are related." *Id.* **Instead, the court explained that "[e]ach case requires a determination that each of the**

requirements for collateral estoppel [is] met, including that the issue previously decided is identical to the one sought to be litigated.” *Id.* at 6-7.

See also Dutra, *Added Claim in Re-examination Didn't Negate patent In Validity Judgment Against E.Digital*, 89 PTCJ 153 (11/19/15).

IV.D. Effect of District Court *Markman* Claim Construction re PTAB

In *Ferrum Ferro Capital, LLC v. Allergan Sales, LLC*, IPR2015-00858, Decision Denying Institution of *Inter Partes* Review (PTAB 9/4/15), the Board did not institute *inter partes* review because Petitioner had not established that there is a reasonable likelihood that it would prevail with respect to claim 4 of the '149 patent under 35 U.S.C. § 103(a). The '149 patent "is directed to the topical ophthalmic use of brimonidine in combination with timolol for the treatment of glaucoma or ocular hypertension."

The specification of the '149 patent noted that "both brimonidine and timolol previously were commercially available, and had been combined for serial application in the treatment of glaucoma." However, according to the '149 patent, "[u]nexpectedly it has been discovered" that brimonidine in combination with timolol meets the criteria of "increased stability" and "increased efficacy to reduce side effects." **Claim 4 of the '149 patent had previously been found not invalid as obvious by the Federal Circuit.** See *Allergan v. Sandoz*, 726 F.3d 1286 (Fed. Cir. 2013).

The Board first turned to claim construction under the "broadest reasonable interpretation in light of the patent specification" of which the claim terms of the unexpired patent are a part. Petitioner asserted that the term "without loss of efficacy" is not a limitation "because our broadest reasonable interpretation is broader than the 'narrower Phillips standard'" that the Federal Circuit had applied. Petitioner further asserted that the term "recites an intended result of practicing the method as claimed, not a step of the claimed method, and, therefore, should not be given patentable weight." **The Board analyzed the Federal Circuit's decision and was not persuaded that the term "is not a limitation in claim 4, regardless of whether we apply the broadest reasonable interpretation or the Phillips standard of claim construction."** Thus, the recited result required in claim 4 "is a limitation."

In *Power Integrations, Inc. v. Lee*, Appeal No. 2014-1123, 797 F.3d 1318 (Fed. Cir. 2015), the Federal Circuit concluded that the Board of Patent Appeals and Interferences (Board) in arriving at a claim constructions, is obligated to consider a prior trial court construction of the same term.

Power Integrations (PI) challenged the PTO's decision affirming the final rejection of claims during an *ex parte* reexamination that Fairchild had filed against a patent directed to a technique of minimizing electromagnetic interference occurring in power supplies. PI had brought suit against Fairchild alleging infringement of the patent. During the trial court claim construction proceedings PI argued that the claim term "coupled" required that two circuits be connected in a manner "such that voltage, current, or control signals pass from one to another" and that the recited coupling between circuit components must be "present for the purposes of control." PI also made clear that its proposed construction did not require a direct connection between circuit elements. **The trial court adopted PI's proposed construction. After a trial on validity, a jury found that the patent was not obvious over a primary reference, that verdict was affirmed by the Federal Circuit on appeal.**

During the reexamination, the examiner rejected claims of the patent as being anticipated by the same reference found to not have rendered the claim obvious in the trial court litigation. In affirming the rejection, the Board stated that PI “appear[ed] to argue that one of ordinary skill in the art would understand the term ‘coupled to’ to restrict device connections to exclude intervening components.” PI appealed.

On appeal, the Federal Circuit found that the Board’s patentability analysis was deficient under the Administrative Procedure Act (APA), providing too little for review. The court explained that “[u]nder the APA, the board is obligated not only to come to a sound decision, but to fully and particularly set out the bases upon which it reached that decision.” The court found that in this instance, the Board had “fundamentally misconstrued Power Integrations’ primary claim construction argument” namely that the term “coupled” did not exclude intervening components between circuit elements. Because so much of the Board’s analysis had focused on the issue of whether “coupled” required a direct connection between circuit elements, the court explained that the Board had inadequately evaluated PI’s primary argument. **The Federal Circuit further explained that while the Board uses a different claim construction standard, i.e., the broadest reasonable interpretation in light of the specification (BRI), than trial courts, the Board should have reviewed the trial court’s claim construction, since PI had advanced the same construction as the Patent and Trademark Office as it did in the parallel litigation: “[t]he fact that the board is not generally bound by a previous judicial interpretation of a disputed claim term does not mean . . . that it has no obligation to acknowledge that interpretation or to assess whether it is consistent with the broadest reasonable construction of the term.”** The court qualified its decision by noting “[w]e do not hold that the board must in all cases assess a previous judicial interpretation of a disputed claim term” but rather “only that the board on remand should carefully and fully assess whether the disputed claims of the...patent are anticipated by the prior art, setting out its reasoning in sufficient detail to permit meaningful appellate review.”

Practice Note: While this decision arose from an *ex parte* reexamination, it is likely that the same rational would apply to post-grant proceedings under the America Invents Act (AIA) in those situations where a prior trial court construction, based on the same claim construction arguments, was available from a parallel litigation.

Federal Circuit: PTAB’s claim construction in BRI, but sometimes with an obligation, Lexology, <http://www.lexology.com/library>, (10/6/15); see also Fed. Cir. Bar Assoc. Case Digest, Sept. 2015, Vol. 19, No. 9, page 9.

In *Foursquare Labs, Inc. v. Silver Satte Intellectual Techs., Inc.*, IPR2014-00159, Motion to Reconsider Institution of *Inter Partes* Review (PTAB 8/1/14), the Board granted in part the petitioner’s request for rehearing of an earlier decision denying institution of *inter partes* review over all but one claim of the challenged patent and modified their interpretation of one claim term. “We agree with Petitioner that our earlier construction of ‘access list of possible requesters’ is not the broadest reasonable construction consistent with the use of the term in the ‘165 patent... [W]e modify our claim construction of ‘access list of possible requesters’ of data or information to be ‘a series of possible requesters who have the right to access, or make use of, the data of information. Based on the record, this is the broadest reasonable construction

consistent with the written description of the '165 patent. We further note that this construction is consistent with the trial court's construction of the term."

See Kenny, *The Broadest Reasonable Construction Standard and the Consideration of Claim Construction by the District Court at the Patent Trial and Appeal Board*, 88 PTCJ 1084 (8/22/14).

IV.E. Effect of PTAB BRI Claim Construction re District Court

In *Enzo Biochem, Inc. v. Molecular Probes*, Civil Action No. 1-03-cv-03816 (SDNY 2003), motion to reconsider claim construction, *Markman* (SDNY 12/10/14)), **following an *ex parte* reexamination of the patent-in-suit, the court denied plaintiff's motion to reconsider claim construction and vacate a related summary judgment order.** "Although [plaintiff] concedes that its proposed course of action would result in disrupting litigation which has relied, for eight years, on the 2006 *Markman* Ruling, it nevertheless contends that 'reconsideration would promote judicial economy and efficiency' because 'reversal [of the 2006 *Markman* Ruling] is unlikely.' The court disagrees....[P]ut simply, **the PTO Ruling is not binding on this court, nor is it binding on the Federal Circuit...[Plaintiff] has repeatedly sought - and has been repeatedly denied - reconsideration of the 2006 *Markman* Ruling based on the contrary construction in [another case involving the same patent]. The fact that the PTO Ruling is apparently consistent with [that other case] does not alter the court's conclusion about whether reconsideration is warranted, nor does it undermine the soundness of the 2006 *Markman* Ruling.**" (page 5)

In *Apple, Inc. v. ContentGuard Holdings*, IPR2015-00352, Institution of Inter Parties Review (PTAB 6/24/15), The Board denied institution of *inter partes* review of a patent directed to a method and system for transferring rights for digital works under 35 U.S.C. § 103 (a). "[Petitioner's expert] **does not explain why he deviated from the Board's previous definition of 'behavioral integrity' which eventually was adopted by the trial court and adopted for purposes of this proceeding. Nor does [the expert] explain how his new definition of 'behavioral integrity' would be understood by one of ordinary skill in the art in light of the specification of the '280 patent. Absent some underlying facts or data to support [the expert's] new definition of 'behavioral integrity,' his testimony in this regard is entitled to little, if any, weight...** (page 17)

Oyloe, *Claim Constructions in PTAB v. District Court*, Law360, <http://www.law360.com/articles/581715/print?section=IP> (10/6/14).

IV.F. **District Court / District Court, PTAB/District Court and District Court/PTAB Cross-Effects of Claim Construction**

The binding nature of a *Markman* claim construction on a district court-to-district court case basis has been an ongoing issue for years. Now, thanks to the extreme popularity of post-grant practice, cross issues of a PTAB claim construction's effect on a parallel district court action, and *vice versa*, are also rising to the fore. The complexities that now abound boggle, calling into play issues of collateral estoppel, judicial estoppel, and administrative proceedings law vs. the FR Civ P.

1. **District Court to District Court**

In *Allergan Sales, LLC v. Sandoz Inc.*, Civil Action No. 2:12-cv-207-JRG (ED Tex. 2016), **Judge Gilstrap held that an agreement in an earlier lawsuit can't stop Sandoz Inc. from reinterpreting patent terms for eye drop drugs.** At issue is U.S. Patent No. 8,133,890 which covers a combination of drugs - brimonidine and timolol - for topical ophthalmic use. **Allergan Sales LLC argued that Sandoz couldn't newly construct "brimonidine" and "timolol," under the doctrine of issue preclusion because the terms had already been construed in an earlier lawsuit between the parties.** Allergan had sued Sandoz under the *Hatch-Waxman Act* after Sandoz applied for market approval of a generic version of Allergan's Combigan glaucoma drug. *Hatch-Waxman* provides a framework for market approval of generic drugs.

The court disagreed with Allergan. For preclusion to apply, the issues had to have been previously adjudicated, actually litigated and necessary to the matter's resolution. Here, because the parties had agreed on constructions for the terms in the earlier case, the issue was not actually litigated. The court pointed out that there was no briefing or argument about the two terms as they applied to Sandoz and Allergan. A separate defendant in the earlier case argued against the agreed-upon definition of "timolol" and lost, but that does not change the analysis because Sandoz wasn't part of that argument.

Even though the other two factors supported Allergan, **the lack of actual adjudication meant that there was no issue preclusion as to these two terms, the court ruled.** The court did preclude Sandoz from raising the issue of "reducing the number of daily topical ophthalmic doses," again because Allergan and Sandoz previously litigated that issue.

See Leung, "Sandoz Can Make New Patent Claim Arguments in Allergan Spat", 91 PTCJ 1563 (2016).

In *Finjan, Inc. v. Symantec Corp.*, Civil Action No. 14-cv-02998-HSG (N.D. Cal. Nov. 14, 2016), after the trial court conducted a claim construction hearing (but before it issued an order), the trial court stayed the litigation between Finjan and Symantec pending a decision by the PTAB regarding whether to institute an inter partes review ("IPR") over the asserted patents. When the trial court lifted the stay and issued a new scheduling order, Symantec filed a motion seeking additional claim construction briefing and another hearing.

The court believed that there was good cause to order the additional briefing and hearing for two reasons:

“First, since the *Markman* hearing in this case, Plaintiff appears to have argued in other litigation regarding this patent that "web clients" are limited to "end users." See, e.g., *Finjan, Inc. v. Sophos, Inc.*, No. 14-CV-01197-WHO, 2016 WL 2988834, at *22 (N.D. Cal. May 24, 2016) (Orrick, J.) (“[Finjan] argues that the web clients in the accused products are the end users . . .”); Straka Decl., Ex. 3 at 1-5 (Plaintiff’s brief filed on May 20, 2016 in *Finjan, Inc. v. Proofpoint, Inc.*, No. 3:13-cv-5808-HSG (hereinafter, "*Finjan v. Proofpoint*")) (arguing that the plain and ordinary meaning of "web client" is the "end user's computer"); Straka Decl., Ex. 4 at 10 (Plaintiff’s brief filed on March 31, 2016 in *Finjan v. Proofpoint*) (“The only logical interpretation, which is fully supported with the documentary and testimony evidence, is that the end user is the web client . . .”). In contrast, defendant contended, based on the patent's language, that "web client" means "any application program that accesses web page data on a web server . . . regardless of whether that program is an end user system or running on a server.”

Second, since the *Markman* hearing in this case, plaintiff appeared to have represented in other litigation regarding this patent that the claim limitation "before a web server makes the Downloadable available to web clients" can be met even where the claim inspector links the Downloadable after web clients are able to access the Downloadable. See Straka Decl., Ex. 4 at 10 (Plaintiff’s brief filed on March 31, 2016 in *Finjan v. Proofpoint*) (stating that the accused product "receives web content . . . from a web server, inspects the content, [and] generates a security profile," which is only then "linked to the analyzed content"). In contrast, defendant argued that the plain language of the claim, the specification, and the prosecution history demonstrate that linking must occur before web clients can access the Downloadable. See Dkt. No. 135 at 5-9.”

As a result of these arguments made in other litigation, **the trial court determined that there was good cause to depart from the default deadlines and obligations of the Patent Local Rules "because resolving the targeted number of fundamental disputes described above will assist the fact finder in ruling on the patent infringement claims, help the parties tailor discovery to the scope of claims, and allow experts to render more precise opinions."**

Gibson, “District Court Orders Additional Claim Construction Briefing After Plaintiff Appeared to Argue a Different Position in Other Litigation”; Patent Lawyer Blog, Lexology, <http://www.lexology.com/library/detail.aspx?g=be4b8919-2a44-4318-b8bb-2b1d225a2ae3> (11/17/16).

In *DataTerm, Inc. v. MicroStrategy, Inc.* Civil Action No. 1-11-cv-12220 (D. Mass 2015) (Remand of Order on MSJ), following remand, **the court denied without prejudice defendant’s motion for summary judgment that it did not infringe plaintiff’s database interface patent because there was insufficient evidence to apply judicial estoppel to plaintiff’s claim construction stipulation in another case:** “[Plaintiff’s] positions as to the meaning of ‘class’ in the two proceedings are clearly inconsistent. **Furthermore, the courts in the earlier proceeding accepted and relied upon the stipulation.** The question, then, appears to be whether [plaintiff] would derive an unfair advantage if its new position is accepted by the

Court. **Although the inconsistency is obviously troublesome, rather than address the issue at the this stage, the Court will instead defer its consideration.**” (page 21)

Khan and Dennhardt, “*Binding Claim Construction Rulings Pre-Teva vs. Post-Teva*” Law 360, <http://www.law360.com/articles/794754> (7/11/16), present a detailed discussion, post-*Teva*, as to “whether and to what extent courts leading up to *Teva* gave preclusive effect to prior claim construction rulings, and it also analyzes *Teva*’s consequences for the doctrine of issue preclusion, particularly when two cases present different claim construction records.”

In sum, Khan and Dennhardt stated that:

1. Claim Construction Rulings, Standing Alone

Several courts have addressed the argument that claim construction rulings are themselves “final” and thus have preclusive effect on parties and their privities from the moment they issue in a prior or co-pending case. Support for that view is found in *TM Patents LP v. International Business Machines Corp.*, in which the district court suggested that *Markman* rulings have “special finality” given that, upon the conclusion of *Markman* proceedings, “nothing more remain[s] to be decided on the issue of claim construction.”

Though other district courts have also noted the “special finality” of *Markman* rulings, no court has actually held that claim construction rulings are themselves “final” (absent additional facts that bear on finality, such as judgment, dismissal or settlement in the prior action). Furthermore, at least one district court has expressed doubt about whether the “special finality” of claim construction rulings survives *Teva*. Even prior to *Teva*, several district courts held that the finality requirement is not satisfied by a claim construction ruling standing alone...

2. Summary Judgment Rulings, Predicated on Claim Constructions

Courts have also addressed the issue of whether claim constructions that merge into summary judgment rulings are sufficiently final to have preclusive effect, even prior to final judgment.

Although not directed to claim construction rulings specifically, the district court’s decision in *Intellectual Ventures I LLC v. Capital One Fin. Corp.* is illustrative of the types of arguments made in support of preclusion under the circumstances. In *Capital One*, the court held that a prior, partial summary judgment ruling of invalidity satisfied the finality requirement even though the first action remained pending. The court noted that, under Fourth Circuit precedent, prior rulings need not satisfy “Rule 54(b) finality or appealability” and explained that “[a]s long as the prior adjudication of the identical issue is conclusive” there is “no reason to require the issue to be tried again because it lacked the formality of an express order.”

In other cases, however, courts have found that summary judgment rulings are not sufficiently final for purposes of issue preclusion. For example, in *Vardon Golf Co. Inc. v. Karsten Mfg. Corp.*, the Federal Circuit concluded that a grant of partial summary judgment was not entitled to preclusive effect. In the first action, the district court had construed the claims and granted summary judgment of noninfringement as to one of the patents-in-suit. The Federal Circuit held that the ruling was not sufficiently final because the “grant of summary judgment clearly was not immune to reversal or amendment” and because Seventh Circuit precedent accords finality to partial summary judgment orders only after certification under Rule 54(b) (which had not occurred in the first action).

3. *Settlements*

Courts generally agree that, absent extenuating circumstances, a claim construction ruling in a matter that has culminated in a final judgment is entitled to preclusive effect. We therefore focus on the issue on which courts appear to be most split — the preclusive effect of a claim construction rendered in a case that has settled.

One line of cases holds that claim construction rulings in settled cases should have preclusive effect. *Int’l Gamco Inc. v. Multimedia Games Inc.* explains the rationale for that view. The Gamco court found that under Ninth Circuit law, “a court approved settlement is a final judgment on the merits[,]” and that “[a] party who cuts off his right to review by settling ... cannot complain that the question was never reviewed on appeal.” The court also pointed to the goal of national uniformity as a reason to avoid relitigation of claim construction issues.

Another line of cases holds that a settlement undermines the finality of interlocutory decisions, such as claim construction, because it cuts off the parties’ right to appeal. *Kollmorgen Corp. v. Yaskawa Elec. Corp.* is often cited for that proposition. The court concluded that TM Patents and its progeny incorrectly interpreted *Markman II* as “nullifying pre-existing Federal Circuit analysis regarding collateral estoppel,” and found the lack of opportunity for review due to the settlement similarly problematic.

The identity prong of collateral estoppel requires that the issue to be decided in the second case be the same as the issue actually decided in the first case. Courts generally find that the identity prong is not satisfied when the second case requires a more precise claim construction than was necessary in the first case. With respect to whether the identical issue is presented when two cases present different factual records underlying claim construction, there appear to be no post-*Teva* cases directly on point.

However, there are cases (albeit in different contexts) in which collateral estoppel has been found to apply notwithstanding various differences in the factual record. For example, in *Dana v. E.S. Originals Inc.*, the Federal Circuit

rejected the argument that the identity prong was not satisfied and upheld the district court's application of collateral estoppel to an infringement holding, finding that the existence of "different evidence, including a new expert witness declaration[,]" did not indicate "any difference in the issues presented in the two cases." That approach seems consistent with the more general rule that a party "may not avoid issue preclusion merely by offering evidence in the second proceeding that could have been presented and admitted in the first but was not.

While *Teva* itself acknowledges that prior claim construction rulings will only "sometimes" be binding, a review of the case law in this area indicates that there was some pre-*Teva* disagreement on the circumstances under which they were binding. Perhaps the only clarity from *Teva* in that regard was the suggestion that claim construction rulings will not always be binding, which at least one district court has used to cast doubt on any "special finality" rule for claim construction rulings. *Teva's* focus on the factual basis for claim construction rulings, however, is not likely to affect the application of the issue preclusion doctrine.

2. District Court to PTAB

In *Power Integrations v. Lee*, 797 F.3d 1318 (Fed. Cir. 2015), the Federal Circuit held that, in arriving at a claim construction, the PTAB is obligated to consider a prior trial court construction of the same term.

Power Integrations (PI) challenged the PTO's decision affirming the final rejection of claims during an *ex parte* reexamination that Fairchild had filed against a patent directed to a technique of minimizing electromagnetic interference occurring in power supplies. PI had brought suit against Fairchild alleging infringement of the patent. During the trial court claim construction proceedings PI argued that the claim term "coupled" required that two circuits be connected in a manner "such that voltage, current, or control signals pass from one to another", and that the recited coupling between circuit components must be "present for the purposes of control." PI also made clear that its proposed construction did not require a direct connection between circuit elements. The trial court adopted PI's proposed construction. After a trial on validity, a jury found that the patent was not obvious over a primary reference, and that verdict was affirmed by the Federal Circuit on appeal.

During the reexamination, the examiner rejected claims of the patent as being anticipated by the same reference found to not have rendered the claim obvious in the district court litigation. In affirming the rejection, the Board stated that PI "appear[ed] to argue that one of ordinary skill in the art would understand the term 'coupled to' to restrict device connections to exclude intervening components." PI appealed.

The Federal Circuit found that the Board's patentability analysis was deficient under the Administrative Procedure Act (APA), providing too little for review. The Court explained that "[u]nder the APA, the board is obligated not only to come to a sound decision, but to fully and particularly set out the bases upon which it reached that decision." The Court found that in this instance, the Board had "fundamentally misconstrued

Power Integrations’ primary claim construction argument” namely that the term “coupled” did not exclude intervening components between circuit elements. **Because so much of the Board’s analysis had focused on the issue of whether “coupled” required a direct connection between circuit elements, the Court explained that the Board had inadequately evaluated PI’s primary argument. The Federal Circuit further explained that while the Board uses a different claim construction standard, *i.e.*, the broadest reasonable interpretation in light of the specification (BRI), than district courts, the Board should have reviewed the trial court’s claim construction, since PI had advanced the same construction as the Patent and Trademark Office as it did in the parallel litigation: “[t]he fact that the board is not generally bound by a previous judicial interpretation of a disputed claim term does not mean . . . that it has no obligation to acknowledge that interpretation or to assess whether it is consistent with the broadest reasonable construction of the term.”** The Court qualified its decision by noting “[w]e do **not** hold that the board **must in all cases** assess a previous judicial interpretation of a disputed claim term” **but rather “only that the board on remand should carefully and fully assess whether the disputed claims of the . . . patent are anticipated by the prior art, setting out its reasoning in sufficient detail to permit meaningful appellate review.”**

While this decision arose from an *ex parte* reexamination, it is likely that the same rationale would apply to post-grant proceedings under the America Invents Act (AIA) in those situations where a prior district court construction, based on the same claim construction arguments, was available from a parallel litigation.

McCloskey, “Federal Circuit: PTAB’s Claim Construction Standard is BRI, But Sometimes with an Obligation,” McDermitt Will, IP Update, Vol. 18, No. 9 (September 2015), page 6; <http://www.mwe.com/IP> Update: Vol-18, No-9, September-2015-08-29-2015.

In *Liventa Bioscience, Inc. v. MiMedx Group, Inc.*, IPR2015-00664 (PTAB 3/9/16) (Motion to Submit Exhibit), during a conference call, the Board authorized the patent owner to submit the transcript of the *Markman* hearing in related litigation as an exhibit: **“Patent Owner argues that Petitioner violated Federal Rule of Evidence 106, which is a rule of completeness. Patent Owner argues that Petitioner filed the brief’s relating to claim construction from the related district court litigation, but failed to file the transcript of the *Markman* hearing or the court’s claim construction order. Petitioner responded that it had filed the complete district court briefing, which reflected Patent Owner’s position as to claim construction up until the point of the *Markman* hearing as an exhibit, and it could address that evidence in the oral hearing.”** (page 2)

In *Mitchell International, Inc. v. Audatex North America, Inc.*, CBM2014-00171 (PTAB 2/19/16) (Final Written Decision) [Page 25], the Board determined that all of the challenged claims of the ’740 Patent are unpatentable. The ’740 Patent relates generally “to a method and system for entering date relating to an insurance claim for a damaged vehicle,” wherein the “data is processed into a valuation report that is transmitted through the world wide web.”

The Board began with claim construction, noting that the claim terms are accorded their broadest reasonable interpretation in light of the specification. **The Board first discussed the term “insurance claim.” Patent Owner disagreed with the Board’s construction in the**

Decision on Institution, stating that it should be construed as a “request to recover market value or repair cost in association with an insurance policy.” The Board disagreed, and found that the specification merely states that an “insurance claim” “may” or “typically” includes Patent Owner’s construction, but **not** that it “must.” **Therefore, the Board saw no reason to deviate from the construction of “data related to an insurance claim for a damaged vehicle” as adopted in the Decision on Institution. The Board noted that the trial court in the co-pending litigation adopted Patent Owner’s construction, but found that even using a *Phillips* standard, the Board would not agree with that court’s construction.**

The Board then reviewed the term “valuation report for the damages vehicle.” Patent Owner again disagreed with the Board’s construction of the term in its Decision on Institution. The Board retained its construction from the Decision on Institution, noting that Patent Owner did not cite to any part of the specification to support its limitation of the claim term.

3. PTAB to District Court

In *Adidas AG v. Under Armour Inc. et al.*, Civil Action No. 1-14-cv-00130 (D. Del 2015) (Motion to Modify Order re Claim Construction), **the court denied defendants’ motion to modify the court’s claim construction in light of the PTAB’s claim construction during *inter partes* review because issue preclusion did not apply:** “In its response [to defendant’s petition for *inter partes* review], [plaintiff] stated that it disagreed with [defendant’s] construction of [a claim term], but did not propose any construction of its own. [Plaintiff] then argued that under [defendant’s] construction, the patented claims were not anticipated. The PTAB agreed with [plaintiff] and denied the Petition...**The defendants argue that because the PTAB relied on a different claim construction than the court, collateral estoppel should apply. The PTAB’s choice not to institute an IPR is not the type of adjudication that leads to issue preclusion. In declining to institute the IPR, the PTAB did not reach a final decision on the construction of [the term]. Without analysis, the PTAB adopted [defendant’s] construction ‘for purposes of this decision.’...Contrary to the defendants’ assertions, the patentee is not ‘trying to have its cake and eat too.’ The court is not bound by a preliminary claim construction used by the PTAB for the limited purpose of denying an IPR request.**” (page 2)

Although it is unclear whether PTAB decisions are to be given collateral estoppel effect in district court proceedings, PTAB decisions are at least persuasive authority. And as one court observed, “ignoring the PTAB decision entirely smacks of folly.” Yet, a third time was not the charm when a defendant argued the same position to the court three times, the third coming after a contradictory PTAB ruling.

Microwave Vision, SA et al. v. ESCO Technologies, Inc. et al., Civil Action No. 1-14-cv-01153 (ND Ga 2016), involved claims directed to over-the-air measurement devices, inclining multi-probe systems. The relevant claims were written in means-plus-function format, requiring corresponding structure to be disclosed in the specification or else the claims would be found indefinite. **At issue was whether the “network of probes” and “support” in the claims are both required to pivot, or if only one of the elements needs to be pivotable.** Defendant argued the claims are broad enough to cover both elements pivoting, for which there was no corresponding structure in the specification, and therefore argued the claims were indefinite.

Plaintiff disagreed and argued such a construction would not be supported by the specification in any event, as there is no embodiment where both elements pivot. **The trial-court found corresponding structure during *Markman*, and again during a Motion to Reconsider the *Markman* order.**

The defendant then filed a Petition for *Inter Partes* Review before the PTAB. The Petition was denied, but in the process, the PTAB found the Petition failed to submit prior art that disclosed both of the elements were pivotable. In doing so, the defendant argued the PTAB implicitly found the claims were broad enough to require both of the elements to be pivotable, rather than only one of the elements. Because there was no corresponding structure for both elements being pivotable, the defendant argued the claims were indefinite.

The court, for the third time, again found the claims included sufficient structure and discounted the implicit findings of the PTAB as not bearing on the issue of indefiniteness:

“[T]he PTAB ... found that the [patent’s] Specification itself failed to ‘clearly associate the combination of separate structures disclosed in Figures 1 and 2 as corresponding to the claimed dual functions.’... [T]he PTAB expressly disclaimed any indefiniteness analysis. ...**At bottom, and regardless of whether the analysis is framed in patentability or indefiniteness terms, the PTAB and this Court simply disagree that the [patent] fails ‘clearly associate’ the structures in Figures 1 and 2 with the ‘both’ pivot function.**”

Moffo, “Court Maintains Position for Third Time Despite PTAB Disagreement,” Lexology, <http://www.lexology.com/library> (10/4/16)

Sommer, “Claim Construction At PTAB and Its Effect on District Court,” Law 360, <http://www.law360.com/ip/articles/804014> (6/29/16), considered, in detail, the common situation in which a patent is being litigated in both district court and the PTAB, where the courts are being called upon to determine the proper weight to constructions, but also statements about the meaning of the claims made in filings with the PTAB:

PTAB Decisions: Intrinsic or Extrinsic Evidence?

One question that has arisen is whether the PTAB’s decisions are intrinsic or evidence for the purposes of a district court’s claim construction analysis. This, of course, is important because the Federal Circuit has recognized extrinsic evidence as being “less significant than the intrinsic record in determining the legally operative meaning of claim language.

Different courts have reached different conclusions when presented with this question. In *Depuy Orthopaedics v. Orthopaedic Hospital*, the Northern District of Indiana treated the PTAB’s claim construction decision as extrinsic evidence, to which the court “owes no deference” In reaching this conclusion, the court cited *Pragmatus AV LLC v. Yahoo! Inc.*, a decision also finding that the PTAB’s claim construction was entitled to no deference. **Taking the opposite viewpoint was the Southern District of Texas in *Fairfield Industries Inc. v. Wireless***

Seismic Inc. There, the court explained that “[a]lthough the PTAB applies a different construction standard than the district courts do; its claim construction analysis serves as further intrinsic evidence that Fairfield’s proposed construction is appropriate.” A similar conclusion was reached in *Anglefix LLC v. Wright Medical Technology Inc.*, where the court analogized an *inter partes* review to *inter partes* re-examination procedures in adopting portions of the PTAB’s claim interpretations.

PTAB Decisions: To Defer or Not to Defer?

Some courts have looked to PTAB decisions in a similar way to how they look at sister court claim construction opinions regarding the same or related patents. As a general matter, when faced with claim construction decisions from other districts or judges, many courts give “reasoned deference” to the earlier opinion.

A similar rubric has been applied to evaluating PTAB claim construction decisions. Others, however, appear to have amplified the deference. Still others have refused to give any deference to the PTAB’s claim construction. For example, in *Memory Integrity LLC v. Intel Corp.*, the District of Oregon explained that a PTAB claim construction “informs” the district court’s claim construction. Along these lines, the District of Minnesota appears to have applied “reasoned deference” in finding that a PTAB’s claim construction was not persuasive — particularly due to the difference in claim construction standards applicable to PTAB proceedings. In *Polaris Industries Inc. v. CFMOTO Powersports Inc.*, the court noted that the PTAB applied a canon of claim construction leading it to adopt the broader of two otherwise reasonable interpretations. In declining to follow the PTAB’s construction, the court explained that “[t]he standard that the PTAB applied does not apply here.” Thus, reasoned deference appears to have been applied, even though it led the court to a different conclusion than the PTAB reached.

Perhaps highlighting the willingness of a district court to favor a PTAB construction over that performed by another district court is the decision in *GoDaddy.com LLC v. RPost Communications Ltd.* In this case, the court found the PTAB’s conclusion that the patent owner’s proposed construction imposed an unwarranted ambiguity in the claim compelling. Accordingly, the court held that “the jury could mistakenly conclude — as *RPost* did before the Board — that at least one command and one response is needed,” and adopted the accused infringer’s construction even though the Eastern District of Texas had adopted the plaintiff’s in related litigation.

Two recent cases appear to bookend the spectrum of deference that PTAB cases can receive in district court. On one side of this issue is the *DePuy* case discussed above, in which the court stated that the PTAB’s decision is owed “no deference.” On the other side is the issue is District of Arizona’s decision in *Cayenne Medical Inc. v. Medshape Inc.* There, the court relied on a PTAB

claim construction decision to be “compelling evidence of indefiniteness.” The opinion cites a Ninth Circuit case stating that Trademark Trial and Appeal Board decisions “are to be given great weight,” suggesting that PTAB decisions should also be given similar weight.

The Impact of Patent Owner Statements on the Meaning of the Claims

Beyond the possibility that a patent owner’s statements made to the PTAB may be viewed through the lens of prosecution disclaimer, at least two courts have granted summary judgment of noninfringement based on a patent owner’s arguments made to the PTAB.

One such decision came out of the District of Delaware. In *SunPower Corp, v. Panel Claw Inc.* the asserted patent related to “a photovoltaic roofing assembly which can regulate the temperatures experienced by the solar cells and requires no roof penetrations for hold down to the roof surface.” Applying the *Phillips* claim construction standard (since the patent had expired), the PTAB adopted the patent owner’s proposed construction and construed the claim phrase “as a layer on top of said roofing membrane” to mean “that the photovoltaic modules or integral units, the case may be, are arranged as an overlying surface on top of the roofing membrane. **After concluding that the patent owner’s proposed construction should be adopted in the district court litigation,** the court compared the accused devices to the claims and granted summary judgment of noninfringement.

Another example of arguments by a patent owner leading to summary judgment of noninfringement is found in *Aylus Networks Inc. v. Apple Inc.* Due to some procedural wrangling, the district court case was limited to claims challenged in a petition for IPR, but on which the PTAB declined to institute trial. **In construing the claims, the district court looked to the “preliminary response to Apple’s *inter partes* review petitions ... and the PTAB’s adjudication of the petition.”** The court found that the patentee’s “statements are akin to a prosecution disclaimer” and then held the patentee to the statement. **As a result of those statements, the accused products could not infringe.**