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Recent IP Decisions – March 2010

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Agenda

- *Ex parte* Tanaka (BPAI 2009) [narrowing reissues]
- SEB v. Montgomery Ward (Fed. Cir. 2010) [knowledge requirement for inducing infringement]
- *In re* Chapman (Fed. Cir. 2010) [obviousness and harmless errors]
- Trading Technologies v. eSpeed (Fed. Cir. 2010) [claim construction]
- Petition to Withdraw Finality



Ex parte Tanaka

Board of Patent Appeals and Interferences


Decided December 9, 2009

(Precedential Opinion)



Background

- US 6,093,991 issued July 25, 2000 to Tanaka
 - Alternator Pulley
- Appellant filed reissue application 10/201,948 on July 25, 2002
- Current status:
 - Rejected as defective reissue
 - All original claims and one additional dependent claim – but originally intended as broadening reissue



US06093991A

United States Patent [19] [11] **Patent Number:** **6,093,991**

Tanaka [45] **Date of Patent:** **Jul. 25, 2000**

[54] **ALTERNATOR PULLEY** 5,695,101 12/1997 Kirita et al. 192/45
 5,740,893 4/1998 Yamamoto 192/45
 5,827,143 10/1998 Mochida et al. 474/73

[75] **Inventor:** Yasuhito Tanaka, Kitakatsuragiya, Japan

[73] **Assignee:** Koyo Seiko Co., Ltd., Osaka, Japan

[21] **Appl. No.:** 09/010,124

[22] **Filed:** Jan. 21, 1998

[30] **Foreign Application Priority Data**
 Apr. 9, 1997 [JP] Japan P9-090538

[51] **Int. Cl. 7** H02K 7/10; F16C 3/34

[52] **U.S. Cl.** 310/100; 147/45

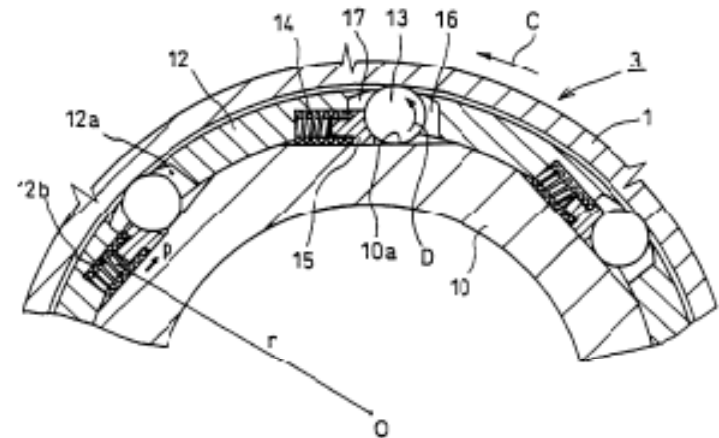
[58] **Field of Search** 310/100; 192/41 R, 192/41 A, 45

[56] **References Cited**
U.S. PATENT DOCUMENTS
 4,770,654 5/1988 Ha 92/45
 4,821,856 4/1989 Lederman 92/45
 5,167,487 10/1991 Ouchi 474/136
 5,594,791 3/1995 Tombs et al. 92/45
 5,638,931 6/1997 Katz 92/45

FOREIGN PATENT DOCUMENTS
 57-17286 6/1955 Japan .
 Primary Examiner—Clayton LaBalle
 Attorney, Agent, or Firm—Birch, Stewart, Kolbasch & Birch, L.L.P.

[57] **ABSTRACT**
 An alternator pulley includes a driving member driven and rotated via a belt from an output shaft of an engine. A driving member is disposed on an inner surface of the driving member and a one-way clutch is interposed between the driving and driven member. The one-way clutch includes rollers capable of rolling in a locked side direction along which a rotating power of the driving member is transmitted to the driven member or a free side direction along which the rotating power is interrupted. Depending on a relative speed difference between the driving member and the driven member, the rollers are biased for pressing in the locked side direction and a torque value of the pressing is set preferably to less than 4 Nm.

7 Claims, 3 Drawing Sheets





Background

- Reissue declaration:
 - “original patent is at least partially inoperative by reason of claiming more or less than [he] had a right to claim in the original patent”
 - “failed to recognize that the disclosed invention was not fully covered by the original claims”
 - “features recited in dependent claim 16 were not included in the original patent”
 - “did not recognize the various degrees of specificity with which aspects of an invention could be claimed or that such aspects could be claimed alone”



Background

- Reissue declaration:
 - “discovered that the originally presented claims did not adequately define the invention because they were more specific than necessary”
 - “there was an error in the original patent claims that rendered the original patent partially inoperative by failure to adequately claim the invention to the fullest extent possible”



35 USC 251

- For a patent to be eligible for reissue, a patent must:
 - (1) be wholly or partly inoperative or invalid,
 - (2) by reason of an existing error,
 - (3) without any deceptive intention.



37 CFR 1.175(a)(1)

- An applicant for a reissue patent must state:
 - 1. That the applicant believes the original patent to be wholly or partly inoperative or invalid, and
 - 2. At least one such error is being corrected at the time of filing the reissue oath or declaration.



Analysis

- In re Handel (CCPA 1963): Stated in dicta: “the narrower appealed claims are simply a hedge against possible invalidity of the original claims should the prior use be proved, which is a proper reason for asking that a reissue be granted”
- HP & B&L (Fed. Cir. 1989): “practice of allowing reissue for the purpose of including narrower claims as a hedge against the possible invalidation of a broad claim has been tacitly approved, at least in dicta, in our precedent
 - Applicant did not allege an error



Holding

- In the present case, the original patent claims are not being amended to correct a defect that could render the claims invalid. Rather, the original patent claims are not being corrected at all. The Appellant is simply seeking, by reissue, to add narrower claims, where no valid assertion has been made by the patentee that any error exists as to the scope of the original patent claims.



MPEP 1402

- **An error under 35 U.S.C. [251](#) *has not been presented* where a reissue application only adds one or more claims that is/are narrower than one or more broader existing patent claims without either narrowing the broader patent claim by amendment or canceling the broader patent claim.** A reissue application in which the only error specified to support reissue is the failure to include one or more claims that is/are narrower than at least one of the existing patent claim(s) without an allegation that one or more of the broader patent claim(s) is/are too broad together with an amendment to such claim(s), does not meet the requirements of 35 U.S.C. [251](#). Such a reissue application should not be allowed. Absent a statement that the patent for which reissue is sought is wholly or partly inoperative or invalid in that one or more patent claims is/are too broad, or a statement specifying and correcting some other (proper) 35 U.S.C. [251](#) error that renders the patent wholly or partly inoperative or invalid, such reissue applications do not recite an error within the meaning of 35 U.S.C. [251](#). Retaining the original broader patent claim(s) in the reissue application without amendment or cancellation of such claim(s), is an indication that the broader claim(s) is/are not in any way inoperative to cover the disclosed invention, or invalid as being too broad.



Holding

- Declaration is defective
 - Declaration recites “more or less”; very vague
 - Does not assert that the patent is partly inoperative by reason of the patentee claiming more than he had a right to claim
- New claim is merely a hedge against invalidity and cannot support a reissue



SEB v. Montgomery Ward

U.S. Court of Appeals for the Federal Circuit

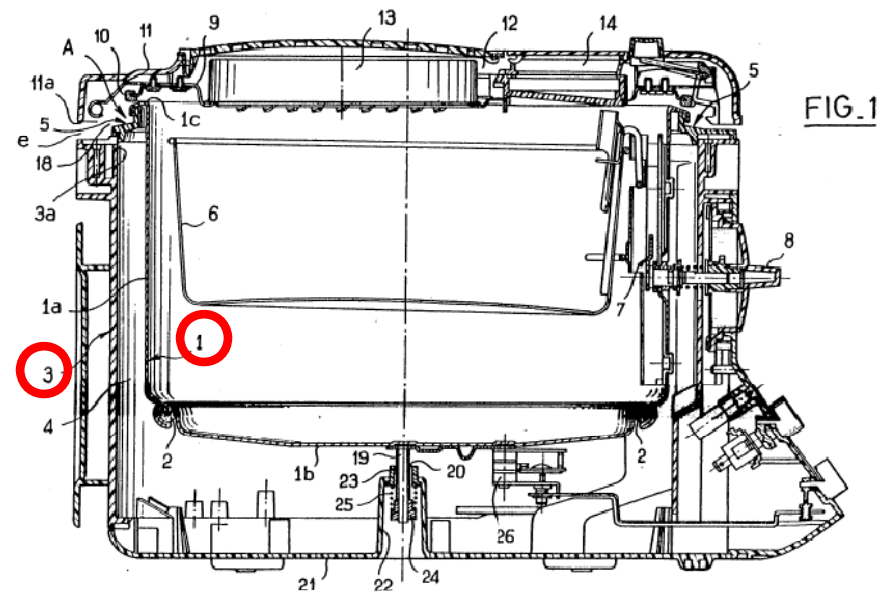
Decided February 5, 2010



Background

SEB owns US 4,995,313 directed to a deep fryer with a well-insulated skirt

Air space between the pan (1) and the plastic skirt (3) enables the plastic skirt to be manufactured of less expensive plastics that could otherwise melt





Background

Defendant Pentalpha (Hong Kong) began selling accused deep fryers to Sunbeam in 1997

In developing its deep fryer, Pentalpha purchased an SEB deep fryer in HK and copied its features

After agreeing to supply Sunbeam, Pentalpha obtained right-to-use study from attorney in Binghamton, NY

Pentalpha did not tell the attorney that it had copied the SEB deep fryer.



Background

- Preliminary injunction sought by SEB in 1999 – granted
- Pentalpha modifies the deep fryer
- Supplemental injunction granted against modified deep fryer in 2001
- District Court trial in 2006
 - SEB claims Pentalpha induced infringement by sales to Sunbeam, Fingerhut, and Montgomery Ward



Background

- No one at Pentalpha knew of the patent
- District Court (SDNY) finds evidence to support inducement theory
 - [SEB is] saying that you could infer the specific intent to . . . encourage the infringement by the fact that [Pentalpha's president] doesn't disclose that [Pentalpha copied the SEB product] to the people doing the [patent] search. [Pentalpha] wants them to do a search that . . . is doomed to failure, and that that is enough, that a reasonable jury could infer that, specific intent. . . . Here is the argument. There are a zillion patent attorneys in New York City, [yet] [t]hey go to this guy in the middle of nowhere to do this patent search. . . . I don't know what happened. I'm not in [Pentalpha's President's] head. I don't know what he did. . . . I think it is . . . a reasonable argument, could a jury infer from those actions, if they chose to believe them in the way the plaintiffs want, that that was an indication that [he] understood that he was likely violating a patent, in fact violating a patent.



Background

- Jury found willful infringement by Pentalpha with both original and modified deep fryers
- Pentalpha seeks new trial



Issues

- Claim construction – “Completely free” properly construed as “practically free”
- Modified deep fryer is similar to reference distinguished in prosecution – Reasonable to conclude that the modified fryer does not rely on feature of reference for controlling the temperature of the plastic skirt
- Expert witness challenge – Unsuccessful
- Marking – SEB’s fryers were substantially all marked
- New trial based on reasonable royalty argument rejected
- Pentalpha’s infringement not willful



Direct Infringement/ Inducement of Infringement

- Pentalpha contends that the district court erred in JMOL rulings because Pentalpha had no actual knowledge of the patent during part of the time it was selling deep fryers to Sunbeam
- DSU Medical: “The requirement that the alleged infringer knew or should have known his actions would induce actual infringement necessarily includes the requirement that he or she knew of the patent.”
- Court: Both direct infringement and inducement are supported



Direct Infringement

- Pentalpha argues that an offer in the US to sell goods outside of the US would not violate “offer to sell” provision of sec. 271.
 - Products delivered FOB Hong Kong or China
- FOB terms not dispositive
- Record otherwise shows that Pentalpha intended to sell its deep fryers directly into the US
 - American trademarks affixed to the deep fryers
 - North American electrical fittings
 - Invoices identify delivery to US destinations



Inducement of Infringement

- Inducement requires a showing of specific intent to encourage another's infringement
- Specific intent in civil context is not so narrow as to allow an accused infringer to actively disregard a known risk that an element of the offense exists
- Pentalpha argues that DSU Medical did not mean "knew or should have known" because the decision states "knew"
 - Standard of deliberate indifference is not different from actual knowledge



Inducement of Infringement

- Adequate evidence to support conclusion that Pentalpha deliberately disregarded a known risk that SEB had a protective patent
 - Pentalpha purchased an SEB deep fryer and copied all but cosmetics
 - Hired attorney to conduct right-to-use study but did not tell him of the copying of the SEB product – Highly suggestive of deliberate indifference
 - Pentalpha did not argue that it actually believed that a patent did not exist
- Pentalpha argues that SEB deep fryer lacked markings
 - But it was purchased in Hong Kong...



In re Chapman

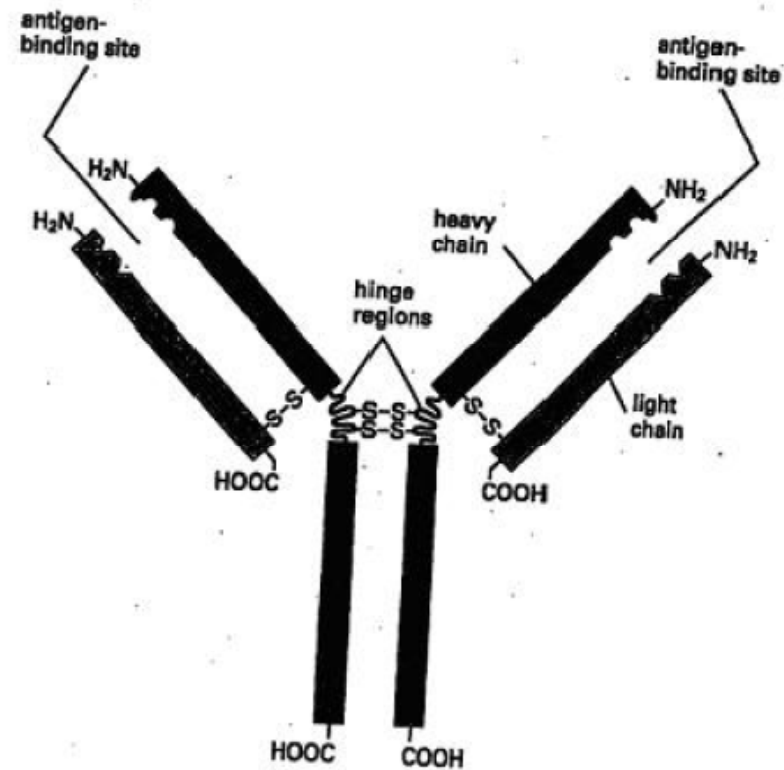
U.S. Court of Appeals for the Federal Circuit
Decided February 24, 2010



Background

Application 09/719,045
concerns divalent antibody
fragments

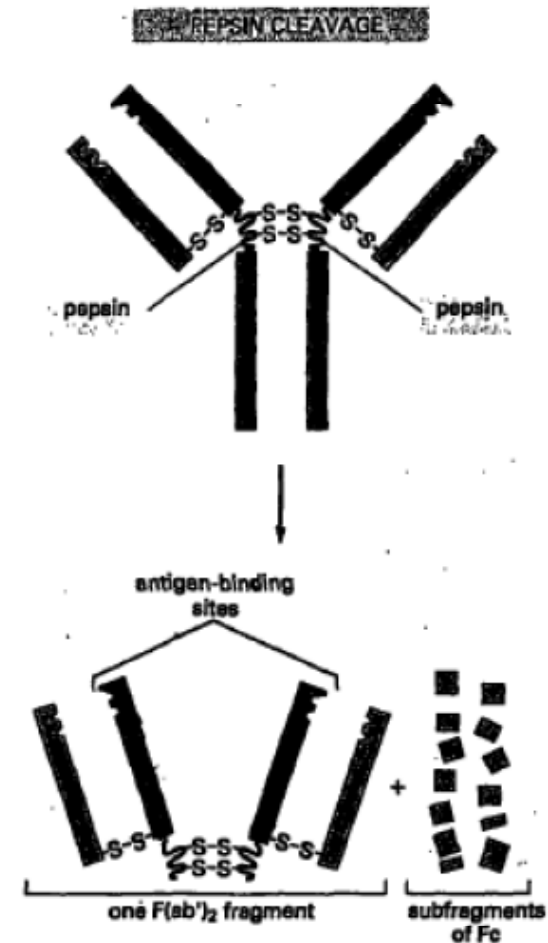
Antibodies bind to antigens to
inactivate them as part of
an immune response





Background

Antibody fragments may be preferable because they have a shorter circulating half-life and are distributed more rapidly from the blood to tissues





Background

Chapman teaches combining two separate fragments using an interchain bridge that contains at least one covalently linked polymer

Dumbbell shaped

1. A divalent antibody fragment comprising
 - [a] two antibody heavy chains and
 - [b] at least one polymer molecule effective for increasing the circulating half-life of said fragment in covalent linkage,
 - [c] each heavy chain being covalently linked to the other by at least one non-disulphide interchain bridge linking the sulphur atom of a cysteine residue in one chain to the sulphur atom of a cysteine residue in the other chain, said cysteine residues being located outside of the variable region domain of each chain, characterised in that the at least one non-disulphide interchain bridge contains the at least one covalently linked polymer molecule.



Gonzalez (US 6,025,158) is prior art

Describes linking antibody fragments to a polymer to increase an antibody's circulating half-life

Discloses a “dumbbell-shaped” structure made up of two antibody fragments joined by a polymer

Examiner rejected Chapman's claims as anticipated by, or obvious over, Gonzalez



BPAI

Reversed 102 rejections

- Although Gonzalez suggests the antibody structure of claim 1, too much in the way of mental gymnastics would have been necessary for persons of ordinary skill to have at once envisaged the claimed antibody structure among the different structures described in the Gonzalez patent... picking and choosing would have been necessary to arrive at the antibody structure of claim 1

Affirmed 103 rejections

- Gonzalez's teaching of the dumbbell-shaped structure, without more guidance in how to make it, together with the disclosure of stable Fab' fragments with a polymer conjugated to a cysteine of the hinge region . . . would have suggested to the ordinary skilled person that such Fab' fragments could be readily linked polymer to polymer using a bifunctional linker, as explicitly stated by Gonzalez when characterizing the dumbbell-shaped antibody structure (FF8).



Discussion

Sole question on appeal is the accuracy of the Board's description of the Gonzalez reference

Chapman argues that Gonzalez describes two antibody fragments linked together by polymer molecules to form a dumbbell-shaped structure, but does not specify how or where the antibody molecules are linked by the polymer molecules, or what fragments are to be used

Government agrees that the Board's opinion includes three erroneous findings of fact, but argues that the errors are harmless



Harmless Error Rule

To prevail the appellant must not only show the existence of error, but also show that the error was in fact harmful because it affected the decision below. See Munoz v. Strahm Farms, Inc., 69 F.3d 501, 504 (Fed. Cir. 1995) (“The correction of an error must yield a different result in order for that error to have been harmful and thus prejudice a substantial right of a party.”); see also Palmer v. Hoffman, 318 U.S. 109, 116 (1943) (“He who seeks to have a judgment set aside because of an erroneous ruling carries the burden of showing that prejudice resulted.”).



First Error

Board states: “the Examiner finds Gonzalez teaches a dumbbell-shaped antibody structure comprised of two monovalent Fab’ fragments (FF 8, 12) and describes linking them via a polymer molecule.”

Gov’t agrees that Gonzalez does not teach linking “two monovalent Fab’ fragments . . . via a polymer.”

Fed. Cir. agrees error was harmless because the Board did not base its decision on any such disclosures; it was just describing a position of the Examiner



Second Error

Board states: “Gonzalez describes a divalent antibody in which the polymer is linked between light and heavy chains and only one cysteine residue is present.”

Chapman argues that the examiner and the Board misinterpreted this passage and that in this embodiment, the polymer is not serving as a link between the light and heavy chain; it is attached to either the light or the heavy chain.

Gov’t agrees



Third Error

Board states: “[t]he antibody can be a monovalent Fab fragment, a monovalent Fab’ fragment which includes one or more cysteine residues in the constant region, or an F(ab’)₂ antibody fragment which has a hinge cysteine between the Fab’ fragments.”

Incorrect as both parties agree that Gonzalez discloses more than three choices for an antibody fragment.



Conclusion – Errors Harmful - Remanded

If the Board based its decision on a misunderstanding of Gonzalez, its conclusions regarding obviousness are called into question. With respect to the second error, the Board was mistaken as to whether Gonzalez teaches the use of a polymer to link the light and heavy chains in a F(ab')₂ fragment in the cited embodiment. Therefore, Chapman's use of a polymer to link together two F(ab') fragments may be less likely to be obvious. Further, as to the third error, if the Board did not appreciate the full scope of antibody fragments disclosed in Gonzalez, we cannot be confident about its ultimate conclusion that the selection of one of them to form Chapman's molecule is obvious, as it appears that there are more possibilities from which to choose. Because we cannot say with confidence that the Board would have reached the same conclusion in the absence of these errors, we are persuaded they are indeed harmful. See Kotteakos v. United States, 328 U.S. 750, 765 (1946) ("[I]f one cannot say, with fair assurance, . . . that the judgment was not substantially swayed by the error, it is impossible to conclude that substantial rights were not affected." This is not a situation where "an agency's path, though convoluted, can be discerned." In re Huston, 308 F.3d 1267, 1281 (Fed. Cir. 2002) (quotation and citation omitted).



Trading Technologies v. eSpeed

U.S. Court of Appeals for the Federal Circuit

Decided February 25, 2010



Background

TT owns two patents directed toward displaying the market for a commodity traded in an electronic exchange

Invention related to static display of price levels, which would otherwise change along with the inside market

FIG. 3

SYCOM FGBL DEC99						□	□	×
E/W	10:48:44	BidQ	AskQ	Prc	LTQ			
1009	L 3		104	99				
1010	R 5		24	98				
1011	720		33	97				
1012	× 10		115	96				
1013	0							
1014	10 1H		32	95				
	50 3H		27	94				
1007	S ⁰ W 24	1K 5H	63	93				
	S ⁰ W 7	CLR	45	92				
1015	× 10		28	91				
1016	17		20	90	10	1020		
1008	B ⁰ W 15	CXL	18	89				
	B ⁰ W 13	+ -	97	88				
1017		NET 0	30	87				
1018	B ⁰ W 17	NET REAL	43	86				
1019			110	85				
			23	84				
			31	83				
1021			125	82				
			21	81				



Background

Claim 1 of the '132 patent:

A method of placing a trade order for a commodity on an electronic exchange having an inside market with a highest bid price and a lowest ask price, using a graphical user interface and a user input device, said method comprising:

setting a preset parameter for the trade order;

displaying market depth of the commodity, through a dynamic display of a plurality of bids and a plurality of asks in the market for the commodity, including at least a portion of the bid and ask quantities of the commodity, the dynamic display being aligned with a static display of prices corresponding thereto, wherein the static display of prices does not move in response to a change in the inside market;

displaying an order entry region aligned with the static display prices comprising a plurality of areas for receiving commands from the user input devices to send trade orders, each area corresponding to a price of the static display of prices; and

selecting a particular area in the order entry region through single action of the user input device with a pointer of the user input device positioned over the particular area to set a plurality of additional parameters for the trade order and send the trade order to the electronic exchange.



Background

Three products:

- Futures View (sold before patent issues, meets all limitations)
- Dual Dynamic (redesign of Futures View)
- eSpeedometer (redesign of Dual Dynamic)

Dispute turns on the way that the accused products re-center the price levels when the inside market moves away from the center of the display

Dual Dynamic manually re-centers and automatically re-centers

eSpeedometer only automatically re-centers



Claim Construction

District court construed “static display of prices” in the ’132 patent as “a display of prices comprising price levels that do not change positions unless a manual re-centering command is received.”

Under the district court’s construction, the patents-in-suit only cover software with a manual re-centering feature and without an automatic re-centering feature.



Claim Construction

The inventors defined the word “static” in the specification:

- “The values in the price column are static; that is, they do not normally change positions unless a [*] re-centering command is received (discussed in detail later).”

But the district court deleted the word “normally” and added “manual”* in construing the claim



Claim Construction

- The specification only discusses manual re-centering commands and contains no reference to automatic re-centering
- The specification states: “The system of the ***present invention*** addresses this problem with a one-click centering feature.”
- Strongly suggests that the re-centering command requires a manual input, specifically a mouse click



Claim Construction

- This court recognizes that this interpretation relies heavily on the specification and risks reading improperly a preferred embodiment into the claim. See Saunders Group, Inc. v. Comfortrac, Inc., 492 F.3d 1326, 1332 (Fed. Cir. 2007) (holding that claim scope is not limited to the disclosed embodiments “unless the patentee has demonstrated a clear intention to [do so]”). This court takes some comfort against this risk from the inventors’ use of the term “the present invention” rather than “a preferred embodiment” or just “an embodiment.” The inventors’ own specification strongly suggests that the claimed re-centering feature is manual.



Claim Construction

- All claims of the '132 patent have a “wherein” clause explaining that “the static display of prices does not move in response to a change in the inside market.” '132 patent col.12 l.1–col.16 l.57. Although the “wherein” clause does not exclude automatic re-centering from the claim scope (it does not exclude software that automatically re-centers whenever the trader enters an order, for example), it expressly excludes software that automatically re-centers when the inside market changes. These clauses thus support the district court’s claim construction.



“Comprising” does not help TT

- TT argues that even if this court construes the “re-centering command” as manual, this court cannot limit the claims to only the enumerated elements (i.e., manual re-centering command). According to TT, because the claims use the transitional phrase “comprising,” they also cover un-recited features such as automatic re-centering. To the contrary, automatic re-centering is not an additional feature, but rather negates a claimed requirement that the price level remains static and does not move.



Claim Construction

- TT deleted the word “normally” because the claims were rejected for indefiniteness – “static display was vague and indefinite”
- TT explained that the values in the price column do not change unless a re-centering command is received
- Conclusion: Dual Dynamic and eSpeedometer do not infringe



Doctrine of Equivalents

- “Whether an occasional automatic re-centering of the price axis in Dual Dynamic is equivalent to “never chang[ing] positions unless by manual re-centering or re-positioning.”
- Automatic re-centering would render the claim limitation “static”—synonymous with only manual re-centering—meaningless.
- DD only recenters once or twice during a trading day
- But Dual Dynamic’s automatic re-centering feature is substantially different from the claimed invention and cannot fall within the scope of the claims under the doctrine of equivalents without doing violence to the “static” claim element.
- TT amended claims to add “wherein the static display of prices does not move in response to a change in the inside market”



Petition to Withdraw Finality



Background

- First Office Action requires election of species
 - Response elected species, canceled one claim
- Non-final Office Action rejects claims based on enablement and indefiniteness
 - Response addresses the rejections
- Final Office Action maintains enablement rejection and points to term “risk” not discussed in previous Office Action
 - After-final response amends to remove “risk”
- Advisory Action acknowledges that amendment would overcome the rejection, but that further search would be required
 - But no rejection of claim 1 exists
 - After-final response not entered because it presents new issue(s)



Outcome – Petition Granted

- Not proper for an Office action to be made final when the examiner introduces a new ground of rejection that is neither necessitated by applicant's amendment of the claims nor based on IDS
- Claim objection based on non-elected subject matter withdrawn
- Amendments from the after-final response entered
- Forwarded to the Examiner for a next Office action
- Petition Decision received in 5 weeks